

NCUA LETTER TO CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: October 2003 **LETTER NO.:** 03-CU-16

TO: Federally Insured Credit Unions

SUBJ: Bank Secrecy Act Compliance

ENCL: Compliance Self Assessment Guide:

- Bank Secrecy Act Overview & Operational Requirements
- Bank Secrecy Act Review Considerations
- Bank Secrecy Act Checklist
- Bank Secrecy Act Definitions

AIRES Bank Secrecy Act Compliance Checklist

Dear Manager and Board of Directors:

The purpose of this letter is to provide credit unions updated guidance for compliance with the provisions of the Bank Secrecy Act (BSA) including recent amendments stemming from the USA PATRIOT Act (Patriot Act). *All credit unions must comply with the BSA.*

The primary objective of the BSA and its implementing regulation (31 CFR 103) is to provide a paper trail of financial transactions to help detect and prevent money laundering connected with drug trafficking, terrorism, and other criminal activities. Congress has amended the BSA numerous times since its passage, most recently with the Patriot Act.

The Patriot Act was signed into law on October 26, 2001. Several sections of the Patriot Act added new requirements to the BSA. Among them were the requirements for an Anti-Money Laundering Compliance Program, Customer Identification Program, and procedures for information sharing.

To assist credit unions in complying with the BSA, we are providing advance copies of the updated BSA section of the Compliance Self Assessment Guide (Guide). In addition, we are providing a copy of the revised Examiner's BSA

Compliance Checklist along with its related guidance. We plan to issue the entire Guide in the near future.

The Guide is divided into several sections which include:

- *Overview* – A general narrative that highlights certain aspects of the BSA with a brief description of documentation, recordkeeping, and report requirements.
- *Review Considerations* – A table outlining specific areas a credit union should review and its requirements including policies/procedures/programs, recordkeeping, and reports.
- *Checklist* – A detailed questionnaire that addresses more specific requirements of the BSA.
- *Definitions* – A list of selected definitions used in connection with the BSA regulations.

As stated earlier, compliance with the BSA is mandatory in all credit unions and will be reviewed during each examination. This guidance is intended to aid credit unions in fulfilling their responsibilities as set forth in the BSA.

Should you have any questions regarding BSA compliance, please contact your district examiner, regional office, or state supervisory authority.

Sincerely,

/S/

Dennis Dollar
Chairman

Enclosures