

SUBCHAPTER II—SANCTIONS AGAINST
NORTH KOREAN PROLIFERATION, HUMAN
RIGHTS ABUSES, AND ILLICIT ACTIVITIES

§ 9221. Determinations with respect to North
Korea as a jurisdiction of primary money
laundering concern

(a) Findings

Congress makes the following findings:

(1) The Under Secretary of the Treasury for Terrorism and Financial Intelligence, who is responsible for safeguarding the financial system against illicit use, money laundering, terrorist financing, and the proliferation of weapons of mass destruction, and has repeatedly expressed concern about North Korea's misuse of the international financial system—

(A) in 2006—

(i) stated, “Given [North Korea's] counterfeiting of U.S. currency, narcotics trafficking and use of accounts world-wide to conduct proliferation-related transactions, the line between illicit and licit North Korean money is nearly invisible.”; and

(ii) urged financial institutions world-wide to “think carefully about the risks of doing any North Korea-related business”;

(B) in 2011, stated that North Korea—

(i) “remains intent on engaging in proliferation, selling arms as well as bringing in material”; and

(ii) was “aggressively pursuing the effort to establish front companies.”; and

(C) in 2013, stated—

(i) in reference to North Korea's distribution of high-quality counterfeit United States currency, that “North Korea is continuing to try to pass a supernote into the international financial system”; and

(ii) the Department of the Treasury would soon introduce new currency with improved security features to protect against counterfeiting by the Government of North Korea.

(2) The Financial Action Task Force, an intergovernmental body whose purpose is to develop and promote national and international policies to combat money laundering and terrorist financing, has repeatedly—

(A) expressed concern at deficiencies in North Korea's regimes to combat money laundering and terrorist financing;

(B) urged North Korea to adopt a plan of action to address significant deficiencies in those regimes and the serious threat those deficiencies pose to the integrity of the international financial system;

(C) urged all jurisdictions to apply countermeasures to protect the international financial system from ongoing and substantial money laundering and terrorist financing risks emanating from North Korea;

(D) urged all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with North Korea, including North Korean companies and financial institutions; and

(E) called on all jurisdictions—

(i) to protect against correspondent relationships being used to bypass or evade countermeasures and risk mitigation practices; and

(ii) to take into account money laundering and terrorist financing risks when considering requests by North Korean financial institutions to open branches and subsidiaries in their respective jurisdictions.

(3) On March 7, 2013, the United Nations Security Council unanimously adopted Resolution 2094, which—

(A) welcomed the Financial Action Task Force's—

(i) recommendation on financial sanctions related to proliferation; and

(ii) guidance on the implementation of such sanctions;

(B) decided that United Nations member states should apply enhanced monitoring and other legal measures to prevent the provision of financial services or the transfer of property that could contribute to activities prohibited by applicable United Nations Security Council resolutions; and

(C) called upon United Nations member states to prohibit North Korean financial institutions from establishing or maintaining correspondent relationships with financial institutions in their respective jurisdictions to prevent the provision of financial services if such member states have information that provides reasonable grounds to believe that such activities could contribute to—

(i) activities prohibited by an applicable United Nations Security Council resolution; or

(ii) the evasion of such prohibitions.

(b) Sense of Congress regarding the designation
of North Korea as a jurisdiction of primary
money laundering concern

Congress—

(1) acknowledges the efforts of the United Nations Security Council to impose limitations on, and to require the enhanced monitoring of, transactions involving North Korean financial institutions that could contribute to sanctioned activities;

(2) urges the President, in the strongest terms—

(A) to immediately designate North Korea as a jurisdiction of primary money laundering concern; and

(B) to adopt stringent special measures to safeguard the financial system against the risks posed by North Korea's willful evasion of sanctions and its illicit activities; and

(3) urges the President to seek the prompt implementation by other countries of enhanced monitoring and due diligence to prevent North Korea's misuse of the international financial system, including by sharing information about activities, transactions, and property that could contribute to—

(A) activities sanctioned by applicable United Nations Security Council resolutions; or

(B) the evasion of such sanctions.

