

Defending National Security

FOUR YEARS OF COMMITMENT TO COUNTERTERRORISM
AND FINANCIAL INTELLIGENCE



OFFICE OF PUBLIC AFFAIRS
U.S. DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

JANUARY 2021



*"The United States will always prioritize the safety
and security of the American people."*

Steven T. Mnuchin
Secretary of the Treasury



Treasury Has Strengthened the Integrity of the U.S. and International Financial Systems

“This Administration will continue to aggressively defend the critical infrastructure of the United States from anyone attempting to disrupt it” - Secretary Steven T. Mnuchin

STRENGTHENING THE INTEGRITY OF FINANCIAL SYSTEMS: Through Anti-money laundering and countering the financing of terrorism (AML/CFT) efforts, Treasury is making the U.S. and international financial systems safer.

THE FATF PRESIDENCY

- Treasury led the Financial Action Task Force (FATF), the global standard-setter for AML/CFT policies, from July 2018 to June 2019.
 - Under Treasury’s leadership, FATF worked to prevent the financing of the proliferation of weapons of mass destruction (WMD), maintain an emphasis on combating terrorist financing, and clarify the application of the international AML/CFT standards for virtual currencies and other digital financial assets.
 - The United States has used its role in the FATF to focus efforts on countering the Iranian regime’s malign behavior.
- Treasury led the FATF Financial Intelligence Unit (FIU) from July 2018 to June 2019, and achieved the following:
 - Adoption of a paper outlining effective approaches and challenges to implementing new forms of FIU-led public-private partnerships, such as the FinCEN Exchange (October 2018).
 - Finalization of an informational paper that describes the processes and information that large, international financial institutions follow to identify and report suspicious activity (October 2018).
 - Holding of three successful FIU meetings (October 2018, February 2019, and June 2019).

- Completion of three projects: FIU strategic analysis, FIU virtual assets analysis, and the roles of FIUs in countering proliferation financing.

FinCEN

- Treasury convened a Regulator Reform Working Group (RRWG) to reform AML/CFT regulations with the following goals:
 - Promote innovative and proactive approaches to identify, detect, and report financial crime;
 - Clarify the RBA to the examination process;
 - Clarify that there is not a zero-tolerance approach to AML enforcement; and
 - Incentivize financial institutions to devote resources to AML/CFT efforts.
- Under Treasury's leadership, the RRWG has successfully achieved the following:
 - Released guidance on how banks can better share BSA resources;
 - Published guidance on an RBA to supervision;
 - Refreshed the Federal Financial Institutions Examination Council BSA/AML Examination Manual;
 - Published the FBA's Enforcement Guidelines and FinCEN's enforcement guidelines;
 - Established a mechanism for financial institutions to earn credit for cooperating with the government or taking particularly effective approaches to complying with AML/CFT responsibilities; and
 - Updated memoranda of understanding to allow greater sharing and training among working group participants.
- In conjunction with the RRWG, Treasury continues to drive regulatory reform through internal mechanisms and conduct weekly reviews to ensure objectives are progressing.
- In September 2020, FinCEN sought public comment to modify the regulatory for financial institutions subject to anti-money laundering program requirements. FinCEN intends to provide financial institutions with greater flexibility in the allocation of resources, enhancing the effectiveness and efficiency of AML programs.
- FinCEN is driving innovation in BSA/AML with the launch of its Innovation Initiative, which encourages greater engagement with the financial services sector on innovative technologies.
 - FinCEN launched an Innovation Hours Programs for users and providers of regulatory and financial technology, and other firms involved in the financial services industry, to discuss their BSA-related innovative products and services.

- Since announcing the program in late May 2019, FinCEN has received 146 unique requests for Innovation Hours meetings.
- In December 2018, Treasury released the National Strategy for Combatting Terrorist and Other Illicit Financing. Treasury issued an updated Strategy in February 2020.
 - The strategy is first U.S. government effort since 2007 to comprehensively assess key 21st century illicit finance challenges and identify solutions using a whole-of-government approach.
 - The Strategy addresses the threats and risks to the U.S. financial system that were identified in three separate risk assessments, which were published concurrently with the Strategy: the National Proliferation Financing Risk Assessment, the National Terrorist Financing Risk Assessment, and the National Money Laundering Risk Assessment.

