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"Rummaging in the government's attic"

Description of document: **Correspondence between the Department of the Treasury Office of Foreign Assets Control (OFAC) and Office of the Director, Office of the Deputy Director, and the Office of the Analysis and Liaison Division Associate Director of the Financial Crimes Enforcement Network (FinCEN), 2005 - 2007**

Requested date: 18-May-2007

Released date: 29-January-2009

Posted date: 21-August-2009

Date/date range of document: 15-September-2004 – 01-June-2007
(some records undated)

Source of document: Office of Foreign Assets Control
Attn: Freedom of Information Act Officer
U.S. Department of the Treasury
Treasury Annex
1500 Pennsylvania Avenue, NW
Washington, DC 20220

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

FOIA No.: 2007-11-027
FAC No.: GEN-385305

JAN 29 2009

This is in response to your Freedom of Information Act, 5 U.S.C. § 552 (FOIA) request dated, May 18, 2007, to the Financial Crimes Enforcement Network (FinCEN). FinCEN referred your request along with 70 pages of records to the Office of Foreign Assets Control (OFAC) for our review, determination of disclosure and direct response to you. You requested a copy of "all correspondence [during the past two years] between the Office of Foreign Assets Control (OFAC) and the following [FinCEN] offices: (Office of the Director, Office of the Deputy Director, Office of the Analysis and Liaison Division Associate Director)."

Please be aware that OFAC is experiencing a substantial backlog of FOIA requests that has adversely affected its response time.

With regards to your specific request, we have reviewed the seventy (70) pages of responsive records referred to our office. Of those pages, we have determined that twenty-nine (29) pages of the records are releasable in their entirety, and thirteen (13) pages are being forwarded to you, but with redactions made pursuant to exemptions (b)(2), (b)(4), (b)(5), (b)(6), and (b)(7)(C) of the FOIA. The remaining thirty-one (31) pages are being withheld in their entirety pursuant to exemptions (b)(2), (b)(4), (b)(5) and (b)(6) of the FOIA.

You may appeal this decision, in writing, within 35 days after the date of this letter to the Freedom of Information Act Appeal, Disclosure Services (DO), Room 6204, Annex, Department of the Treasury, Washington, DC 20220. The deciding official for OFAC appeals is the Assistant Secretary of the Office of Terrorist Financing and Financial Crimes. Please include with your letter of appeal a copy of this response letter. Please reference FOIA case number 2007-11-027 in all future correspondence. Copies of the FOIA and Treasury regulations are available at www.treasury.gov/foia.

Enclosed are information sheets pertaining to exemptions from disclosure under the FOIA and your right to administrative appeal.

Sincerely,

Marshall H. Fields, Jr.
Assistant Director, Disclosure Services
Office of Resource Management
Office of Foreign Assets Control

Enclosures



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20020

William J. Fox
Director
Financial Crimes Enforcement Network
United States Department of the Treasury
P.O. Box 39
Vienna, VA 22183

Delivery of Blocking Report Data Constituting Suspicious
Activity Information to the Financial Crimes Enforcement Network

Dear Director Fox:

This letter agreement between the Financial Crimes Enforcement Network ("FinCEN"), a bureau within the U.S. Department of the Treasury, and the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury establishes a mechanism for OFAC's delivery to FinCEN of Blocking Report data constituting suspicious activity. FinCEN collects financial information pursuant to the reporting authority contained in the Bank Secrecy Act (the "BSA"), 31 U.S.C. 5311, et seq. Information reported under the authority of the BSA includes reports of suspicious activity relating to possible violations of law.

OFAC administers and enforces economic sanctions based on U.S. foreign policy and national security goals against targeted foreign countries, entities, and individuals, including persons engaged in activities related to terrorism, international narcotics trafficking, and the proliferation of weapons of mass destruction. OFAC acts under Presidential wartime and national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction. In support of this mission, OFAC's Reporting, Procedures and Penalties Regulations at 31 CFR part 501 require U.S. financial institutions to block and file reports on accounts, payments, or transfers in which an

OFAC-designated country, entity, or individual has any interest. OFAC receives and maintains such blocking report data in its internal databases.

The delivery of Blocking Report data, as defined in paragraph 1 of this agreement, combined with FinCEN's published guidance clarifying that a suspicious activity report ("SAR") need not be filed with respect to certain blocking reports filed with OFAC, will eliminate the need for financial institutions to file multiple reports with Treasury on the same activity. The delivery of such information will help ensure that important information concerning Blocking Report data, as defined below, is made available by FinCEN to law enforcement.

1. Legal Authority: Definitions. (a) On December 23, 2004, FinCEN published interpretive guidance: (1) clarifying that reports filed with OFAC of blocked transactions with designated terrorists and narcotics traffickers will be deemed by FinCEN to fulfill the requirement for financial institutions to file SARs on such transactions for purposes of FinCEN's suspicious activity reporting rules; (2) noting that the BSA authorizes Treasury to require the reporting of "any suspicious transaction relevant to a possible violation of law or regulation" and that the blocking by a financial institution of property in which a sanctions target has an interest involves at least a potential utilization of the financial institution in a prohibited transfer; and (3) observing that it is reasonable to conclude that transactions conducted by, or otherwise involving, a person or other entity designated by OFAC (e.g., as a terrorist or as a narco-trafficker) may be in furtherance of a criminal act, and thus, may be related to a potential violation of law. Thus, according to the guidance, all blockings are arguably "relevant to a possible violation," and therefore, when involving funds in an amount above the applicable dollar threshold, are the sort of information that must be reported to FinCEN as suspicious

activity. Financial institutions also may voluntarily file suspicious activity reports with FinCEN, such as reports of transactions that fall below the applicable dollar threshold. See 31 U.S.C. 5318(g)(2) and (g)(3). Under its BSA authority, FinCEN has the ability and a mandate to disseminate suspicious activity reports broadly within the federal and non-federal law enforcement and regulatory community, whether such reports are required to be filed or are made voluntarily. See 31 U.S.C. 5318(g)(4)(B) and 5319.

(b) For purposes of this agreement, "Blocking Report data" means records of funds transfers, payments, accounts and other transactions that the financial and other business communities have blocked due to a sanctioned target's interest in the property and have reported to OFAC on or after December 23, 2004, pursuant to the Reporting, Procedures and Penalties Regulations, 31 C.F.R. 501.603, as they implement the Narcotics Trafficking Sanctions Regulations, 31 C.F.R. part 536; the Global Terrorism Sanctions Regulations, 31 C.F.R. part 594; the Terrorism Sanctions Regulations, 31 C.F.R. part 595; the Foreign Terrorist Organizations Sanctions Regulations, 31 C.F.R. part 597; and the Foreign Narcotics Kingpin Sanctions Regulations, 31 C.F.R. part 598.

2. Delivery of Blocking Report Data. OFAC will send the initial installment of Blocking Report data to FinCEN within 20 business days of the effective date of this agreement, as that date is set forth in paragraph 7, below. OFAC will send Blocking Report data compiled thereafter to FinCEN on a monthly basis. OFAC will provide this information using a data specification agreed upon by FinCEN and OFAC technical teams. The transfer method will be via courier-carried CD until an encrypted transfer method can be developed. FinCEN may input such data, and/or the information contained therein, into internal databases maintained by

FinCEN.

3. General Terms for Access and Use. FinCEN may use Blocking Report data and all information contained in such data for FinCEN's internal purposes and FinCEN may further disseminate such data and all information contained in such data to law enforcement agencies and financial intelligence units in compliance with its customary policies regarding the dissemination and use of SARs.

4. Training. OFAC will train, as resources permit, FinCEN personnel in the use of the data files containing Blocking Report data.

5. Ownership of Records. All Blocking Report data and all information contained in such data shall be deemed to constitute a separate record of OFAC and of FinCEN. OFAC and FinCEN will each be deemed to have control of such information for purposes of the application of the provisions of any statute or regulation, including but not limited to, the Freedom of Information Act, 5 U.S.C. section 552, the Trade Secrets Act, 18 U.S.C. 1905, and the Privacy Act, 5 U.S.C. 552a, and any requests or demands for information made by any judicial, administrative, or legislative process. OFAC and FinCEN will each notify the other party's Office of Chief Counsel if either OFAC or FinCEN or the Department of the Treasury is served with a subpoena or any other type of demand or request for Blocking Report data or any information contained in any such data.

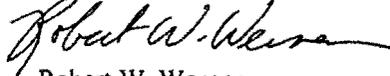
6. Costs. The delivery of Blocking Report data constituting suspicious activity information hereunder will be provided free of charge, without prejudice to OFAC's ability at a later date to condition future access to such information on payment by FinCEN of a fee that reflects equitable cost-sharing arrangements between FinCEN and OFAC.

