

**UNITED STATES OF AMERICA
NATIONAL CREDIT UNION ADMINISTRATION
NATIONAL CREDIT UNION ADMINISTRATION BOARD**

_____)	
In the Matter of the)	
Cease-and-Desist Order of)	
)	Docket No. 07-0203-II
)	
Dover N.J. Spanish American)	
Federal Credit Union)	
Respondent.)	
)	
_____)	

CONSENT CEASE AND DESIST ORDER

The National Credit Union Administration Board (“NCUA Board”), by and through its undersigned counsel, and Dover N.J. Spanish American Federal Credit Union ("the Credit Union") hereby stipulate and agree as follows:

1. Consideration. The National Credit Union Administration is of the opinion that grounds exist to initiate an administrative cease and desist action against the Credit Union pursuant to Section 206(f)(1),(q)(3) of the Federal Credit Union (FCU) Act, 12 U.S.C. §1786(f)(1),(q)(3). The Credit Union, without admitting or denying that said grounds exist (except those set forth as to Jurisdiction in paragraph 2), desires to avoid the time, cost, and expense of administrative litigation. Accordingly, the Credit Union consents to the issuance by the NCUA Board of a Cease and Desist Order ("Order").

2. Jurisdiction.

(a) The Credit Union at all times relevant hereto, was a federally chartered and insured credit union within the meaning of 12 U.S.C. §1752(1) and 12 U.S.C. §1752(7). Accordingly, the Credit Union is subject to supervision of the NCUA Board. 12 U.S.C. §1756.

(b) The Credit Union's directors, officers, committee members, and employees are "institution-affiliated parties" within the meaning of Section 206(r) of the Federal Credit Union Act, 12 U.S.C. §1786(r).

(c) Pursuant to the authority vested in the NCUA Board under Section 206(e) of the Federal Credit Union Act, 12 U.S.C. §1786(e), and Part 747 of the National Credit Union Administration Rules and Regulations, NCUA is the appropriate Federal agency to maintain enforcement proceedings against the Credit Union and any institution-affiliated parties. Therefore, the Credit Union, its directors, officers, committee members, and employees are subject to the authority of the NCUA Board to initiate and maintain enforcement proceedings against them.

3. Consent. The Credit Union consents to the issuance by the NCUA Board of the accompanying Order. The Credit Union agrees that the Order complies with all requirements of the Federal Credit Union Act and consents to the following terms and conditions:

The Credit Union (including all directors, committee members, officers, and employees) shall immediately:

1. Within 30 days of this Order, engage an individual or firm of Bank Secrecy Act/Anti-Money Laundering (BSA/AML) specialists as a consultant to assist you in correcting BSA/AML compliance program deficiencies. The BSA/AML consultant must have the requisite expertise with current knowledge of BSA/AML compliance requirements for financial institutions. Consultants must have an AML specialist designation, experience litigating BSA suits or other factors evidencing BSA/AML competency.

The specialist must also have an established history of providing such specialized services to financial institution clients.

2. Complete a comprehensive BSA/AML risk assessment with the assistance of a BSA/AML specialist within 30 days of this Order. Develop and maintain a list of high and moderate risk members based on the results of the risk assessment. Ensure account activities of high risk members are reviewed and analyzed monthly and moderate risk members are reviewed and analyzed quarterly.
3. Designate a competent, full-time BSA Compliance Officer (BSA Officer) with delegated authority and resources to implement and enforce BSA policies and procedures and to ensure compliance with all material aspects of the BSA and its implementing rules and regulations within 10 days of this Order. Take immediate action to ensure that the BSA Officer obtains all training necessary to knowledgably perform duties and oversee daily compliance.
4. Approve a detailed job description for the BSA Officer and submit a copy of the job description to the NCUA Region II Regional Director in Alexandria, Virginia within 30 days of this Order.
5. Ensure cash transaction and outgoing wire monitoring spreadsheets are updated daily. Ensure all BSA/AML activity monitoring tools are analyzed at least weekly.
6. Develop and implement internal controls and additional transaction activity monitoring tools to ensure all reportable transactions are promptly identified, researched, and reported. Ensure monitoring tools include monetary instrument sales and redemptions, incoming wire transfers, automated teller machine transactions, and

any other operational areas identified in your BSA/AML risk assessment that require monitoring.

