

UNITED STATES DEPARTMENT OF THE TREASURY



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FinCEN Names Banca Privada d'Andorra a Foreign Financial Institution of Primary Money Laundering Concern

WASHINGTON, DC – The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) today named Banca Privada d'Andorra (BPA) as a foreign financial institution of primary money laundering concern pursuant to Section 311 of the USA PATRIOT Act (Section 311) and issued a related Notice of Proposed Rulemaking (NPRM). This finding and NPRM are based on information indicating that, for several years, high-level managers at BPA have knowingly facilitated transactions on behalf of third-party money launderers acting on behalf of transnational criminal organizations.

“BPA's corrupt high-level managers and weak anti-money laundering controls have made BPA an easy vehicle for third-party money launderers to funnel proceeds of organized crime, corruption, and human trafficking through the U.S. financial system,” said FinCEN Director Jennifer Shasky Calvery. “Today's announcement is a critical step to address this compromised financial institution's egregious conduct and send a message that the United States will take strong measures to protect the integrity of its financial system from criminal actors.”

Today's action also highlights the threat posed by third-party money launderers to financial institutions. Transnational criminal organizations often encounter obstacles in achieving direct access to financial institutions internationally and in the United States because of their illicit activities. To obtain access to financial institutions, some transnational criminal organizations use the services of third-party money launderers, including professional gatekeepers such as attorneys and accountants.

BPA's activity of primary money laundering concern occurred largely through its Andorra headquarters. BPA is one of five Andorran banks and is a subsidiary of the BPA Group, a privately-held entity. The activity involved the proceeds of organized criminals in Russia and China, foreign corruption, and other criminal activity. BPA accesses the U.S. financial system through direct correspondent accounts held at four U.S. banks, through which it has processed hundreds of millions of dollars. BPA's high-level managers established financial services tailored to its third-party money launderer clients to disguise the origins of funds. In exchange

for some of these services, BPA's high-level managers accepted payments and other benefits from their criminal clients.

FinCEN has delivered to the Federal Register a notice of its finding that explains the basis for this action. In addition, FinCEN has delivered to the Federal Register an NPRM that, if adopted as a final rule, would prohibit covered U.S. financial institutions from opening or maintaining correspondent or payable-through accounts for BPA, and for other foreign banks being used to process transactions involving BPA. The NPRM also proposes to require covered financial institutions to apply special due diligence to their correspondent accounts maintained on behalf of foreign banks to guard against processing any transactions involving BPA. These measures are subject to a 60-day comment period, beginning the day the NPRM is published in the Federal Register.

As part of the notice of its finding, FinCEN's action describes a high-level manager at BPA in Andorra who provided substantial assistance to Andrei Petrov, a third-party money launderer working for Russian criminal organizations engaged in corruption. In February 2013, Spanish law enforcement arrested Petrov for money laundering. Petrov is also suspected to have links to Semion Mogilevich, one of the FBI's "Ten Most Wanted" fugitives.

FinCEN's action also describes the activity of a second high-level manager at BPA in Andorra who accepted exorbitant commissions to process transactions related to Venezuelan third-party money launderers. This activity involved the development of shell companies and complex financial products to siphon off funds from Venezuela's public oil company Petroleos de Venezuela (PDVSA). BPA processed approximately \$2 billion in transactions related to this money laundering scheme.

FinCEN's action also describes the activities of a third high-level manager at BPA in Andorra who accepted bribes in exchange for processing bulk cash transfers for another third-party money launderer, Gao Ping. Ping acted on behalf of a transnational criminal organization engaged in trade-based money laundering and human trafficking and established a relationship with BPA to launder money on behalf of this organization and numerous Spanish businesspersons. Through his associate, Ping paid exorbitant commissions to BPA bank officials to accept cash deposits into less scrutinized accounts and transfer the funds to suspected shell companies in China. Spanish law enforcement arrested Ping in September 2012 for his involvement in money laundering.

Director Calvery recognized the important coordination in this matter with the Department of Justice, Criminal Division, Asset Forfeiture and Money Laundering Section; the U.S. Attorney's Office for the Eastern District of Texas; U.S. Immigration and Customs Enforcement's Homeland Security Investigations; and the Internal Revenue Service Criminal Investigation.

"We are seeing an increasing trend where businesses and business professionals are being recruited by transnational criminal organizations to facilitate corrupt practices, such as creating shell corporations and fronts for money laundering and other illegal activity," said HSI Executive Associate Director Peter Edge. "These corrupt individuals and institutions put profits at a premium and serve as connections between the licit and illicit worlds. Today's action addresses

the vulnerability created by BPA and helps protect the integrity of the international financial system.”

“International financial institutions are welcome to provide a conduit for their customers to utilize American banks, as long as they abide by our laws that govern those transactions,” said Richard Weber, Chief, IRS Criminal Investigation. “However, when senior managers of these institutions turn to corruption and bribery to enrich themselves, they should not be surprised when special agents from IRS CI come knocking at their door. IRS Criminal Investigation will continue to work with law enforcement and financial partners to investigate these institutions and senior officials who misuse their positions of trust to facilitate third-party money launderers acting on behalf of transnational criminal organizations.”

Director Calvery praised the contributions of the Andorran authorities in this investigation and appreciates their commitment to investigating this activity fully.

Director Calvery also praised the contributions of the Mexican government to the joint efforts by the United States and Mexico to combat money laundering.

Third-party money launderers engage in the business of transferring funds on behalf of a third party, knowing that the funds are involved in illicit activity. Third-party money launderers use their relationships with financial institutions to provide criminal organizations access to the international financial system and lend an aura of legitimacy to the criminal actors who use their services. Some third-party money launderers explicitly market their services as a method for criminal networks to reduce transparency and circumvent financial institutions’ anti-money laundering (AML)/countering the financing of terrorism (CFT) controls. Financial institutions that facilitate third-party money laundering activity allow criminals to circumvent AML/CFT controls both in the United States and internationally and thus provide a gateway to undermining the integrity of the financial system.

To view the Notice of Finding against BPA, visit this [link](#).

To view the Notice of Proposed Rulemaking, visit this [link](#).

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FinCEN’s mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.