

DEPARTMENT OF THE TREASURY**Financial Crimes Enforcement Network; Withdrawal of Notice of the Finding of the Republic of Nauru as a Primary Money Laundering Concern**

AGENCY: Financial Crimes Enforcement Network, Department of the Treasury.

ACTION: Withdrawal of the finding.

SUMMARY: This document withdraws the Department of the Treasury's December 26, 2002 notice of the finding of the Republic of Nauru ("Nauru") as a jurisdiction of primary money laundering concern pursuant to the authority contained in 31 U.S.C. 5318A of the Bank Secrecy Act.¹

DATES: The finding is withdrawn as of April 18, 2008.

FOR FURTHER INFORMATION CONTACT: Regulatory Policy and Programs Division, Financial Crimes Enforcement Network, (800) 949-2732.

SUPPLEMENTARY INFORMATION:**I. Background**

On October 26, 2001, the President signed into law the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 ("USA PATRIOT Act"). Title III of the USA PATRIOT Act amends the anti-money laundering provisions of the Bank Secrecy Act, codified at 12 U.S.C. 1829b, 12 U.S.C. 1951-1959, and 31 U.S.C. 5311-5314 and 5316-5332, to promote the prevention, detection, and prosecution of money laundering and the financing of terrorism. Regulations implementing the Bank Secrecy Act appear at 31 CFR part 103. The authority of the Secretary of the Treasury ("the Secretary") to

¹ The Department of Treasury's December 26, 2002 notice with respect to Nauru was characterized as a "designation" rather than a "finding." In subsequent notices pertaining to similar actions, including in the present withdrawal, we have replaced the word "designation" with "finding."

administer the Bank Secrecy Act and its implementing regulations has been delegated to the Director of the Financial Crimes Enforcement Network.²

Section 311 of the USA PATRIOT Act added section 5318A to the Bank Secrecy Act, granting the Secretary the authority to find a foreign jurisdiction, financial institution, class of transactions, or type of account as being of "primary money laundering concern," and to impose one or more of five "special measures" with respect to such a jurisdiction, financial institution, class of transactions, or type of account.³ Section 5318A specifies those factors that the Secretary must consider before finding a jurisdiction, financial institution, transaction, or account as of "primary money laundering concern."

II. The 2002 Finding and Subsequent Developments**A. The 2002 Finding**

Based upon review and analysis of relevant information, consultations with relevant Federal agencies and departments, and after consideration of the factors enumerated in section 5318A, the Secretary found that reasonable grounds existed for concluding that Nauru was a jurisdiction of primary money laundering concern. This finding was published on December 26, 2002,⁴ pursuant to the authority under 31

² Therefore, references to the authority of the Secretary under section 311 of the USA PATRIOT Act apply equally to the Director of the Financial Crimes Enforcement Network.

³ Available special measures include requiring: (1) Recordkeeping and reporting of certain financial transactions; (2) collection of information relating to beneficial ownership; (3) collection of information relating to certain payable-through accounts; (4) collection of information relating to certain correspondent accounts; and (5) prohibition or conditions on the opening or maintaining of correspondent or payable-through accounts. 31 U.S.C. 5318A(b)(1)-(5). For a complete discussion of the range of possible countermeasures, see 68 FR 18917 (April 17, 2003) (proposing to impose special measures against Nauru).

⁴ 67 FR 78859 (Dec. 26, 2002).

U.S.C. 5318A. The Department of the Treasury based its finding on the veil of secrecy surrounding the Republic of Nauru's banking system, its practice of selling offshore banking licenses, and its continued failure to enact adequate procedures for licensing, regulating, and supervising offshore banks. For many of the same reasons, the Financial Action Task Force had placed the Republic of Nauru on the Non-Cooperative Countries and Territories list in June 2000.

B. Subsequent Jurisdictional Developments

Since the Department of the Treasury's December 20, 2002 finding, Nauru has taken remedial measures to address the deficiencies in its anti-money laundering regime. In consideration of Nauru's remedial measures and in light of actions taken by the Financial Action Task Force we have decided to withdraw the finding of Nauru as a jurisdiction of primary money laundering concern under 31 U.S.C. 5318A.⁵

III. Withdrawal of the Finding of Nauru as a Primary Laundering Concern

For the foregoing reasons, the finding that the Republic of Nauru is a jurisdiction of primary money laundering concern for purposes of section 5318A of title 31 as published in the **Federal Register** on December 26, 2002 (67 FR 78859), is hereby withdrawn.

Dated: April 14, 2008.

James H. Freis, Jr.,
Director, Financial Crimes Enforcement Network.

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⁵ For a discussion of Nauru's remedial measures and of the actions taken by the Financial Action Task Force, refer to Financial Crimes Enforcement Network; Withdrawal of the Notice of Proposed Rulemaking against the Republic of Nauru, published elsewhere in this issue of the **Federal Register**.