THE UNITED NATIONS SECURITY COUNCIL

- With Treasury leading the U.S. effort, the UN Security Council unanimously adopted Resolution 2462, the first UNSCR dedicated solely to combatting terrorist financing.
 - The Resolution obligates all countries to criminalize the financing not only of terrorist acts, but also of support to terrorists and terrorist organizations for any purpose.
 - Treasury addressed the UN Security Council about this important initiative and provided input to the resolution throughout the negotiation process.
 - Following the passage of the UNSCR, Secretary Mnuchin chaired a FATF Ministers meeting at the IMF.
 - The FATF Ministers reaffirmed the role of the FATF as the global international standard setter for combatting illicit finance, endorsed its open-ended mandate to recognize that FATF is not a temporary forum, and agreed to have Ministers meet every two years to ensure that all FATF members contribute fully and fairly to its funding.
- Treasury has provided extensive responses to the IMF and Global Partnership for Financial Inclusion (GPII) surveys, assessing governments' regulatory frameworks for, and efforts to promote, innovation in the financial sector and the use of technology to address de-risking and facilitate remittances.

INTERAGENCY AND LEGISLATIVE EFFORTS

- Treasury continues to work with OMB and the NSC to re-invigorate efforts to build the U.S. Government federated digital identity system.
 - The effort would leverage a public-private partnership model for developing and implementing modular digital identity components that could be used both by the U.S. Government and regulated private sectors, including by the financial and health care industries.
- Treasury has been working vigorously to enact beneficial ownership legislation that closes the loophole of anonymous shell companies and other bad actors from using and abusing the U.S. and international financial system.
 - On July 21, 2020, the House passed Congresswoman Maloney's Corporate Transparency Act as an amendment to the 2021 National Defense Authorization Act (NDAA), a huge step forward to passing beneficial ownership and anti-money laundering provisions in the National Defense Authorization Act.





Treasury is Using its National Security Tools in a Historic and Unprecedented Way to Keep America and the World Safer

Treasury plays a vital role in promoting growth and sound security policies in the United States and abroad. We will leverage our powerful financial sanctions and other tools to counter rogue regimes, terrorists, and others who threaten American ideals."

- Secretary Steven T. Mnuchin

ASIA PACIFIC

- North Korea – Under Secretary Mnuchin’s leadership, Treasury has executed 243 actions to further isolate the North Korean regime from the international financial system and achieve the eventual denuclearization of the Korean peninsula.
 - Example: On November 8, 2017, the Federal Register published a final rule by FinCEN to prohibit covered U.S. financial institutions from opening or maintaining a correspondent account for, or on behalf of, Bank of Dandong Co., Ltd. as a financial institution of primary money laundering concern pursuant to Section 311 of the USA PATRIOT Act.
 - Example: On February 23, 2018, OFAC announced the largest North Korea-related sanctions tranche to date, aimed at disrupting North Korean shipping and trading companies and vessels to further isolate the regime. The action targeted one individual, 27 entities, and 28 vessels located, registered, or flagged in North Korea, China, Singapore, Taiwan, Hong Kong, Marshall Islands, Tanzania, Panama, and Comoros.