(c) Determinations regarding North Korea**(1) In general**

Not later than 180 days after February 18, 2016, the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, and in accordance with section 5318A of title 31, shall determine whether reasonable grounds exist for concluding that North Korea is a jurisdiction of primary money laundering concern.

(2) Enhanced due diligence and reporting requirements

If the Secretary of the Treasury determines under paragraph (1) that reasonable grounds exist for concluding that North Korea is a jurisdiction of primary money laundering concern, the Secretary, in consultation with the Federal functional regulators (as defined in section 6809 of title 15), shall impose 1 or more of the special measures described in section 5318A(b) of title 31 with respect to the jurisdiction of North Korea.

(3) Report required**(A) In general**

Not later than 90 days after the date on which the Secretary of the Treasury makes a determination under paragraph (1), the Secretary shall submit to the appropriate congressional committees a report that contains the reasons for such determination.

(B) Form

The report submitted under subparagraph (A) shall be submitted in unclassified form, but may include a classified annex.

(Pub. L. 114–122, title II, §201, Feb. 18, 2016, 130 Stat. 101.)

§ 9221a. Prohibition on indirect correspondent accounts**(a) In general**

Except as provided in subsection (b), if a United States financial institution has or obtains knowledge that a correspondent account established, maintained, administered, or managed by that institution for a foreign financial institution is being used by the foreign financial institution to provide significant financial services indirectly to any person, foreign government, or financial institution designated under section 9214 of this title, the United States financial institution shall ensure that such correspondent account is no longer used to provide such services.

(b) Exception

A United States financial institution is authorized to process transfers of funds to or from North Korea, or for the direct or indirect benefit of any person, foreign government, or financial institution that is designated under section 9214 of this title, only if the transfer—

(1) arises from, and is ordinarily incident and necessary to give effect to, an underlying transaction that has been authorized by a specific or general license issued by the Secretary of the Treasury; and

(2) does not involve debiting or crediting a North Korean account.

(c) Definitions

In this section:

(1) Correspondent account

The term “correspondent account” has the meaning given that term in section 5318A of title 31.

(2) United States financial institution

The term “United States financial institution” means¹ has the meaning given that term in section 510.310 of title 31, Code of Federal Regulations, as in effect on August 2, 2017.

(3) Foreign financial institution

The term “foreign financial institution” has the meaning given that term in section 1010.605 of title 31, Code of Federal Regulations, as in effect on August 2, 2017.

(Pub. L. 114–122, title II, §201A, as added Pub. L. 115–44, title III, §312(a), Aug. 2, 2017, 131 Stat. 945.)

§ 9221b. Sanctions with respect to foreign financial institutions that provide financial services to certain sanctioned persons**(a) In general**

The Secretary of the Treasury shall impose one or more of the sanctions described in subsection (b) with respect to a foreign financial institution that the Secretary determines, in consultation with the Secretary of State, knowingly, on or after the date that is 120 days after December 20, 2019, provides significant financial services to any person designated for the imposition of sanctions with respect to North Korea under—

(1) subsection (a), (b), or (g) of section 9214 of this title;

(2) an applicable Executive order; or

(3) an applicable United Nations Security Council resolution.

(b) Sanctions described

The sanctions that may be imposed with respect to a foreign financial institution subject to subsection (a) are the following:

(1) Asset blocking

The Secretary may block and prohibit, pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), all transactions in all property and interests in property of the foreign financial institution if such property and interests in property are in the United States, come within the United States, or are or come within the possession or control of a United States person.

(2) Restrictions on correspondent and payable-through accounts

The Secretary may prohibit, or impose strict conditions on, the opening or maintaining in the United States of a correspondent account or a payable-through account by the foreign financial institution.

(c) Implementation; penalties**(1) Implementation**

The President may exercise all authorities provided under sections 203 and 205 of the

¹ So in original.