7. Ensure all required reports, including Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs), are completed timely, accurately and completely.
8. Direct the BSA Officer to apply for and begin using FinCen's BSA Direct E-Filing System within 15 days of this Order at <http://www.fincen.gov>. Ensure appropriate personnel have access to the BSA Direct E-Filing System based on job duties and responsibilities.
9. Ensure all CTR and SAR information is kept confidential and that all individuals named as suspects on SARs are never informed of the filing of SARs.
10. Dedicate sufficient staff to complete FinCEN mandated back-filing to 2001 within 60 days of this Order. Consider using temporary employees to perform routine Credit Union duties (teller, member service representative, bookkeeping) while Credit Union staff performs this review of confidential member activities. Confidentiality is imperative for all SAR filings.
11. Ensure Credit Union staff complete a check of all members against the Office of Foreign Assets Control Specially Designated Nationals (OFAC SDN) list monthly.
12. Ensure all personnel responsible for checking names against the OFAC SDN list are provided appropriate training for the Credit Union's OFAC software within 30 days of this Order.
13. Obtain OFAC training for all officials, including, but not limited to, operational management, staff, and board members within 30 days of this Order.

14. Direct the BSA Officer to obtain and research all FinCen Section 314(a) information sharing requests on a timely basis. Direct the BSA Officer to contact FinCEN to obtain any missed requests and to search applicable Credit Union records within 10 days of this Order and weekly thereafter.
15. Direct the BSA Officer to establish written Customer Identification Program (CIP) processes to validate identifying information received from members within 15 days of opening an account. Restrict services to basic share activity until validation occurs. Engage a service provider or obtain services directly from the Social Security Administration to validate the authenticity of social security numbers (SSNs) and employer identification numbers (EINs).
16. Establish processes to ensure all report errors or mismatch notifications from the IRS Enterprise Computing Center-Detroit are researched and addressed fully, appropriately and timely.
17. Direct the BSA Officer and sufficient staff to verify the validity of SSNs, EINs, and Individual Tax Identification Numbers (ITINs) for all Credit Union members who joined the Credit Union since January 1, 2000. Ensure SARs are filed for all SSNs, ITINs and EINs that the Credit Union is unable to correlate with member information received within 90 days of this Order.
18. Establish written policies and procedures to:
 - Identify all money services business (MSB) members,
 - Conduct a risk assessment for each MSB to determine the risk levels associated with each relationship and when enhanced due diligence is necessary,

- Conduct appropriate and ongoing due diligence on MSB accounts as necessary. (This includes a request and review of each MSB's written BSA/AML and CIP policies and procedures and copies of annual BSA/AML compliance program independent testing and audit reports),
- Ensure MSB accounts are appropriately monitored for suspicious activity and to ensure transactions conducted in or through Credit Union accounts are consistent with the MSB's registered activities,
- Confirm appropriate and current FinCEN registration, and,
- Confirm agent status.

Ensure all steps above are completed for all MSB accounts within 30 days of this Order or discontinue the account relationship.

19. Ensure all business accounts or personal accounts with business activities are consistently identified on the Credit Union's CUSA core data processing system within 90 days of this Order. This includes accounts for professional service providers, cash-intensive businesses and all other business accounts.
20. Develop and implement due diligence and account monitoring processes for business accounts based on the Credit Union's risk assessment of account activities within 60 days of this Order.
21. Develop and implement a comprehensive BSA/AML training program within 45 days of this Order. Include the following elements in your BSA/AML training program and materials:
 - Credit Union directors' and senior management's commitment to ongoing education, training and compliance.

- Employee accountability to ensure BSA/AML compliance.
- Risk-based training commensurate with the specific risks of Credit Union products, services, members and geographic locations.
- Training frequency requirements.
- Documentation of training attendance and maintenance of training materials.
- Credit Union policies, procedures, processes, and new BSA/AML rules and regulations.
- Forms, examples, and identification of money laundering and terrorist financing as it relates to suspicious activity.
- Penalties for noncompliance with internal policies and regulatory requirements.

22. Within 120 days of this Order, engage the services of a qualified, independent third party to conduct BSA/AML compliance program independent testing. Ensure the testing is completed and reported within 180 days of this Order. Require additional BSA compliance program independent testing at least annually thereafter.

4. Waivers. The Credit Union waives its right to the administrative hearing provided for in Section 206(e)(1) of the Federal Credit Union Act, 12 U.S.C. §1786(e)(1). The Credit Union waives its right to seek judicial review of the Order or otherwise challenge the validity or legality of the Order.

5. Finality. The Order is issued pursuant to Section 206(f)(1),(q)(3) of Federal Credit Union Act, 12 U.S.C. §1786(f)(1),(q)(3). Upon its issuance by the NCUA Board, it shall be a final Order, effective and fully enforceable by the NCUA.