7. Effective Date; Termination. This letter agreement shall become immediately effective when signed on behalf of FinCEN and may be terminated by either party upon 30 days' written notice to the other.

8. Amendments; Review of Agreement. This letter agreement may be amended at any time by written agreement of the parties. FinCEN and OFAC agree to review this agreement every year, or sooner if mutually agreed, and to make any changes mutually agreed upon, if any.

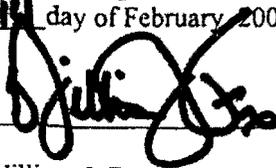
Kindly acknowledge the agreement of FinCEN to the terms stated above, and your authorization to make such agreement on its behalf, by signing the enclosed copy of this letter agreement in the space indicated below and returning it to OFAC, whereupon this letter shall become an agreement between OFAC and FinCEN.

Very truly yours,



Robert W. Werner
Director

Accepted and agreed to
this 14 day of February, 2005

by  _____

William J. Fox
Director
Financial Crimes Enforcement Network



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20020

FEB -9 2005

William J. Fox
Director
Financial Crimes Enforcement Network
United States Department of the Treasury
P.O. Box 39
Vienna, VA 22183

Access by the Financial Crimes Enforcement Network to
Blocking Report Data of the Office of Foreign Assets Control

Dear Director Fox:

This letter agreement between the Financial Crimes Enforcement Network ("FinCEN"), a bureau within the U.S. Department of the Treasury, and the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury states the terms and conditions for FinCEN's access to specified Blocking Report data received and maintained by OFAC. FinCEN is the administrator of the Bank Secrecy Act (the "BSA"), 31 U.S.C. § 5311 *et seq.* As such, FinCEN provides a government-wide data network to support the investigation of financial crimes and terrorist financing, provides analytic support to such investigations, and fosters domestic and international cooperation. See 31 U.S.C. § 310. FinCEN is also responsible for collecting and disseminating information reported under the authority contained in the BSA. OFAC administers and enforces economic sanctions based on U.S. foreign policy and national security goals against targeted foreign countries, entities, and individuals, including persons engaged in activities related to terrorism, international narcotics trafficking, and the proliferation of weapons of mass destruction. OFAC acts under Presidential wartime and national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction. In support of this mission, OFAC receives and maintains

2007-11-027

0006

Blocking Report data in its internal databases. The access by FinCEN to Blocking Report data pursuant to this letter agreement will assist FinCEN in providing useful information to law enforcement agencies investigating financial crimes, terrorist financing, and narcotics trafficking.

1. Blocking Report Data. The access permitted to FinCEN by this agreement extends to Blocking Report data, which are records of funds transfers, payments, accounts and other transactions that the financial and other business communities have blocked due to a sanctioned target's interest in the property and have reported to OFAC pursuant to the Reporting, Procedures and Penalties Regulations, 31 C.F.R. 501.603, as they implement the Narcotics Trafficking Sanctions Regulations, 31 C.F.R. part 536; the Global Terrorism Sanctions Regulations, 31 C.F.R. part 594; the Terrorism Sanctions Regulations, 31 C.F.R. part 595; the Foreign Terrorist Organizations Sanctions Regulations, 31 C.F.R. part 597; and the Foreign Narcotics Kingpin Sanctions Regulations, 31 C.F.R. part 598. OFAC utilizes these and other reports for compliance, regulatory audits, enforcement actions, licensing actions, civil penalty actions, reports to the President, Presidential reports to Congress, and for other purposes. For purposes of this agreement, Blocking Report data only includes data filed with OFAC before December 23, 2004, the date that FinCEN published interpretive guidance clarifying that the filing of Blocking Reports with OFAC will be deemed to satisfy the requirement for financial institutions to file suspicious activity reports on such transactions pursuant to FinCEN's suspicious activity reporting rules.

2. Electronic Access to Blocking Report Data. OFAC will provide authorized personnel of FinCEN ("Authorized FinCEN Personnel"), in electronic form, Blocking Report data within

20 business days of the effective date of this agreement, as that date is set forth in paragraph 8, below. Prior to providing Blocking Report data to FinCEN, OFAC will apply its internal validation procedures in an effort to confirm that such data correspond to a sanctioned target. OFAC will provide this Blocking Report data using a data specification agreed upon by FinCEN and OFAC technical teams. The transfer method will be via courier-carried CD until an encrypted transfer method can be developed. FinCEN may input such data, and/or the information contained therein, into internal databases maintained by FinCEN. When responding to requests from law enforcement agencies and financial intelligence units, FinCEN may search its databases for matches with Blocking Report data. If such a match occurs, FinCEN will indicate to the requesting agency that OFAC has additional information that may be helpful, and FinCEN will provide OFAC contact information to the requesting agency. FinCEN will not provide any Blocking Report data or any information derived from any such data directly to any requesting agency.

3. General Terms for Access and Use. The Blocking Report data are to be accessed only by Authorized FinCEN Personnel. These data are to be used for current investigations and lead purposes only. If an individual from a law enforcement agency is working on the Platform Program at FinCEN and requests Blocking Report data, FinCEN will put the agency in contact with OFAC. Information sharing will then be left up to the agency requesting the information and OFAC. This information is to be considered law enforcement sensitive and is not to be divulged outside of law enforcement channels without the express consent of OFAC.

4. Security. (a) FinCEN will supply OFAC with the names of all Authorized FinCEN Personnel, together with such identifying information for such individuals as OFAC shall

require. All Authorized FinCEN Personnel shall have been the subject of a satisfactory background investigation completed in accordance with FinCEN policies.

(b) FinCEN shall notify OFAC of the routine removal of access privileges of employees hereunder. FinCEN also shall notify OFAC immediately if the former imposes sanctions upon, or revokes the access of, any employee hereunder or discovers any unauthorized use by a FinCEN employee of Blocking Report data or any information contained in any such data.

5. Training. OFAC will train, as resources permit, Authorized FinCEN Personnel in the use of the data files containing Blocking Report data.

6. Ownership of Records. All Blocking Report data and all information contained in such data that is in FinCEN's custody pursuant to this letter agreement shall be deemed to constitute a record of OFAC, and OFAC will be deemed to have retained control of such information for purposes of the application of the provisions of any statute or regulation, including but not limited to, the Freedom of Information Act, 5 U.S.C. section 552, the Trade Secrets Act, 18 U.S.C. 1905, and the Privacy Act, 5 U.S.C. 552a, and any requests or demands for information made by any judicial, administrative, or legislative process to FinCEN. FinCEN will notify the Office of Chief Counsel (Foreign Assets Control) if FinCEN or the Department of the Treasury is served with a subpoena or any other type of demand or request for Blocking Report data or any information contained in any such data that is in FinCEN's custody pursuant to this letter agreement.

7. Costs. The access of Authorized FinCEN Personnel to Blocking Report data hereunder will be provided free of charge, without prejudice to OFAC's ability at a later date to condition future access to such information on payment by FinCEN of a fee that reflects

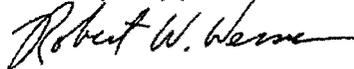
equitable cost-sharing arrangements between FinCEN and OFAC.

8. Effective Date; Termination. This letter agreement shall become immediately effective when it is signed on behalf of FinCEN and may be terminated by either party upon 30 days' written notice to the other.

9. Amendments; Review of Agreement. This letter agreement may be amended at any time by written agreement of the parties. FinCEN and OFAC agree to review this agreement every year, or sooner if mutually agreed, and to make any changes mutually agreed upon, if any.

Kindly acknowledge the agreement of FinCEN to the terms stated above, and your authorization to make such agreement on its behalf, by signing the enclosed copy of this letter agreement in the space indicated below and returning it to OFAC, whereupon this letter shall become an agreement between OFAC and FinCEN.

