

Congress of the United States
Washington, DC 20515

August 2, 2017

The Honorable Rex W. Tillerson
Secretary
U.S. Department of State
Washington, D.C. 20520

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
Washington, D.C. 20220

Dear Secretary Tillerson and Secretary Mnuchin:

North Korea's recent test of an Intercontinental Ballistic Missile allegedly capable of reaching Los Angeles, Denver, or Chicago shows the growing severity of the situation on the Korean peninsula. We must now use every tool available to constrain the Kim regime, including the targeting of the Chinese businesses that provide the necessary hard currency for the Kim regime's illicit weapons programs.

We applaud your listing of the Bank of Dandong and others as a primary money laundering concern pursuant to Section 311 of the USA PATRIOT Act. We hope this listing will send a strong message to others that facilitating North Korea's illicit weapons program will be met with significant punishment.

We write to draw your attention to the 2017 report of the United Nations Panel of Experts (U.N. Panel) monitoring compliance with sanctions against North Korea. This detailed and credible report adds to the extensive evidence that China's banking industry has failed to comply with its obligations under U.N. resolutions,¹ and with U.S. sanctions and money laundering laws.

As you know, those concerns strike at the heart of the purposes of the North Korea Sanctions and Policy Enhancement Act (NKSPEA), P.L. 114-122, which Congress passed last year by an overwhelming and bipartisan vote. Therefore, we are writing pursuant to section 102(a) of this law as part of our oversight responsibility to ensure the NKSPEA's strict and speedy implementation.

Appendix A to this letter is a list of North Korean banks that have been designated by the United Nations and that have recently accessed our financial system. We respectfully request a list of all U.N. member states where these banks and their agents continue to operate, a description of your diplomatic and law enforcement efforts to obtain the expulsion of these banks' representatives and the freezing of their assets, a list of persons that knowingly facilitate their operation, and a statement as to whether you intend to designate these persons under section 104 of the NKSPEA or seek a waiver under section 208.

¹ See United Nations Security Council resolutions (UNSCR) 1718, 1874, 2087, 2094, 2270 and 2321.

Appendix B to this letter contains a list of North Korean banks that are designated by the U.S. Treasury Department, and that may seek to access our financial system through deceptive financial practices. Please describe your plan to hire the staff described in section 102(b) of the NKSPEA to enforce our laws against those who help North Korean banks access the financial system.

Appendix C contains a list of North Korean banks that are not designated by either the United Nations or the Treasury Department, but which the Panel's report implicated in violations of U.N. sanctions.² Please notify us whether you plan to designate these banks under section 104 of the NKSPEA or seek a waiver under section 208.

Appendix D contains a list of Chinese banks that may have provided North Korean banks with correspondent banking services since such services were prohibited under U.N. resolutions.³ Please describe your efforts to fully enforce the Treasury Department regulation at 31 C.F.R. § 1010.659 and to ensure strict compliance with their Know-Your-Customer, Suspicious Activity reporting, and Anti-Money Laundering compliance obligations with respect to these and other North Korean entities and nationals.

Finally, please provide a list of foreign and domestic financial institutions that maintain direct or indirect correspondent relationships with North Korean banks in violation of U.N. resolutions⁴ and U.S. law,⁵ and of all member states that have failed to expel these banks' representatives with regard to each of the banks in these appendices.

We thank you for your attention to these issues and look forward to your reply.

Sincerely,



TED S. YOHO, D.V.M.
Chairman
Subcommittee on Asia and the Pacific



BRAD SHERMAN
Ranking Member
Subcommittee on Asia and the Pacific

² North Korean banks may not operate foreign branches or joint ventures. UNSCR 2270, para. 33.

³ See *id.*; *United States v. All Funds in the Accounts of Blue Sea Business Funds, Ltd., et al.*, No. 16-1954 (D.N.J., Verified Complaint for Civil Forfeiture, filed Sept. 26, 2016, <https://www.justice.gov/opa/file/897051/download>).

⁴ UNSCR 2270, para. 33.

⁵ See 31 C.F.R. § 1010.569 (2016).

Appendix A⁶

North Korean Banks That Have Been Designated by the United Nations and by the U.S. Treasury Department

Name	Also Known As/Frequently Known As	Designated under EO
Bank of East Land	AKA: Dongbang Bank, Tongbang Bank, Haedong Bank	13551 19 Apr 2011
Daedong Credit Bank	AKA: DCB Finance Ltd.; FKA: Perigrine-Daesong Development Bank	13382 27 Jun 2013
Korea Kwangson Banking Corp	FKA: Korea Kwangson Finance Company	13382 11 Aug 2009
Amroggang Development Bank	n/a	13382 23 Oct 2009
Korea Daesong Bank	AKA: Daesong Bank, Taesong Bank, Chosen Taesong Unhaeng	13551 18 Nov 2010
Foreign Trade Bank of the D.P.R. of Korea ⁷	AKA: Mooyokbank, Korea Trade Bank	13382 11 Mar 2013