- China/Hong Kong – Treasury has executed China-related sanctions to hold China accountable for a wide range of malign activities, including human rights abuses in Xinjiang and actions undermining the autonomy of Hong Kong.
 - Example: On July 9, 2020, OFAC sanctioned one Chinese government entity and four current or former government officials in connection with serious rights abuses against ethnic minorities in the Xinjiang Uyghur Autonomous Region. The entity and officials were designated for their connection to serious human rights abuse against ethnic minorities in Xinjiang, which reportedly include mass arbitrary detention and severe physical abuse, among other serious abuses targeting Uyghurs, a Turkic Muslim population indigenous to Xinjiang, and other ethnic minorities in the region.
 - Example: On August 7, 2020, OFAC designated Carrie Lam, Chief Executive of the Hong Kong Special Administrative Region for her efforts supporting the recent imposition of draconian national security legislation on Hong Kong that has not only undermined Hong Kong’s autonomy, but also infringed on the rights of the citizens of Hong Kong by restricting their freedom of expression or assembly, allowing mainland China’s security services to operate with impunity in the region, mandating “national security education” in Hong Kong schools, undermining the rule of law, and setting the groundwork for censorship of any individuals or outlets that are deemed unfriendly to China.



MIDDLE EAST

- Iran - Treasury has applied maximum pressure against the Iranian regime through an unprecedented number of actions to disrupt the regime's ability to fund its ballistic missile program and terrorist groups, and to hold it accountable for its human rights abuses and destabilizing regional activity.
 - Example: On November 5, 2018, in its largest ever single-day action targeting the Iranian regime, the U.S. Department of the Treasury's Office of Foreign Assets Control sanctioned more than 700 individuals, entities, aircraft, and vessels. This action was a critical part of the re-imposition of the remaining U.S. nuclear-related sanctions that were lifted or waived in connection with the Joint Comprehensive Plan of Action. The action included the designation of 50 Iranian banks and their foreign and domestic subsidiaries; the identification of more than 400 targets, including over 200 persons and vessels in Iran's shipping and energy sectors, and an Iranian airline and more than 65 of its aircraft; and the placement on the list of Specially Designated Nationals and Blocked Persons of nearly 250 persons and associated blocked property that appeared until today on the List of Persons Identified as Blocked Solely Pursuant to Executive Order (E.O.) 13599.
 - Example: On October 25, 2019, the Federal Register published a final rule by FinCEN to prohibit the opening or maintaining of correspondent accounts in the United States for, or on behalf of, Iranian financial institutions, and the use of foreign financial institutions' correspondent accounts at covered U.S. financial institutions to process transactions involving Iranian financial institutions.





- Countering the financing of terrorism in the Middle East and North Africa – Treasury has used sanctions to counter the financing of all terrorist organizations, including the Islamic State of Iraq and Syria (ISIS), al-Qa’ida (AQ), Hizballah, and Hamas operating or fundraising in the Middle East and North Africa.
 - Example: On September 10, 2019, OFAC supported the President’s modernization of EO 13224 by designating 15 individuals and entities associated with a broad spectrum of terrorist groups, including al-Qa’ida, ISIS, ISIS-Philippines, ISIS-Khorasan, HAMAS, and the IRGC-QF. These actions leveraged the EO’s new authorities to efficiency and effectively designate one of the largest tranche of CT targets since the actions immediately following September 11, 2001.
- Countering the Assad Regime and its Supporters – Treasury has aggressively targeted the Assad regime for its production and use of chemical weapons, as well as its supporters for propping up the regime and profiting from the ongoing repression of the Syrian people.
 - Example: On April 24, 2017, OFAC designated 271 employees of Syria’s Scientific Studies and Research Center, the Syrian government agency responsible for developing and producing non-conventional weapons and the means to deliver them.
 - Example: On June 11, 2019, OFAC designated 16 individuals and entities associated with an international network benefiting the Assad regime. The designations served to cut off critical supplies and financiers for the regime’s luxury reconstruction and investment efforts. The action reinforced the United States’ commitment to imposing a financial toll on those supporting Assad’s authoritarian rule, including Syrian oligarch Samer Foz.