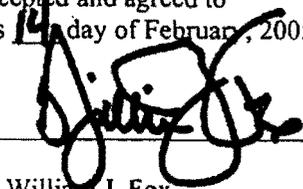
Very truly yours,



Robert W. Werner
Director

Accepted and agreed to
this 14 day of February, 2005

by



William J. Fox
Director
Financial Crimes Enforcement Network

DEPARTMENT OF TREASURY



(b)(2)

FAX TRANSMITTAL SHEET*

Office of Foreign Assets Control
1500 Pennsylvania Avenue, NW
Annex Building, 2nd Floor
Washington, DC 20220
Office Number: 202.622.6140
Fax Number: 202.622.5445
Email: OFACCiviPenalties@do.treas.gov

Date: September 19, 200~~4~~⁵ Fax #: (703) 905-3690

To: William Beaty, Deputy Director
Financial Crimes Enforcement Network

(b)(6) From: [Redacted] Chief of Civil Penalties

Number of Pages (including cover) 2

Comments: Hard copy to follow by mail

*If problems occur with this transmission, please notify 202.622.6140



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

(b)(2)

MEMORANDUM FOR WILLIAM BAITY
DEPUTY DIRECTOR
FINANCIAL CRIMES ENFORCEMENT NETWORK

FROM: J. ROBERT MCBRIEN *JRM* 9/15/04
ASSOCIATE DIRECTOR (INVESTIGATIONS AND ENFORCEMENT)
OFFICE OF FOREIGN ASSET CONTROL

SUBJECT: REFERRAL OF UNITED NATIONS FEDERAL CREDIT UNION

(b)(6) &
(b)(7)(C)

The Office of foreign Asset Control ("OFAC") is currently investigating accounts at the United Nations Federal Credit held by member [redacted] 1 and member [redacted] 2. Both of these accountholders were located in Iran at the time of these transactions. Based on our investigation, no Suspicious Activity Reports were filed and we could not locate any FinCEN activity. We are continuing our civil penalty action at OFAC, however, we felt that FinCEN may wish to be notified so that it may conduct further investigation into these accountholders and the activities at the United Nations Federal Credit Union.

Please feel free to contact me at [redacted] if you require any further information.

(b)(2)

(b)(4), (b)(6),
& (b)(7)(C)

1 [redacted]
2 [redacted]



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

(b)(2)

FAC No. [REDACTED]

ACTION

MEMORANDUM FOR INDIVIDUALS ON DISTRIBUTION LIST

FROM: J. ROBERT MCBRIEN
ASSOCIATE DIRECTOR
INVESTIGATIONS AND ENFORCEMENT
OFFICE OF FOREIGN ASSETS CONTROL

[Handwritten signature] 4/12/06

SUBJECT: Classified Resource and Personnel Status Report
required under the Foreign Narcotics Kingpin Designation Act Due July 1, 2006

Section 804(d)(1) of the Foreign Narcotics Kingpin Designation Act ("the Kingpin Act"), 21 U.S.C. 1901-1908, 8 U.S.C. 1182, requires that by July 1, 2000, and not later than July 1 of each year thereafter, the President provide:

the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate with a report in classified form describing in detail the status of the sanctions imposed under this [Act] including the personnel and resources directed towards the imposition of such sanctions during the preceding fiscal year, and providing background information with respect to newly-identified significant foreign narcotics traffickers and their activities.

The legislative history of this section clarifies that the Department of the Treasury shall play a coordinating role in this process. Accordingly, the Office of Foreign Assets Control ("OFAC") will compile a report based upon the information that each agency contributes. We would appreciate that you provide to OFAC the information requested below regarding your department's or agency's costs for personnel, other resources, and activities dedicated toward the implementation of the Kingpin Act: (1) that have been incurred and (2) that are projected to be incurred this fiscal year (FY-2006) from October 1, 2005 through September 30, 2006. Because the President's report must be submitted by July 1, please submit your information to OFAC by May 1, 2006

The following information is requested:

[Handwritten mark]

(b)(6)

From: Adam.Szubin [redacted]
Sent: Monday, January 08, 2007 4:46 PM
To: (b)(6); Baity, Bill; Janice.Gardner [redacted]; Daniel.Lawrence.Glaser; Barbara.Hammerle [redacted]; Matthew.Levitt [redacted]; Pat.O'Brien [redacted]
Cc: (b)(2); Bob.McBrien [redacted]
Subject: Re: HMP tasking: Meeting with John Walters

We're on it, and can keep [redacted] in the loop.

(b)(6)

----- Original Message -----

(b)(6) **From:** [redacted]
To: [redacted]; Baity, Bill [redacted]; Gardner, Janice; Glaser, Daniel Lawrence; [redacted]; Hammerle, Barbara; [redacted]; O'Brien, Pat; [redacted]; Szubin, Adam
Sent: Mon Jan 08 15:33:54 2007
Subject: FW: HMP tasking: Meeting with John Walters

Please see below a reminder for a request by the Secretary for a briefing memo for a meeting with John Walters. Does OFAC have the lead on this?

V/r,

(b)(6)

-----Original Message-----

(b)(6) **From:** EXECSECPROCESSUNIT
Sent: Monday, January 08, 2007 1:50 PM
To: [redacted]
Cc: [redacted]
Subject: HMP tasking: Meeting with John Walters

As a reminder from last week, Terrorism and Financial Intelligence has been assigned to write a briefing memo for the Secretary's meeting with John Walters, the Director of the Office of National Drug Control Policy.

Please send an electronic copy of the paper to the ExecSecProcessUnit and a hard-copy to Room [redacted] by 4p.m. TODAY.

(b)(2)

(b)(6)

From: Adam.Szubin [REDACTED]
 Sent: Monday, January 08, 2007 5:26 PM
 To: [REDACTED] Baity, Bill; [REDACTED] Janice.Gardner [REDACTED]
 Daniel.Lawrence.Glaser [REDACTED]
 Barbara.Hammerle [REDACTED] Matthew.Levitt [REDACTED] Pat.O'Brien [REDACTED]
 [REDACTED] Bob.McBrien [REDACTED]
 Subject: RE: HMP tasking: Meeting with John Walters

(b)(2)
&
(b)(6)

(b)(6)

No one here recalls seeing this tasking from last week. [REDACTED]

(b)(5)

Adam

-----Original Message-----

From: [REDACTED]
 Sent: Monday, January 08, 2007 3:34 PM
 To: [REDACTED]; Baity, Bill; [REDACTED]; Gardner, Janice; Glaser, Daniel
 Lawrence; [REDACTED]; Hammerle, Barbara; [REDACTED] Levitt,
 Matthew; O'Brien, Pat; [REDACTED]; Szubin, Adam
 Subject: FW: HMP tasking: Meeting with John Walters

(b)(6)

Please see below a reminder for a request by the Secretary for a briefing memo for a meeting with John Walters. Does OFAC have the lead on this?

V/r,

(b)(6)

-----Original Message-----

From: EXECSECPROCESSUNIT
 Sent: Monday, January 08, 2007 1:50 PM
 To: [REDACTED]
 Cc: [REDACTED]
 Subject: HMP tasking: Meeting with John Walters

(b)(6)

As a reminder from last week, Terrorism and Financial Intelligence has been assigned to write a briefing memo for the Secretary's meeting with John Walters, the Director of the Office of National Drug Control Policy.

Please send an electronic copy of the paper to the ExecSecProcessUnit and a hard-copy to Room [REDACTED] by 4p.m. TODAY.

(b)(2)

6/5/2007

rs.

2007-11-027

0016

(b)(6)

[Redacted]

(b)(2)
&
(b)(6)

From: Barbara.Hammerle [Redacted]
Sent: Monday, January 22, 2007 1:30 PM
To: [Redacted] Baity, Bill;
Cc: [Redacted]
Subject: RE:

(b)(6)

[Redacted]

(b)(6)

-----Original Message-----
From: [Redacted]
Sent: Monday, January 22, 2007 12:48 PM
To: [Redacted] Hammerle, Barbara; Baity, Bill; [Redacted] (b)(6)
Cc: [Redacted]
Subject: RE:

I think here should be a FinCEN rep and an OFAC rep, though not sure who. Bill/Barbara, this is about ECM. Who from your offices should be invited?

(b)(6)

-----Original Message-----
From: [Redacted]
Sent: Monday, January 22, 2007 12:43 PM
To: [Redacted]
Cc: [Redacted]
Subject: FW:

Who should handle?

(b)(6)

-----Original Message-----
From: [Redacted]
Sent: Monday, January 22, 2007 12:29 PM
To: [Redacted]
Cc: [Redacted]
Subject: FW:

Good Afternoon, (b)(6)

Per your conversation with [Redacted], I am sending you this Records Management information.

On December 18, 2006, (See attachment) DO Record Management, sent an email to all Record Coordinators about the initiative that we are working on with the Office of the Chief Information Officer (OCIO). In order to complete this initiative, we would like to meet with your office, along with consultant from Booz Allen and Hamilton (BAH).

Please invite anyone whom you believe is knowledgeable of the type of records your office creates, including electronic systems and databases used in your organization.

6/5/2007

[Handwritten mark]

6/5/2007

2007-11-027

0018

(b)(6)

[Redacted]

(b)(2)

From: Adam.Szubin [Redacted]
Sent: Friday, February 02, 2007 11:55 AM

&

To: Stuart.Levy [Redacted]
Pat.O'Brien [Redacted] Baitv. Bill; Daniel.Lawrence.Glaser [Redacted]
Barbara.Hammerle [Redacted] Virginia.Canter [Redacted]

(b)(6)

Subject: FW: Institute of International Bankers March event in DC

See program attached - it is odd that no one in TFI is on there.

