

21 de Mayo de 2019

Dear

Customer,

We hereby inform you that on May 3<sup>rd</sup>, 2019, The Financial Crimes Enforcement Network (FINCEN), issued an update on the advisory published on September 20<sup>th</sup>, 2017 on the so-called "*widespread public corruption in Venezuela*". On this document FINCEN alerts financial institutions on methods utilized by Venezuelan public servants, their relatives and associates, to move and hide corruption proceeds.

Based on the multiple sanctions United States Government and US Department of the Treasury's Office have issued related to Venezuela, FINCEN considers that public servants, their relatives and associates that have not been sanctioned yet will try to protect their assets in order to avoid eventual sanctions' consequences, using the following a scheme: a) layered international wire transfer; b) over-invoicing methods; c) front and shell companies across multiple international jurisdictions with limited transparency in Money Laundering and Terrorist Financing controls regulations; and d) nested accounts in foreign currency to divert funding into their own accounts.

In light of the foregoing, FINCEN updated the advisory to Compliance Officers of the International Financial System, so as to instruct direct financial institutions to identify and report activities related to corruptions crimes of public servants in Venezuela, their relatives and associates.

The most important red flags transactions numbered by FINCEN are:

1. Transactions involving government contracts of the Government of Nicolas Maduro that are directed to: (a) personal accounts, and (b) companies that operate in unrelated line of business.

2. Transactions involving government contracts of the Government of Nicolas Maduro that originate with, or are directed to, entities that are front and sell corporations, general “trading companies”, or companies that lack a general business purpose.
3. Documentation corroborating transactions involving government contracts of the Government of Nicolas Maduro that include charges at substantially higher prices than market rates or that include over-simplified documentation or lack expected details.
4. Payments involving government contracts with the Government of Nicolas Maduro, that originate from: (a) non-official Venezuelan accounts, particularly accounts located in jurisdictions outside of Venezuela and held by offshore financial institutions (e.g. Panama and the Caribbean); and (b) Third parties that are not official Venezuelan government entities.
5. Export businesses operating in South Florida that are engaged in trade from Florida to Venezuela.
6. Cash deposits instead of wire transfers in the accounts of companies involved in Venezuelan Government contracts originating from the Government of Nicolas Maduro.
7. Transactions for high-value assets involving corrupt public servants, family members and associates of the government of Nicolas Maduro that are not commensurate with the official salaries of the purchaser.
8. Corrupt Venezuelan public servants, their family members and associates seeking to abuse a USA or foreign bank’s wealth management by using complex financial transactions to move and hide corruption proceeds.

The aforementioned red flags transactions affect our customers, even though they are not related to Venezuelan government, since its content is addressed to Compliance Officers of every bank, which affects all transactions of ordered by Venezuelan citizens that must be processed through the international financial system.

Therefore, our customers, by the time a wire transfer is ordered must have at their disposal the information regarding to: a) source of funds; b) documentation to support the transaction; c) transfer purpose; d) documentation that proves the link between our customer and the beneficiary of the transfer; e) fiscal information; f) financial statements; g) letter of employment with a responsibilities description; among others that correspondent banks might request.

This situation has brought about that international wire transfers that involves Venezuelan citizens are subject to a severe scrutiny by Compliance Officers of correspondent banks that surpasses the so-called “*enhanced due diligence*”, that unavoidably leads to delays in the transfer process, and the return of transactions when customers do not provide the information requested, for which we ask for your understanding.

Our customers might be confident and convinced that BANCO DEL ORINOCO N.V., will comply banking regulations, and it will remain committed with both our customers and standards set by the international financial system.

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**Banco del  
Orinoco N.V.**  
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