- Establishing the TFTC – Treasury led an international effort to establish the Terrorism Finance Targeting Center (TFTC) to strengthen cooperation on CFT between the U.S. and Gulf countries by facilitating information sharing, supporting coordinated disruptive actions, and promoting capacity-building efforts.
 - In May 2017, Secretary Mnuchin signed a Memorandum of Understanding (MOU), along with six Gulf Cooperation Council (GCC) countries, signaling Treasury’s intent to establish the TFTC.
 - On October 25, 2017, Secretary Mnuchin commemorated the opening of the TFTC during a trip to Saudi Arabia, stressing the importance of this center to coordinate disruptive actions, share financial intelligence information, and build member state capacity to target terrorist financing networks. Also on this date, Treasury and the TFTC member states issued the partnership’s first joint sanctions against eight individuals and one entity, targeting leaders, financiers, and facilitators of the Islamic State in Iraq and Syria in Yemen (ISIS-Y) and al-Qa’ida in the Arabian Peninsula (AQAP).
 - Treasury continues to make progress towards increasing the capacity of the TFTC and strengthening cooperation among signatories.

EUROPE AND RUSSIA

- Russia – Treasury has ratcheted up pressure to address Russia’s continued involvement in an array of malign activities, to include interfering in elections worldwide, perpetrating destructive cyber-attacks, and its continued occupation of Crimea.
 - Example: On December 4, 2019, OFAC took action against Evil Corp, the Russia-based cybercriminal organization responsible for the development and distribution of the Dridex malware. Evil Corp has used the Dridex malware to infect computers and harvest login credentials from hundreds of banks and financial institutions in over 40 countries, causing more than \$100 million in theft.
- Europe – Under Secretary Mnuchin’s leadership, Treasury has strengthened economic and security relationships with our European allies and used its tools to promote democracy on the continent.
 - Example: On October 2, 2020, OFAC designated eight individuals for their roles in the fraudulent August 9, 2020 Belarus presidential election or the subsequent violent crackdown on peaceful protesters.

AFRICA

- North Africa – Treasury has used its tools to cut off funds to various illicit networks involved in smuggling fuel and drugs, as well as bad actors threatening stability and security in North Africa.
 - Example: On September 12, 2018, OFAC designated Libyan militia leader Ibrahim Jadhran, who oversaw forces that repeatedly attacked Libyan oil facilities in the “oil crescent,” a lucrative target for rogue militias and criminals. This action was taken concurrently with the United Nations.
- Sub-Saharan Africa – Treasury uses sanctions and partnerships to effectively counter the financing of terrorism, prevent the flow of illicit money through the international financial system, and to counter activities threatening the peace, security, or stability of countries, in Sub-Saharan Africa.
 - Example: On June 1, 2017, OFAC designated a senior military official in the DRC for leading the Republican Guard in undermining democratic processes and suppressing citizens. Treasury, in conjunction with the State Department, conducted outreach to international partners, including the UK and Belgian governments, to coordinate potential future sanctions designations of entities and individuals in the DRC.
 - Example: On March 11, 2020, OFAC designated Anselem Sanyatwe, the former commander of the Zimbabwean National Army’s Presidential Guard Brigade and Owen Ncube, the Minister of National Security, for their involvement in human rights abuses including directing an attack on peaceful demonstrators and political opponents in Zimbabwe.



WESTERN HEMISPHERE

- Cuba – Treasury has taken a number of actions to counter the Cuban regime’s destabilizing role in the Western Hemisphere and help to promote freedom and prosperity for the people of Cuba.
 - Example: On November 8, 2017, OFAC announced amendments to the Cuban Assets Control Regulations, 31 C.F.R. part 515 (the CACR), to implement the National Security Presidential Memorandum issued by the President in June 2017. These regulatory changes were intended to channel economic activities away from the Cuban military, intelligence, and security services, while maintaining opportunities for Americans to engage in authorized travel to Cuba and support the private, small business sector in Cuba.
- Nicaragua – Treasury has used its economic tools to help address and hold accountable those exacerbating the deteriorating political conditions within Nicaragua.
 - Example: On June 21, 2019, Secretary Mnuchin approved the designation of four Nicaraguan government officials, who persecuted Nicaraguan citizens exercising their fundamental freedoms, enacting repressive laws, silencing news media, and denying medical care to the Nicaraguan people. This was the first time OFAC took an action pursuant to the NHRAA.
- Venezuela – Treasury has been an integral part of the U.S. Government’s response to the deteriorating political conditions within Venezuela.
 - Example: On July 31, 2017, OFAC designated the President of Venezuela, Nicolas Maduro Moros for undermining democracy in Venezuela. Under Maduro, the Venezuelan government has deliberately and repeatedly abused the rights of citizens through the use of violence, repression, and criminalization of demonstrations. Maduro’s regime has mismanaged the economy and engaged in systemic corruption causing tens of millions of Venezuelans to go hungry, despite having the world’s largest oil reserves. The designations came a day after the Maduro government held elections for a National Constituent Assembly that aspires illegitimately to usurp the constitutional role of the democratically elected National Assembly, rewrite the constitution, and impose an authoritarian regime on the people of Venezuela.