-----Original Message-----

(b)(6)

From: [Redacted]
Sent: Thursday, February 01, 2007 4:07 PM
To: Szubin, Adam
Cc: Hammerle, Barbara; Canter, Virginia
Subject: Institute of International Bankers March event in DC

(b)(2)

[Redacted]

While I don't see any invitation, this is an event about which OFAC and TFI should be aware.

6/5/2007

2007-11-027

0019

PROGRAM

**ANNUAL WASHINGTON CONFERENCE
OF THE
INSTITUTE OF INTERNATIONAL BANKERS
FOUR SEASONS HOTEL
2800 Pennsylvania Avenue, N.W.
Washington, D.C.**

SUNDAY, MARCH 4, 2007

3:00 p.m. to 5:00 p.m.
Distribution of conference materials
Foyer outside of Corcoran Ballroom

5:00 p.m. to 7:00 p.m.
Institute's Welcoming Reception
Dumbarton Room

Sponsored by:
Cleary Gottlieb Steen & Hamilton LLP

MONDAY, MARCH 5, 2007

7:30 a.m. to 8:30 a.m.
Continental Breakfast

Sponsored by:
Deloitte & Touche LLP

8:30 a.m.
Chairman's Welcome

Everett Schenk
CEO, North American Corporate and
Investment Banking
BNP Paribas



Chief Executive Officer's Remarks

Lawrence R. Uhlick
Chief Executive Officer
Institute of International Bankers



INSTITUTE OF INTERNATIONAL BANKERS

MONDAY, MARCH 5, 2007
continued

8:45 a.m. to 9:15 a.m.
Keynote Address

*"The Administration's Economic and
Financial Services Policy Initiatives"*
Timothy D. Adams *(invited)*
Under Secretary for International Affairs
Department of the Treasury

9:15 a.m. to 9:45 a.m.

*"Major Cross-Border Regulatory and
Supervisory Issues and Their Impact
on the Relative International
Competitiveness of London, New York
and Other Financial Centers "*
Sir Callum McCarthy
Chairman
Financial Services Authority (U.K)



9:45 a.m. to 10:15 a.m.

*"Key Regulatory and Supervisory Issues
Being Addressed by the SEC"*
Paul S. Atkins
Commissioner
Securities and Exchange Commission



10:15 a.m. to 10:30 a.m.
Refreshments

Sponsored by:
National Bank of Pakistan

10:30 a.m. to 11:00 a.m.

*"EU-U.S. Financial Markets Regulatory
Dialogue"*
Jorgen Holmquist
Director General
Internal Market
European Commission



INSTITUTE OF INTERNATIONAL BANKERS

MONDAY, MARCH 5, 2007
continued

11:00 a.m. to 11:30 a.m.

*"Strategies for Competing in the
Global Wholesale Financial Markets –
A European Perspective"*
Peter Sands
Group Chief Executive
Standard Chartered plc



11:30 a.m. to 12:00 noon

*"Competitive Strategies in the U.S.
and Global Wholesale Financial
Markets"*
Sandra L. Boss
Director – Co-Head of Global Corporate
and Institutional Banking Practice
McKinsey & Company



12:00 noon to 2:00 p.m.
Reception and Luncheon
Dumbarton Room

Sponsored by:
Ernst & Young LLP

Luncheon Speaker:
*"Financial Services Agenda in the U.S.
House of Representatives"*
Rep. Barney Frank
Chairman
House Committee on Financial Services



2:00 p.m. to 2:30 p.m.

*"Major Challenges and Opportunities
Facing the U.S. and Global Economy
and Financial Markets"*
Kevin M. Warsh
Member of the Board of Governors
Federal Reserve System



INSTITUTE OF INTERNATIONAL BANKERS

MONDAY, MARCH 5, 2007
continued

2:30 p.m. to 3:45 p.m.

"Asian Financial Sector Reforms"

Wang Huaqing
Assistant Chairman
China Banking Regulatory Commission



Shri V. Leeladhar
Deputy Governor
Reserve Bank of India



Dr. Shamshad Akhtar
Governor
State Bank of Pakistan



3:45 p.m. to 4:00 p.m.
Refreshments

Sponsored by:
National Bank of Pakistan

4:00 p.m. to 4:30 p.m.

*"Financial Services Agenda in the U.S.
House of Representatives "*

Rep. Spencer Bachus
Ranking Minority Member
House Committee on Financial Services



4:30 p.m. to 5:00 p.m.

*"Initiatives to Enhance the International
Competitiveness of U.S. Financial
Markets"*

Sen. Charles E. Schumer (invited)
United States Senate

5:00 p.m. to 5:30 p.m.

*"Key Issues Regarding Implementation
Of Sarbanes-Oxley as well as the
Convergence of U.S. and International
Accounting Standards "*

Mark W. Olson
Chairman
Public Company Accounting Oversight Board



INSTITUTE OF INTERNATIONAL BANKERS

MONDAY, MARCH 5, 2007
continued

5:30 p.m.

Adjournment

6:00 p.m. to 7:30 p.m.

Reception
Smithsonian Institution's Donald W.
Reynolds Center for American Art
and Portraiture*

Sponsored by:
PricewaterhouseCoopers LLP

**There will be round-trip shuttle service provided by PricewaterhouseCoopers for conference attendees and spouses/guests between the Four Seasons Hotel and the Reynolds Center (8th and F Street, N.W.).*

TUESDAY, MARCH 6, 2007

7:45 a.m. to 8:45 a.m.
Continental Breakfast

Sponsored by:
KPMG LLP

9:00 a.m. to 10:15 a.m.
Panel Discussion

*"Tax Developments of Interest to
International Banks"*

Steven A. Musher
Associate Chief Counsel
(International)
Internal Revenue Service



Paul S. Epstein
Senior Technical Reviewer –
Branch 5
Office of the Associate Chief Counsel
(International)
Internal Revenue Service



Jesse Eggert
Attorney-Advisor
Office of Tax Policy
Department of the Treasury

INSTITUTE OF INTERNATIONAL BANKERS

TUESDAY, MARCH 6, 2007
continued

Donald P. Favre
Partner
PricewaterhouseCoopers LLP



Yaron Z. Reich (*moderator*)
Partner
Cleary Gottlieb Steen & Hamilton LLP



10:15 a.m. to 10:30 a.m.
Refreshments

Sponsored by:
Goodwin Procter LLP

10:30 a.m. to noon
Panel Discussion

"Regulatory Issues of Interest to International Banks"

Jack P. Jennings, II
Associate Director
Division of Banking Supervision
and Regulation
Federal Reserve Board



David S. Fredsall
Deputy Superintendent
Foreign and Wholesale Banks
New York State Banking Department



Teresa Rutledge
Senior International Advisor
International Banking and Finance
Office of the Comptroller of the
Currency



INSTITUTE OF INTERNATIONAL BANKERS

TUESDAY, MARCH 6, 2007

continued

Erik R. Sirri
Director
Division of Market Regulation
Securities and Exchange Commission



Donald T. Vangel (*moderator*)
Partner
Ernst & Young LLP



12:00 noon

Adjournment

(b)(6)

From:
Sent:
To:

(b)(2)
&
(b)(6)

Adam.Szubin [redacted]
Wednesday, February 07, 2007 7:31 AM
Stuart.Levey [redacted]
Pat.O'Brien [redacted] Daniel.Lawrence.Glaser [redacted]
Janice.Gardner [redacted] Baity, Bill
ofac item

Ofac has been talking with SDNY over the last 3 weeks about an agreement that they've worked out with El Paso Corp. El Paso is an energy company that acquired a company that had violated Iraqi OFF sanctions in the early 2000s. EP has been helpful to the govt, and doj, sec, and the company negotiated a non-pros letter under which \$6 million will be paid, and then turned over to the Iraqi govt. Towards the end, the company's attorneys sought to get ofac involved to protect them from possible future ofac civ pen actions as well. Given the nature and age of the violations, and the positive behavior of the company, we ultimately agreed not to bring civil enforcement action against EP for the older violations, in exchange for them maintaining an ofac compliance program, tolling the SOL with respect to the violations (whose SOL is about to run), cooperating with the govt, and adhering to all terms of the agreement. If they violate any term, which includes any further ofac violations however minor all bets are off. I think this is a good outcome -- this was not a case on our radar screen, and we now are a participant in an agreement that will see \$6 million returned to the Iraqi people. The US Atty's office expects to announce this today. We've given Molly a heads up. Stuart, this is what I was calling you about on monday, and I just forgot to follow up. My apologies. Please let me know if there are others we should notify.

