

**DATE:** August 24, 2020  
**BULLETIN:** 2020-KDCU-CUB-17  
**TO:** Kansas Chartered Credit Unions  
**SUBJECT:** BSA/AML ENFORCEMENT

### BSA/AML ENFORCEMENT

On August 13, 2020, the Board of Governors of the Federal Reserve System (Federal Reserve), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA) and the Office of the Comptroller of the Currency (OCC) issued a [“Joint Statement on Enforcement of Bank Secrecy Act/Anti-Money Laundering Requirements.”](#) This statement provides guidance and supersedes a July 2007 statement.

In general, the statement addresses the circumstances in which an agency will issue a mandatory cease and desist order to address noncompliance with certain Bank Secrecy Act/Anti-Money Laundering (BSA/AML) requirements. It also describes when an agency may use discretion on deciding whether to proceed with an informal or formal enforcement action. This is designed to be clarification for financial institutions.

Each examination conducted by KDCU and/or the NCUA will address a credit union’s compliance with [BSA/AML](#) requirements. While the Joint Statement is meant as guidance, it should also be viewed as a reminder from your regulator that this is an issue of importance. In addition, prior [KDCU Bulletins](#) have addressed this topic.

The requirements in question should not be new to credit unions and include the following:

- An anti-money laundering program that includes (1) a system of internal controls to assure ongoing compliance, (2) independent testing for compliance, (3) designation of an individual responsible for coordinating and monitoring ongoing compliance, (4) training for appropriate personnel, and (5) risk-based procedures for ongoing due diligence.
- A member identification program with procedures for verifying the identity of your member.
- Filing appropriate currency transaction reports (CTR) and suspicious activity reports (SAR).
- The ability to identify and report structuring of transactions by your member(s).

Deficiencies will be noted in a formal written document, but may only be subject to formal enforcement action if, for example, the BSA/AML program fails to cover the important components and/or there is a significant impact on the potential for money laundering.

Recent KDCU exam findings have included: (1) failing to provide adequate staff training, (2) not completing the 314(a) searches in a timely manner, or at all, (3) failure to file CTR’s and SAR’s, and (4) not having an enhanced customer due diligence policy in place.

Credit unions cannot afford to cut corners when it comes to BSA/AML policies, procedures and training. Multiple and ongoing violations may result in formal enforcement action.

**NOTE:** In accordance with Governor Laura Kelly’s [Executive Orders](#) and the [Ad Astra Plan](#), KDCU Administrator Jerel Wright continues to review the feasibility of resuming the on-site examination program. This is being done in coordination with the NCUA.