




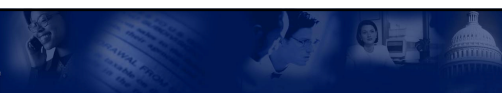
Bank Secrecy Act Credit Union Training for Board Members and other Volunteers

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 **Overview** 

- Overview of Money Laundering and Financial Crime
- The Bank Secrecy Act
- The Role of the Board and Supervisory Committee
- Lessons Learned from Enforcement Actions
- Common questions

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Overview of Money Laundering and Financial Crime



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The Criminal's Dilemma


• Crime is a cash business

• 20 deals a day X \$50

\$4,000 per day

\$28,000 per week

\$151,000 per year



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What is Money Laundering?

- Placement
- Layering
- Integration



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Other Crimes


- Mortgage Fraud
- Check Kiting
- Identity Theft
- Computer Intrusion
- Credit Card Fraud
- Terrorist Financing
- Counterfeit Items
- Lottery Scams
- Embezzlement

Introduction


Money laundering isn't the only thing your credit union has to worry about. There are other financial crimes that might affect your credit union. Using your mouse, click on the crimes on the left to learn more. I wanted to give you an idea of some of the different ways people try to rip off your credit union. Like Slick Willie supposedly said, that's where all the money is.

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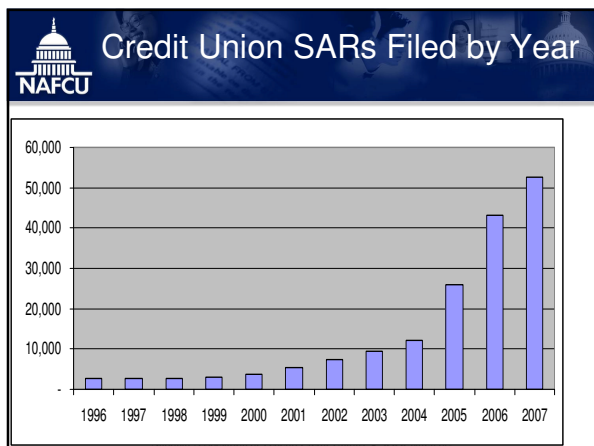
 **The Bank Secrecy Act**


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 **History**

- 1970 – “Bank Secrecy Act” is born
 - 1986: “banks” establish BSA programs
 - 1996: Suspicious Activity Report
- September 11, 2001
 - Patriot Act; Customer Identification Program
- 2005: FFIEC BSA Examination Manual
 - 300+ pages
 - Huge shift in NCUA focus


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 **Overview of System**


- Identifies people as they enter
- Reports large cash movements
- Document transactions that may lead to money laundering/crimes
- Reports suspicious activity
- Creates paper trail

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 **Key Players**


- Credit unions
- Treasury and FinGEN
- NCUA
- Law enforcement

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 **Currency Transaction Report**


- Records cash transactions that exceed \$10,000
 - Aggregate multiple transactions in one day
 - Timing deadline? 15 days (25 if filed electronically)

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 **Suspicious Activity Report**


- Records transactions or activity that may indicate financial crime, money laundering or terrorist financing
- \$0, \$5,000 or \$25,000 thresholds
- Filing deadline: 30 days (60 if you don't know the suspect)

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 **Suspicious Activity Report**

- What if the member is innocent?
- Secrecy is paramount
- BUT WHAT IS SUSPICIOUS?

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 **BSA Recordkeeping**

- Account opening
- Wires
 - \$3,000 and more
- Negotiable instruments
 - Purchased with currency
 - \$3,000 and more
- Certain loans

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What happens to CTRs and SARs?

- Detroit, MI
- Law enforcement access
- Assists investigations and prosecutions



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What about OFAC


- OFAC does not equal BSA
- *persona non grata*
- SDN List (and others)
- Members, POAs, Beneficiaries
- Block, freeze, report

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Role of Board

Role of Board

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 **Credit Union Responsibilities**

- Develop a risk-based BSA program
 - Appropriate to risk
- What creates BSA Risk?
 - Your products and services
 - Your members
 - Your locations




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 **Oversight and Control**

- Approval of risk-based BSA program
 - Resources
 - Staff
 - Software
 - Training
 - Moral support



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 **SAR Reports to the Board**


- No required format
- The key is “utility”
 - Trends, historical data, statistics
- How much data is enough?
- Confidentiality issues

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 **NAFCU**

Success Stories


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 **NAFCU**

I can't make this up

- Customer's employee deposits cash into a business account
- There's a distinct smell....
- Next few cash deposits seem laundered and ironed


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 **NAFCU**


I can't make this up

- Customer attempts to deposit numerous large tax refunds into 1 account. Refunds are made to different people, and then signed over to the customer...

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 **Enforcement Actions**

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 **Enforcement Actions**

- Riggs Bank (\$25 million)
- BankAtlantic (\$10 million)
- Liberty Bank of NY (\$600,000)
- Frosty Food Mart (\$10,000)
- Credit union cease and desist orders

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 **Your Role**


- Approve BSA Program
 - Make sure it “makes sense”
 - Give necessary support
- Keep SARs confidential
- Keep up with BSA developments
 - Get training
 - Review board pack

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Frequently Asked Questions

Introduction

Here are some frequently asked questions that we've heard from credit union volunteers. Using your mouse, review them to learn the answers.



Can I go to jail for not complying with BSA requirements?

Why do we care what members do with their money?

Didn't I get BSA training last year?


How far does the SAR privacy issue go? We can't tell the member? Our spouse? Fri...

Can we give members a copy of a CTR or SAR?

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Conclusion

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