14

(b)(6)

From: Adam.Szubin [REDACTED]
 Sent: Thursday, February 08, 2007 10:23 AM
 To: Stuart.Levy [REDACTED]; Daniel.Lawrence.Glase [REDACTED]; Pat.O'Brien [REDACTED]; Bob.McBrien [REDACTED]; Virginia.Carter [REDACTED]; Molly.Millerwise [REDACTED]; Janice.Gardner [REDACTED]; Howard.Mendelsohn [REDACTED]; Baity, Bill [REDACTED]
 Subject: FW: Cuba Deports Top Colombian Drug Suspect - Luis Hernando GomezBustamante aka "Rasguno"

(b)(2)

&

(b)(6)

More good news in narco. Bottom of article mentions Treasury's actions against Rasguno and his financial assets, but here's the thumbnail sketch:

Luis Hernando Gomez Bustamante ("Rasguno")

North Valle cartel leader designated on October 25, 2002. We named 8 companies and 9 individuals along with him in October 2002.

He was named as a leader of the cartel in the May 2004 RICO.

<http://www.treas.gov/press/releases/po3579.htm>

http://www.treas.gov/offices/enforcement/ofac/programs/narco/charts/north_valle1002.pdf

OFAC hit some of Rasguno's lieutenants who began to fill the vacuum created by his absence. On October 25, 2006 OFAC named two principals (Jhonny CANO & Orlando SABOGAL), six entities, and 16 individuals.

<http://www.treas.gov/press/releases/hp151.htm>

http://www.treas.gov/offices/enforcement/ofac/programs/narco/charts/valle_chart_102506.pdf

In total, besides Rasguno, 27 individuals (including the two other principals) and 14 entities have been named in two actions since 2002.

February 8, 2007

Cuba Deports Top Colombian Drug Suspect

By THE ASSOCIATED PRESS

Filed at 12:06 a.m. ET

BOGOTA, Colombia (AP) -- Cuba will deport reputed drug kingpin Luis Hernando Gomez Bustamante to Colombia, which plans to extradite him to the United States, a government official told The Associated Press on Wednesday.

The Colombian official said Gomez was expected to arrive in Bogota on Thursday and would be held at its heavily fortified chief prosecutor's office compound before being extradited to the United States.

An extradition order has been signed, the official said. He spoke on condition he not be further identified because he was not authorized to divulge the information.

Gomez, an alleged top boss of Colombia's Norte del Valle cartel known by his alias "Rasguno," is wanted on a U.S. indictment in New York on drug trafficking, racketeering and money-laundering charges.

He has been held in Cuba since his 2004 arrest at a Havana airport on charges of carrying a false passport. He had fled Colombia after Washington offered rewards of \$5 million each for the South American country's top drug traffickers.

Gomez would be the most senior reputed drug boss extradited to the United States since Cali cartel chief Miguel Rodriguez Orejuela was extradited in March 2005.

Gomez's Miami-based attorney, Oscar Rodriguez, told the AP he had no information on the deportation and would not answer questions until he has had a chance to speak with his client.

The U.S. Embassy in Bogota had no immediate comment on the case. Cuban press officials and officials at the Colombian Embassy in Havana also did not immediately respond to requests for comment.

Cuba does not have diplomatic relations of any kind, including an extradition treaty, with the United States.

Shortly after Gomez's arrest, Cuban officials said he had been "in transit" and didn't intend to develop a local drug market in Cuba.

The Norte del Valle cartel, the most powerful traditional drug organization in Colombia, is believed to account for as much as 60 percent of the cocaine consumed in the United States, according to the U.S. Drug Enforcement Administration. However, many of its top bosses have been captured in recent years and a campaign by the U.S. Treasury Department has frozen many of their assets, including front companies.

In 2004, Colombian authorities seized \$100 million worth of Gomez's assets including 68 farms, 24 offices and 17 parking lots. According to prosecutors, he went from pumping gas in 1991 to declaring property worth more than \$500,000 a year later.

AP writer Toby Muse in Bogota contributed to this report.

(b)(6)

[Redacted]

(b)(6)

From: [Redacted]

Sent: Monday, February 12, 2007 6:11 PM

To: Pat.O'Brien [Redacted] Janice.Gardner [Redacted] Adam.Szubin [Redacted] Baity, Bill

Cc: [Redacted]
Virginia.Carter [Redacted]

(b)(2)
&
(b)(6)

Subject: senate finance Briefing 101.ppt

Attached are OFAC's slides for incorporation into a 101 for the Senate Finance Committee

6/5/2007

2007-11-027

0030

Office of Foreign Assets Control

An Overview

OFAC Mission

The Office of Foreign Assets Control administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and weapons of mass destruction proliferators and their supporters.

OFAC acts under Presidential wartime and national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and to freeze assets under US jurisdiction.

OFAC administers more than 30 sanctions programs. Some examples are below:

<p><u>Nonproliferation Programs</u></p> <p>HEU WMD</p>	<p><u>Targeted Sanctions Programs</u></p> <p>Terrorism WMD Western Balkans Narcotics Syria Targeted persons in Darfur; DRC; Cote d'Ivoire; Belarus</p>
<p><u>Country-Based Programs</u></p> <p>Cuba Iran Sudan North Korea</p>	<p><u>Regime-Based Programs</u></p> <p>Burma Iraq (former regime) Liberia (former regime) Zimbabwe</p>

Note: OFAC also implements and administers a separate multilateral program governing trade in rough diamonds

In administering and enforcing an economic sanctions program, OFAC focuses on:

- 1) Identifying targets for designation
- 2) Adopting regulations and issuing licenses
- 3) Assisting U.S. persons in complying with the sanctions prohibitions
- 4) Penalizing U.S. persons violating the prohibitions
- 5) Working with other U.S. government agencies
- 6) Working with other nations to implement similar strategies

FY 2007/2008 PRIORITIES

- 1) **Economic Sanctions against State Terrorism**

Enhance capacity to effectively administer and implement the application of economic sanctions to state-sponsors of terrorism, such as Iran, Syria and Sudan, as well as terrorists, terrorist groups and their support networks.

- 2) **Sanctions against Weapons of Mass Destruction (WMD) Proliferation**

Implement and administer the Executive Order imposing sanctions against WMD proliferation.

- 3) **Enterprise Content Management (ECM)**

A project to address OFAC's urgent business needs to move from a burdensome paper-based system of operations to an infrastructure investment that addresses workflow, document and case management, and reporting issues.

Recent OFAC Actions

9/6/06: OFAC amended the Iranian Transactions Regulations to cut off Bank Saderat from the U.S. financial system based on terrorism.

1/9/07: OFAC designated Bank Sepah under WMD Executive Order because of its provision of financial support and services to Iranian proliferation firms.

10/13/06: To take account of the Darfur Peace and Accountability Act of 2006, the President issued Executive Order 13412, "Blocking Property of and Prohibiting Transactions with the Government of Sudan."

- Prohibits all transactions by U.S. persons relating to Sudan's petroleum or petrochemical industries.
- No longer prohibits: Trade and related transactions and humanitarian assistance in the exempt areas of Sudan such as Southern Sudan and Darfur, provided that the Government of Sudan does not have any property interest in the transaction

Impact of sanctions Case Study

CALI CARTEL

2007-11-027

0037



Miguel & Gilberto RODRIGUEZ OREJUELA

- 1995: OFAC begins exposing and isolating the Rodriguez Orejuela organization including their financial holdings.
- 1995-2004: OFAC designates numerous persons and entities of the organization.
- September 2004: Despite the Orejuela Organization's continuing efforts to evade sanctions and hide front persons and companies, Colombian authorities seized DROGAS LA REBAJA, a pharmaceutical chain and the largest such cartel asset seizure in the country's history.
- The unrelenting pressure from OFAC's investigations and actions was a key cause of a September 2006 plea agreement in which 28 SDNT individuals, all family members associated with the RODRIGUEZ OREJUELA drug trafficking organization, agreed to forfeit their interests in all narcotics-related entities worldwide, including the hundreds of entities designated by OFAC since 1995.