- Example: On July 25, 2019, OFAC sanctioned Colombian national Alex Nain Saab Moran, a profiteer orchestrating a vast corruption network that has enabled former President Nicolás Maduro and his regime to significantly profit from food imports and distribution in Venezuela. Saab has personally profited from overvalued contracts, including the Government's food subsidy program titled the Local Committees for Supply and Production, or Los Comités Locales de Abastecimiento y Producción, commonly known as CLAP. Through a sophisticated network of shell companies, business partners, and family members, Saab laundered hundreds of millions of dollars in corruption proceeds around the world.
- Countering Narcotics – Treasury has made ample use of its financial tools to address the threat that the financing and trafficking of narcotics poses to citizens in America and across the world.
 - Example: On December 19, 2019, OFAC identified Guatemalan mayor Erik Salvador Suñiga Rodriguez, known as “El Pocho,” and the Suñiga Rodriguez drug trafficking organization. As a corrupt mayor of a strategically-located town on the border of Guatemala and Mexico, El Pocho abused his office in furtherance of cocaine trafficking activities that benefitted the Sinaloa Cartel. OFAC coordinated very closely on this case with the DEA and the U.S. Attorney's Office for the Eastern District of Texas. On the day of designation, El Pocho surrendered and is now in U.S. custody facing federal drug trafficking charges on which he had been indicted previously.
 - Example: On August 21, 2019, OFAC identified Chinese national Fujing Zheng and the Zheng Drug Trafficking Organization (DTO) as significant foreign narcotics traffickers pursuant to the Foreign Narcotics Kingpin Designation Act. OFAC also designated one additional Chinese national and one Chinese entity, as well as another individual who was identified a significant foreign narcotics trafficker pursuant to the Kingpin Act. Directed by Fujing Zheng, the Zheng DTO manufactures and distributes hundreds of controlled substances, including fentanyl analogues such as carfentanil, acetyl fentanyl, and furanyl fentanyl. Zheng created and maintained numerous websites to advertise and sell illegal drugs in more than 35 languages. On the same date, FinCEN issued an advisory to alert financial institutions to financial schemes related to the trafficking of fentanyl and other synthetic opioids.



- Global Magnitsky – Treasury has been a leading voice for the Administration’s policies targeting Human Rights Abusers and Corrupt actors across the globe.
 - Example: On December 21, 2017 the Trump Administration launched a new sanctions regime, providing Treasury the authority to impose sanctions targeting human rights abusers and corrupt actors around the world. In all, 42 individuals and entities were designated under the newly-issued order.
 - Example: On December 9, 2019, in recognition of International Anti-Corruption Day, OFAC targeted corrupt actors and their networks across numerous countries in Europe, Asia, and Latin America. The following day, on December 10, 2019, in recognition of International Human Rights Day, OFAC took action against individuals, and entities associated with them, located in Burma, Pakistan, Libya, Slovakia, Democratic Republic of the Congo (DRC), and South Sudan for their roles in serious human rights abuse.
 - Example: On August 17, 2020, OFAC sanctioned four Ugandans for their involvement in an adoption scam that saw many Uganda-born children victimized by the participants in the scheme. These four individuals participated in a scheme whereby, in certain instances, young children were removed from Ugandan families under promises for “special education” programs and study in the United States, and were subsequently offered to U.S. families for adoption.

