

**DATE:** August 9, 2021  
**BULLETIN:** 2021-KDCU-CUB-16  
**TO:** Kansas Chartered Credit Unions  
**SUBJECT:** QUESTION FROM THE ROAD - §314(b)

### QUESTION FROM THE ROAD - §314(b)

On the occasion of the 60<sup>th</sup> KDCU Bulletin issued since May 2019 (but who's counting!), this bulletin will provide an expanded answer to one "question from the road." The [first bulletin](#) topic remains relevant today so check it out!

**Q: I have received so many conflicting explanations on how §314(b) information sharing works. Can you help?**

**A:** Of course! Following the attacks on September 11, 2001, the USA Patriot Act was enacted and directed the Secretary of the Treasury to adopt regulations encouraging regulatory authorities to share with financial institutions information regarding individuals, entities and organizations engaged in or reasonably suspected, based on credible evidence, of engaging in terrorist acts or money laundering activities (§314(a)).

The second piece - §314(b) – provided a safe harbor from liability for financial institutions to share information with other financial institutions about common members/customers. Information can be shared for the purposes of identifying and reporting activities which may involve possible money laundering and terrorist activity.

The benefits to this voluntary information sharing include:

- Shedding more light on overall financial trails, especially if complex and layered amongst numerous financial institutions;
- Building a more comprehensive and accurate picture of a member's activities that may involve money laundering or terrorist financing is suspected, allowing for more precise decision-making in due diligence and transaction monitoring;
- Alerting other participating financial institutions to customers whose suspicious activities it may not have been previously aware; and
- Identifying and aiding in the detection of money laundering and terrorist financing methods and schemes.

Financial institutions need to verify the financial institution with which they wish to share information has, in fact, submitted the appropriate registration to FinCEN.

In a December 2020 [speech](#) to a Financial Crimes Enforcement Conference, FinCEN Director Kenneth A. Blanco reinforced the importance of information sharing and talked about the [314\(b\) Fact Sheet](#). KDCU recommends credit unions consider participating in this vital program.

**NOTE:** The Kansas Department of Credit Unions (KDCU) and [Administrator Vickie Hurt](#) are continually monitoring the COVID transmission status throughout the State of Kansas and will coordinate on-site examinations accordingly.