(b)(6)

[Redacted]

(b)(6)

From: [Redacted]

Sent: Wednesday, February 21, 2007 9:46 AM

To: Pat.O'Brien [Redacted] Janice.Gardner [Redacted] Baity, Bill; Adam.Szubin [Redacted]

Cc: [Redacted]
Daniel.Lawrence.Glaser [Redacted]

(b)(2)
&
(b)(6)

Subject: House Financial Services Briefing

(b)(6)

Committee staff [Redacted] majority. [Redacted] advises minority will also be invited) would like a briefing next Monday, 2/26 at 11:30 if possible in preparation for the Committee's review later next week of 07/08 budget priorities. The same slide presentation as is being used for the Senate Finance briefing this Friday can be used. In [Redacted] absence, I am alerting everyone now to determine availability. Thank you

(b)(6)

(b)(6)

[Redacted]

OFAC
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

(b)(2)

Phone: [Redacted]
Fax: 202/622-5390

6/5/2007

2007-11-027

0039

(b)(6)

From: Adam.Szubin [redacted]
 Sent: Tuesday, February 27, 2007 4:56 PM
 To: Stuart.Levey [redacted]; Pat.O'Brien [redacted]; Daniel.Lawrence.Glase [redacted]; Janice.Gardner [redacted]; Howard.Mendelsohn [redacted]; Baity, Bill; [redacted]
 Cc: [redacted]; Virginia.Canter [redacted]
 Subject: FW: CO&I's summary of the [redacted] teleconference

(b)(2)
 &
 (b)(6)

Write-up of this morning's mtg with [redacted]

-----Original Message-----

(b)(6)

From: [redacted]
 Sent: Tuesday, February 27, 2007 2:40 PM
 To: Canter, Virginia; Szubin, Adam
 Cc: [redacted]
 Subject: CO&I's summary of the [redacted] teleconference

(b)(6)

(b)(4)

(b)(4)

On February 16, 2007, [redacted] identified an issue involving its head office in [redacted] indicating that the names of Iranian banks maintaining accounts with [redacted] have not been identified on MT202s sent through the United States. There apparently have been two different methods used for processing cover payments - one where the 202 was automatically generated upon receipt of an MT 103 from an ordering bank, and one where [redacted] manually produced a separate cover payment to send into the United States upon receipt of an MT 202 in [redacted] [and possibly [redacted]] from an Iranian bank. In the first instance [redacted] system automatically left the originating bank field blank in transmitting related MT 202s into the United States giving the impression that [redacted] was the ordering institution. OFAC was told that this was a systemic practice for [redacted] and had nothing to do with the Iranian nexus of the 103s. In the second instance, [redacted] manually changed the name of the ordering customer from the Iranian name on the MT 202 that it received to its own name on the MT 202 that it sent through the United States. Both procedures apparently have been in place for a very long time - possibly for more than 10 years.

(b)(4)

(b)(4)

(b)(4)

[redacted] did an initial review of transactions that it processed from December 1, 2006 to January 31, 2007. Approximately 3,000 transactions involving Iranian banks were identified - all of which seemed to qualify as U-Turns authorized by the ITR. The bank asserted that none of the transactions involved Banks Saderat or Sepah, although the review period obviously postdates OFAC's revocation of the Saderat U-turn exception in September. [redacted] indicated that it is going to conduct a much more extensive lookback, hiring an outside firm to assist in the process. The review is supposed to encompass all of OFAC's sanctions programs. OFAC was told it would receive regular updates on the progress of the review.

(b)(4)

(b)(4)

(b)(4)

Although [redacted] still maintains USD accounts for Iranian banks, it indicated that it has ceased handling USD transactions for them, except for oil payments "and certain bank settlements." All MT202s involving Iranian banks, according to [redacted] now contain the names of those banks. The bank confirmed that it still holds yen accounts for the Iranian banks. It did not share the names of the Iranian banks for which it maintains accounts. It did state that it has not prohibited transactions with Banks Saderat or Sepah in currencies other than USDs.

6/5/2007

19.

6/5/2007

2007-11-027

0041

(b)(6)

From: Adam.Szubin [REDACTED]
 Sent: Tuesday, February 27, 2007 7:29 PM
 To: Stuart.Levy [REDACTED] Pat.O'Brien [REDACTED]
 Daniel.Lawrence.Glaser [REDACTED]
 Janice.Gardner [REDACTED] Howard.Mendelsohn [REDACTED] Baity, Bill [REDACTED]
 Cc: Virginia.Carter [REDACTED]
 Subject: OFAC engagements

(b)(2)
 &
 (b)(6)

FOR OFFICIAL USE ONLY

Here's a write-up of what we've been hearing and seeing about Iran relationships from the banks we've met with. Please note that the banks included are those that we've been meeting with as part of ordinary OFAC compliance discussions, and do not necessarily represent those that we're most concerned about. This does not include this morning's mtg with [REDACTED], which we will add shortly.

(b)(2)

[REDACTED]

(b)(4)

6/5/2007

20

2007-11-027

0042

(b)(4)

(b)(6)

From: Adam.Szubin [redacted]
Sent: Thursday, March 01, 2007 4:12 PM
To: Stuart.Levey [redacted]; Pat.O'Brien [redacted]; Daniel.Lawrence.Glaser [redacted]; Janice.Gardner [redacted]; Howard.Mendelsohn [redacted]; Baity, Bill [redacted]
Subject: FW: Adam, please note bolded text about Tuesday's meeting...
Importance: High

(b)(2)
&
(b)(6)

(b)(6)

-----Original Message-----
From: [redacted]
Sent: Thursday, March 01, 2007 4:11 PM
To: Szubin, Adam
Subject: RE: Adam, please note bolded text about Tuesday's meeting...
Importance: High

(b)(4)

(b)(6)

[redacted]

-----Original Message-----

From: Szubin, Adam
Sent: Thursday, March 01, 2007 4:07 PM
To: [redacted] (b)(6)
Cc: Canter, Virginia
Subject: RE: Adam, please note bolded text about Tuesday's meeting...

Very interesting. Who supplied the commentary?

(b)(6)

-----Original Message-----
From: [redacted]
Sent: Thursday, March 01, 2007 2:58 PM
To: Szubin, Adam
Cc: Canter, Virginia
Subject: Adam, please note bolded text about Tuesday's meeting...
Importance: High

The attendees from [redacted] will be:

(b)(4)

(b)(6)

[redacted]

6/5/2007

21.

2007-11-027

0046

(b)(6)

[REDACTED]

(b)(6)

Originally [REDACTED] a member of [REDACTED] and its [REDACTED] in Paris, had been scheduled to attend. We are now told that he will not be attending since the bank has not yet been able to set up a time to visit with Under Secretary Levey. We are also told that [REDACTED] has been working on a policy to address [REDACTED] global dealings with Iran but that he has received some initial push back from [REDACTED] about his suggestions being too U.S.-centric. The [REDACTED] attendees have indicated that they hope that Tuesday's meeting with OFAC will set the stage for a dialogue with Paris either via video teleconference or face to face.

(b)(4)

(b)(6)

(b)(4)

6/5/2007

2007-11-027

0047

(b)(4)

(b)(6)

From: Adam.Szubin [REDACTED]
Sent: Friday, March 16, 2007 5:06 PM
To: Stuart.Levey [REDACTED]; Janice.Gardner [REDACTED];
Howard.Mendelsohn [REDACTED]; Baity, Bill [REDACTED]
Cc: [REDACTED]; Virginia.Canter [REDACTED]; Barbara.Hammerle [REDACTED];
Bob.McBrien [REDACTED]
Subject: FW: Further dialogue with [REDACTED]
Importance: High

(b)(2)
&
(b)(6)

(b)(4)

This bank seems to be willing to do only the minimum legally required.

-----Original Message-----

(b)(6)

From: [REDACTED]
Sent: Friday, March 16, 2007 4:21 PM
To: Szubin, Adam
Cc: Canter, Virginia
Subject: Further dialogue with [REDACTED]
Importance: High

(b)(4)

(b)(4)

[REDACTED]

From: Adam.Szubin [redacted]
Sent: Friday, March 16, 2007 5:23 PM
To: Stuart.Levey [redacted]
Howard.Mendelsohn [redacted]
Baity, Bill [redacted]
Cc: Virginia.Canter [redacted] Barbara.Hammerle [redacted]
Bob.McBrien [redacted] Sean.Thornton [redacted]
Subject: FW: OFAC meeting with [redacted]
Importance: High

(b)(2)
&
(b)(6)

Write-up of Wednesday's [redacted] meeting.

(b)(6)

-----Original Message-----
From: [redacted]
Sent: Friday, March 16, 2007 3:39 PM
To: Szubin, Adam
Cc: Canter, Virginia
Subject: OFAC meeting with [redacted]
Importance: High

(b)(4)

On Wednesday, March 14, OFAC met with seven representatives of [redacted] – including four executives from the Bank's headquarters in [redacted]. OFAC was told that [redacted] parent company, [redacted] is quite engaged with the U.S. marketplace. During the meeting, the Bank outlined enhancements to its global sanctions policies and procedures based on a new policy approved by its Board of Directors [redacted]. [redacted] It said it had completely cut off business with Sudan, North Korea and Burma [although not at great expense since it did not have much exposure]. [redacted] does global screening against OFAC's SDN list. It indicated it has undertaken a "transparency initiative" as part of its corporate culture, refuses to process transactions that are not transparent, and has actually exited a number of relationships when it detected heightened AML or sanctions risk. It does not handle correspondent business out of its New York branch other than for [redacted] affiliates.