- Cyber – Treasury has targeted individuals and entities using cyber enabled tools to exploit vulnerable citizens, launder illicit funds and attempt to disrupt critical infrastructure.
 - Example: On September 13, 2019, OFAC announced sanctions targeting three North Korean state-sponsored malicious cyber groups responsible for North Korea’s malicious cyber activity on critical infrastructure. The actions identified North Korean hacking groups commonly known within the global cyber security private industry as “Lazarus Group,” “Bluenoroff,” and “Andariel” as agencies, instrumentalities, or controlled entities of the Government of North Korea pursuant to Executive Order (E.O.) 13722, based on their relationship to North Korea’s primary intelligence bureau, the Reconnaissance General Bureau (RGB).
 - Example - On April 15, 2020, the U.S. Departments of the Treasury, State, Homeland Security, and the Federal Bureau of Investigation issued an advisory to raise the awareness of the cyber threat posed by North Korea. The advisory highlights North Korea’s malicious cyber activities around the world, identifies U.S. government resources that provide technical and threat information, and includes recommended measures to counter the cyber threat.
- Election Interference – Treasury has played a critical role in holding accountable state-sponsored attempts by Iran, Russia, and others, to interfere in elections in the United States and across the world.
 - Example: On March 15, 2018, OFAC designated five entities and 19 individuals under the Countering America’s Adversaries Through Sanctions Act (CAATSA) as well as Executive Order (E.O.) 13694. The action served to counter Russia’s continuing destabilizing activities, ranging from interference in the 2016 U.S. election to conducting destructive cyber-attacks, including the NotPetya attack, a cyber-attack attributed to the Russian military on February 15, 2018 in statements released by the White House and the British Government. This cyber-attack was the most destructive and costly cyber-attack in history. This action targeted the Internet Research Agency LLC, which tampered with, altered, or caused a misappropriation of information with the purpose or effect of interfering with or undermining election processes and institutions.
 - Example: On October 22, 2020, OFAC designated five Iranian entities for attempting to influence elections in the United States. The Iranian regime has targeted the United States’ electoral process with brazen attempts to sow discord among the voting populace by spreading disinformation online and executing malign influence operations aimed at misleading U.S. voters.



Treasury is Leading the Administration's Effort to Return the U.S. Secret Service to Treasury

The Secret Service's dual mission of conducting complex cyber-enabled financial and counterfeiting investigations and protecting the nation's executive leadership aligns closely with Treasury's core national security functions and commitment to the integrity and stability of our financial system. - Secretary Steven T. Mnuchin

ALIGNING FINANCIAL INVESTIGATIVE MISSIONS: Secretary Mnuchin has worked with to return the U.S. Secret Service (USSS) to Treasury to achieve national security initiatives.

- This move will align USSS's financial investigative mission under Treasury to achieve key national security initiatives, including complex, cyber-enabled financial crime investigations.
- Secretary Mnuchin and Treasury have worked with the interagency and Congress on a bipartisan basis to create legislation to execute the move.
 - In mid-2019, a working group consisting of representatives from various offices within the Executive Office of the President, DHS, and Treasury convened to consider the feasibility of moving the USSS from DHS to Treasury.
 - In September 2019, Treasury began outreach with leadership in the House, Senate, and Senate Judiciary Committee.
 - In October 2019, Treasury delivered a 2019 USSS Realignment Study to Congress, detailing the national security benefits of the transfer.
 - On December 12, 2019, Secretary Mnuchin spoke at the USSS Special Agents in Charge (SAICs) conference to discuss Treasury's role in working with USSS and the proposed realignment of the Secret Service.
 - Secretary Mnuchin continues to work with Members of Congress on the bill that would move the USSS to Treasury, garnering widespread, bipartisan support for the action.