Appendix B

North Korean Banks That are Designated by the U.S. Treasury Department, and That May Seek to Access our Financial System Through Deceptive Financial Practices

Name	AKA/FKA	Designated under EO
Koryo Credit Development Bank	FKA: Koryo Global Trust Bank, Koryo-Global Credit Bank	13722 2 Dec 2016
North East Asia Bank	n/a	13772 2 Dec 2016
Koryo Bank	n/a	13772 2 Dec 2016
Kumgang Bank	Possible AKA: Kumgang Export and Import Bank	13772 2 Dec 2016
Tanchon Commercial Bank	FKA: Changgwang Credit Bank, FKA: Korea Changgwang Credit Banking Corporation	13382 11 Mar 2013
Rason International Commercial Bank	n/a	13772 2 Dec 2016
Korea United Development Bank	FKA: Myohyangsan Bank, Myonghyangsan Bank	13772 16 Mar 2016

⁶ U.N. member states are obligated to freeze the assets of these banks, expel their representatives, close their offices, and deny them any financial services. UNSCR 1718 (2006), para. 8(d); UNSCR 2094, paras. 8 & 11; UNSCR 2270, paras. 15 & 32; & UNSCR, 2321, para. 3.

⁷ United States v. \$1,071,251.44 of Funds Associated with Mingzheng International, No. 17-01166 (D.D.C., Verified Complaint for Civil Forfeiture filed June 14, 2017).

Appendix C

North Korean Banks That are not Designated by either the United Nations or the Treasury Department, but Which the Panel Implicated in Violations of U.N. Sanctions

Institution	AKA/FKA	Basis for investigation or designation
Central Bank of the D.P.R. of Korea	n/a	North Korea's bank of issue; sells gold, which subjects it to mandatory designation under NKSPEA § 104(a).
Chinese Commercial Bank, Rason	n/a	Joint venture; also provides support for trade with North Korea contrary to UNSCR 2321, para. 32.
Credit Bank of Korea	AKA: Korea Credit Bank FKA: International Credit Bank	Associated with Heavy Industry Department of the Korean Workers' Party and should be investigated for possible involvement in the armaments industry.
First Credit Bank	FKA: Kyongyong Credit Bank, Pyongyang	"Possible" joint venture according to the U.N. Panel.
First Eastern Bank, Rason	n/a	Joint venture; involved in mining, a sector sanctioned under EO 13722; involved in exporting gold to the U.S. in possible violation of EO 13570; has foreign branch in Yanbian, China.
First Trust Bank Corporation	AKA: Cheil Credit Bank AKA: Jeil Credit Bank	Joint venture.
Golden Triangle Bank, Namsan	AKA: Golden Delta Bank	Provides support for trade with North Korea in violation of UNSCR 2321, para. 32.
Haedong Bank	n/a	Suspected alias of Bank of East Land, designated by the U.N. and the U.S. Treasury Department.
Hana Banking Corporation	AKA: Hwaryo Bank AKA: Huali Bank AKA: Gorgeous Bank of North Korea FKA: Brilliance Banking Corporation, Ltd.	Joint venture.
Hi-Fund Bank International Consortium Bank (ICB)	AKA: Sungri Hi-Fund Int'l Bank, International Consortium Bank	Joint venture; foreign branch of a North Korean bank.
International Bank of Martial Arts, Pyongyang	n/a	Joint venture.
Korea Joint Bank, Pyongyang	AKA: Korea Joint Operation Bank AKA: Chosun Joint Operation Bank	Joint venture.
Koryo Commercial Bank	AKA: Korea Commercial Bank	Joint venture bank established by North Korea and U.S. residents.
Kumgyo International Commercial Bank	n/a	Joint venture.
Orabank	n/a	Joint venture and possible affiliate of North Korea's Foreign Trade Bank, designated under EO 13382.
Ryugyong Commercial Bank	n/a	Suspected front for Daedong Credit Bank, designated by the U.N. and the U.S., operates in Beijing.

Appendix D

Chinese Banks That May Have Provided North Korean Banks with Indirect Correspondent Banking Services Since Such Services Were Prohibited Under U.N. Resolutions, Identified in United States v. All Funds in the Accounts of Blue Sea Business Funds, Ltd., et al., No. 16-1954 (D.N.J., Verified Complaint for Civil Forfeiture, filed Sept. 26, 2016)

- Agricultural Bank of China
- Bank of Communications Co. of China
- Bank of Dalian
- Bank of Dandong
- Bank of Jinzhou
- China Construction Bank
- China Merchants Bank
- China Minsheng Banking Corporation
- Guangdong Development Bank
- Hua Xia Bank
- Industrial & Commercial Bank of China
- Shanghai Pudong Development Bank