(b)(4)

(b)(4)

With regard to Iran, [redacted] has terminated all relationships, in all currencies, with Banks Sepah and Saderat. It has terminated all USD business with all Iranian counterparties. It has maintained business with Iranian counterparties in other currencies, under "enhanced scrutiny." The bank insisted that it has enhanced its compliance procedures worldwide, saying that it has significantly increased staffing and has created a new office for [redacted] which reports to its Group Head of [redacted].

Adam questioned the "enhanced scrutiny" for non-USD transactions with Iran and highlighted, as a general risk management matter, deceptive financial practices by the GOI.

6/5/2007

2007-11-027

0052

(b)(6)

[Redacted]

From: Bob.McBrien [Redacted]
Sent: Thursday, March 29, 2007 10:09 AM
To: Theo.vanLinger [Redacted]; Pat.O'Brien [Redacted]; Daniel.Lawrence.Glaser [Redacted];
Howard.Mendelsohn [Redacted]; Adam.Szubin [Redacted];
Barbara.Hammerle [Redacted]; Baity, Bill [Redacted]; [Redacted]

(b)(2) & (b)(6)

Subject: RE: current TFI language in LatAm Strat Memo

(b)(6)

[Redacted]

Adam, Barbara and I are in accord that this needs to discuss OFAC's initiatives in Latin America and request that this not go forward until we have an opportunity to provide that.

OFAC made significant breakthroughs for Treasury and the USG's counternarcotics programs in Latin America, first Colombia and now Mexico, too, as well as other Latin and Central American countries; and its work with [Redacted] led directly to the much broader AML interplay developed between TFI and those organizations.

(b)(4)

-----Original Message-----

(b)(6)

From: [Redacted]
Sent: Wednesday, March 28, 2007 6:30 PM
To: O'Brien, Pat; Glaser, Daniel Lawrence; Mendelsohn, Howard; [Redacted] Szubin, Adam; Hammerle, Barbara; [Redacted]; McBrien, Bob; Baity, Bill; [Redacted]

Subject: FW: current TFI language in LatAm Strat Memo

Attached is a memo (for your clearance) from U/S Adams to Sec. Paulson addressing strategic initiatives in the LatAm region.

Theme number 3 pertains to TFI.

Please clear by 10am tomorrow, March 29th.

Thank you.

(b)(6)

[Redacted]

-----Original Message-----

(b)(6)

From: [Redacted]
Sent: Wednesday, March 28, 2007 6:22 PM
To: [Redacted]
Cc: [Redacted]
Subject: current TFI language in LatAm Strat Memo

Here is the bullet in TFI.

(b)(5)

[Redacted]

6/5/2007

2007-11-027

0054



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ARFR - 0 4607

(b)(2) FAC No. [REDACTED]

ACTION

MEMORANDUM FOR INDIVIDUALS ON DISTRIBUTION LIST

FROM: J. ROBERT MCBRIEN
ASSOCIATE DIRECTOR
INVESTIGATIONS AND ENFORCEMENT
OFFICE OF FOREIGN ASSETS CONTROL
JRM/46-07

SUBJECT: Classified Resource and Personnel Status Report
required under the Foreign Narcotics Kingpin Designation Act

Section 804(d)(1) of the Foreign Narcotics Kingpin Designation Act ("Kingpin Act"), 21 U.S.C. 1901-1908, 8 U.S.C. 1182, requires that by July 1, 2000, and not later than July 1 of each year thereafter, the President provide:

the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate with a report in classified form describing in detail the status of the sanctions imposed under this [Act] including the personnel and resources directed towards the imposition of such sanctions during the preceding fiscal year, and providing background information with respect to newly-identified significant foreign narcotics traffickers and their activities.

The legislative history of this section clarifies that the Department of the Treasury shall play a coordinating role in this process. Accordingly, the Office of Foreign Assets Control ("OFAC") will compile a report based upon the information that each agency contributes. We would appreciate that you provide to OFAC the information requested below regarding your department's or agency's costs for personnel, other resources, and activities dedicated toward the implementation of the Kingpin Act: (1) that have been incurred and (2) that are projected to be incurred this fiscal year (FY-2007) from October 1, 2006 through September 30, 2007. Because the President's report must be submitted by July 1, please submit your information to OFAC by May 14, 2007.

The following information is requested:

34.

1. **Personnel Expenses:** Please provide an estimate of the salary expenses incurred in activities directly attributable to implementation of the Kingpin Act (e.g., estimated percentage of time spent by staff members in such activities during the periods multiplied by salary during the periods.)
2. **Resources Expended:** Please provide an estimate of expenses incurred for research materials and information access, travel, equipment, supplies, outside services, security, etc., directly attributable to the activities of your department or agency that are related to implementation of the Kingpin Act during the periods.

The classified report due on July 1, 2007, also requires "background information with respect to newly-identified [designated] significant foreign narcotics traffickers and their activities," and a description of "actions the President intends to undertake or has undertaken" concerning the newly designated significant foreign narcotics traffickers. We believe that much of the information needed for the classified background report that is due on July 1 will have been prepared as part of the "appropriate and necessary information" provided to the President in support of his designations of significant foreign narcotics traffickers on June 1. Nevertheless, to meet the requirement of section 804(d)(1), we are requesting the submission of additional background information about the proposed significant foreign narcotics traffickers by May 14, 2007 so that it can be reviewed and, to the extent appropriate, incorporated into a classified report. We appreciate your cooperation in contributing to this report.

Please submit your information to J. Robert McBrien, Associate Director, Investigations and Enforcement, Office of Foreign Assets Control, Attention: Designation Investigations Division, 1500 Pennsylvania Avenue, N.W., Washington, D.C. 20220; unclassified facsimile. [REDACTED]

[REDACTED] For classified submissions send a facsimile to [REDACTED]. Please call [REDACTED] with the Designation Investigations Division at [REDACTED], before sending in a classified facsimile.

(b)(2)

(b)(2)

(b)(6)

(b)(6)

(b)(2)

(b)(2)

(b)(6)

From: Adam.Szubin [redacted]
Sent: Thursday, May 10, 2007 3:02 PM
To: [redacted] Molly.Millerwise [redacted]
 Baity, Bill; [redacted]
 James.Freis [redacted] Janice.Gardner [redacted] Daniel.Lawrence.Glaser [redacted]
 Barbara.Hammerle [redacted] Stuart.Levey [redacted]
 [redacted] Pat.O'Brien [redacted] John.Smith [redacted]

Subject: CT Blog: Is the Administration Shifting Priorities from Terrorism Financing to Money Laundering?

(b)(2)
&
(b)(6)

[redacted]

(b)(5) & (b)(6)

Is the Administration Shifting Priorities from Terrorism Financing to Money Laundering?

By Victor Comras

Last week the Bush Administration issued its new strategy for combating money laundering. Crafted by the Department of the Treasury, along with Justice, State, Homeland Security, the Federal Reserve, Comptroller of the Currency, and the Federal Deposit Insurance Corporation, it sets forth a new Administration focus on money laundering as a direct threat to our national and economic security. Previous AML strategies had co-mingled, and encompassed, combating both money laundering and terrorism financing. But, this strategy tackles money laundering independently. As it contains no call for additional resources, it may portend a shift in resources from terrorism financing investigations to new AML priorities. This could have a negative impact on the Administration's ability to effectively address new and emerging terrorism financing schemes and mechanisms.

The new AML strategy places increased emphasis on the international aspects of money laundering. It is now clear that foreign banks are being used regularly to introduce illegally obtained proceeds into US banks and other depository institutions. This includes using "correspondent," "payable through," and "nested" accounts to conceal the customer's true identity. Once such funds get into a depository institution, they can be easily moved or disguised through commingling with legitimate funds. This scenario often begins with cash being smuggled out of the US in bulk, often via our Southwest border. Once outside the United States, the funds are routed back into the US banking system via the foreign banks. Other mechanisms, such as the Black Market Peso Exchange and the use of illicit funds to finance ostensibly legitimate exports, are also increasingly being used to launder drug and other crime related funds.

To be effective, the new strategy must engender greater international interest and support for US AML enforcement activities. Other countries need to be convinced to adopt similar or complementary regulatory mechanism to make it just as difficult to introduce illicitly obtained funds in one country as in another. And there must also be increased application and enforcement of the international sanctions against banks and other financial institutions that fail to comply with these regulatory standards.

The new AML strategy includes a number of measures that can be used to encourage, or to coerce, greater international cooperation on combating money laundering. This includes enhanced

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due diligence requirements, the use of Suspicious Activity Reports (SARs) and other protective procedures outlined in Section 311 of the Patriot Act when it comes to transactions involving banking institutions in weak regulatory, or suspect areas. It also includes increased use of asset seizures in appropriate cases.

Section 312 of the Patriot Act already imposes specific due diligence requirements with regard to correspondent accounts maintained in US banks by foreign banks for the benefit of non US persons. The Treasury Department has been directed to identify specific problem areas and to issue "Geographic Targeting Orders" (GTOs) which would enable regulators to identify and attack geographically specific money laundering activity. FinCen has also been charged with developing new mechanisms to improve information sharing between US and foreign banks, and to provide actionable intelligence, alerts, and advisories to US banks when it comes to questionable accounts or banking activities. In addition, OFAC is to work on measures to assure improved oversight of transactions moving through the automated clearing house community. Such transactions are to contain adequate information to identify the name and location of the actual originators and recipients.

Trade based money laundering schemes remain among the most complex money laundering methods to identify and deal with. These schemes often include use of the Black Market Peso Exchange (BMPE), manipulating trade documents, and using criminal proceeds to buy gems or precious metals. Trade-based schemes are also used by informal value transfer systems to settle accounts. The approach here is to expand the establishment and use of Trade Transparency Units (TTUs) that work in tandem with cooperating units in foreign countries to review the bona-fides of such trade transactions. ICE will also expand its use of covert infiltration tactics, particularly with respect to Drug trafficking, to combat such illicit activities, Treasury and ICE also plan to expand their investigative activities with respect to the operation of Free Trade Zones (FTZ) that are increasingly being abused for trade based money laundering.

While welcoming the new AML strategy and the benchmarks and priorities it lays out to combat money laundering, one must sound a word of caution when it comes to the possibility of drawing down resources now devoted to terrorism financing. Many of the tactics used to detect, trace, follow, and/or prevent terrorism financing are distinct from the measures proposed for dealing with money laundering risks. And, there has been no let-up in international terrorism. Terrorist groups remain very active in soliciting and raising funds for their activities. These groups are constantly searching for new opportunities for funds, and would quickly take advantage of any perceived new regulatory laxity or gap in controls. So, we need to insure that there are adequate resources available to US regulatory, investigative and enforcement agencies to do what is necessary to combat both money laundering and terrorism financing.

By Victor Comras on May 9, 2007 3:56 PM

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re: Any thoughts on below [redacted] Meeting Request? Thanks.

(b)(6)

(b)(4)

From: Adam.Szubin [redacted]
Sent: Friday, June 01, 2007 10:51 AM
To: [redacted] Baily, Bill;
[redacted] Barbara.Hammerle [redacted]
[redacted] John.Smith [redacted]
Cc: [redacted]
Subject: Re: Any thoughts on below [redacted] Meeting Request? Thanks.

(b)(2)
&
(b)(6)

(b)(4)

We intend to meet with them, and can brief you before your mtg, but I see no reason for Stuart and Pat not to meet with them separately.

----- Original Message -----

(b)(6)

From: Monborne, Mark
To: [redacted] Baily, Bill; [redacted] Szubin, Adam; Hammerle, Barbara; [redacted]
Cc: [redacted]
Sent: Fri Jun 01 10:42:48 2007
Subject: Any thoughts on below [redacted] Meeting Request? Thanks.

(b)(6)

(b)(4)

-----Original Message-----

(b)(6)

From: [redacted]
Sent: Friday, June 01, 2007 10:34 AM
To: [redacted]
Cc: [redacted]
Subject: RE: Meeting

(b)(6)

Adam [redacted]
Per Stuart's email below, please provide your thoughts/comments re: this meeting request. Thanks [redacted]

(b)(6)

-----Original Message-----

(b)(6)

From: [redacted]
Sent: Wednesday, May 02, 2007 6:44 PM
To: Levey, Stuart; [redacted]
Cc: [redacted]
Subject: Re: Meeting

(b)(6)

Looping in [redacted]

Sent from my BlackBerry Wireless Handheld

----- Original Message -----

(b)(6)

From: Levey, Stuart
To: [redacted]
Cc: [redacted]
Sent: Wed May 02 18:36:12 2007
Subject: RE: Meeting

need to check with OFAC and counsel first on this one.

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(b)(4)

-----Original Message-----

(b)(6) From [redacted]
Sent: Wednesday, May 02, 2007 5:53 PM
To: Levey, Stuart
Cc: [redacted]
Subject: FW: Meeting

Stuart,
Okay to schedule?

(b)(6)

-----Original Message-----

(b)(6) From: [redacted]
Sent: Wednesday, May 02, 2007 5:42 PM
To: [redacted]
Cc: Szubin, Adam
Subject: Meeting

Good Afternoon [redacted] (b)(6)

I am following up on our phone call today.

I would like to see if we can schedule a meeting with Under Secretary Stuart Levey and Mr. Pat O'Brien for the end of May or early June, 2007. The meeting is intended to discuss [redacted] efforts to curtail business in Iran and Syria. This meeting is intended to be a follow up to the meeting with Mr. Levey in Paris on September 12, 2006.

(b)(4)

If possible, we would also like to give a full update on Iran and [redacted] global policy to Adam J. Szubin as well and hope that we can have one meeting that Mr. Szubin can attend. If that is not possible, I hope we can schedule the meeting the same day as attendees will be coming from Paris.

The anticipated attendees will be:

(b)(6)

Please let me know what dates may be possible and if Mr. Levey has any questions he would like addressed to be sent ahead of time.

Thank you and feel free to contact me if you have any questions at [redacted]

(b)(6)

Regards

(b)(6)

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(b)(4)

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ADMINISTRATIVE APPEAL

You may file an appeal with the Department of the Treasury when:

- Access to records has been denied in part or in whole;
- There has been an adverse determination of your requestor category;
- Your request for fee waiver or reduction has been denied;
- It has been determined that no responsive records exist; or
- Your request for expedited processing has been denied.

Your appeal, other than an appeal of a denial for expedited processing, must be submitted within 35 days after (1) the date of the initial determination, or (2) the date of the letter transmitting the last records released, whichever is later, except in the case of a denial of expedited processing. An appeal of a denial for expedited processing must be made within 10 days of the date of the initial determination to deny expedited processing. The appeal must be in writing, signed by you or your representative, and contain the following information:

- Your name and address;
- Date of your initial request;
- Date of the letter denying your request;
- Description of why you believe the initial determination was in error; and
- The FOIA/PA number assigned to your request.

Please mail your appeal to: Freedom of Information Act Appeal
Disclosure Services, DO
Room 6204, Annex
Department of the Treasury
Washington, D.C. 20220

The deciding official on your appeal will be the Assistant Secretary of the Office of Terrorist Financing and Financial Crimes.

Definitions of the Exemptions Under the Freedom of Information Act – 5 U.S.C. § 552

EXEMPTIONS

Pursuant to 5 U.S.C. § 552 (b), the Freedom of Information Act does not apply to matters that are –

- (1)(A) specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy and (B) are in fact properly classified under such Executive Order;
- (2) related solely to the internal personnel rules and practices of an agency;
- (3) specifically exempted from disclosure by statute, provided that such statute;
 - (A) requires that the matters be withheld from the public so as to leave no discretion on the issue, or
 - (B) establishes particular criteria for withholding or refers to particular kinds of matters to be withheld;
- (4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;
- (5) inter-agency or intra-agency memoranda or letters which would not be available by law to a party other than an agency in litigation with the agency;
- (6) personnel and medical files and similar files the disclosure of which constitutes a clearly unwarranted invasion of personal privacy;
- (7) records or information compiled for law enforcement purpose, but only to the extent that the production of such records or information
 - (A) could reasonably be expected to interfere with enforcement proceedings,
 - (B) would deprive a person of a right to a fair trial or impartial adjudication,
 - (C) could reasonably be expected to constitute an unwarranted invasion of personal privacy,
 - (D) could reasonably be expected to disclose the identity of a confidential source, including a state, local or foreign agency or authority, or any private institution which furnished information on a confidential basis, and, in the case of a record or information compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, information furnished by a confidential source,
 - (E) would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosures could reasonably be expected to risk circumvention of the law, or
 - (F) could reasonably be expected to endanger the life or physical safety of any individual;
- (8) contained in or related to examination, operating or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions; or
- (9) geological and geophysical information and data, including maps, concerning wells.