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## AGENDA

- Role of Board
- Money Laundering
- Agencies Involved
- BSA Oversight
- Program Components
- Current Issues




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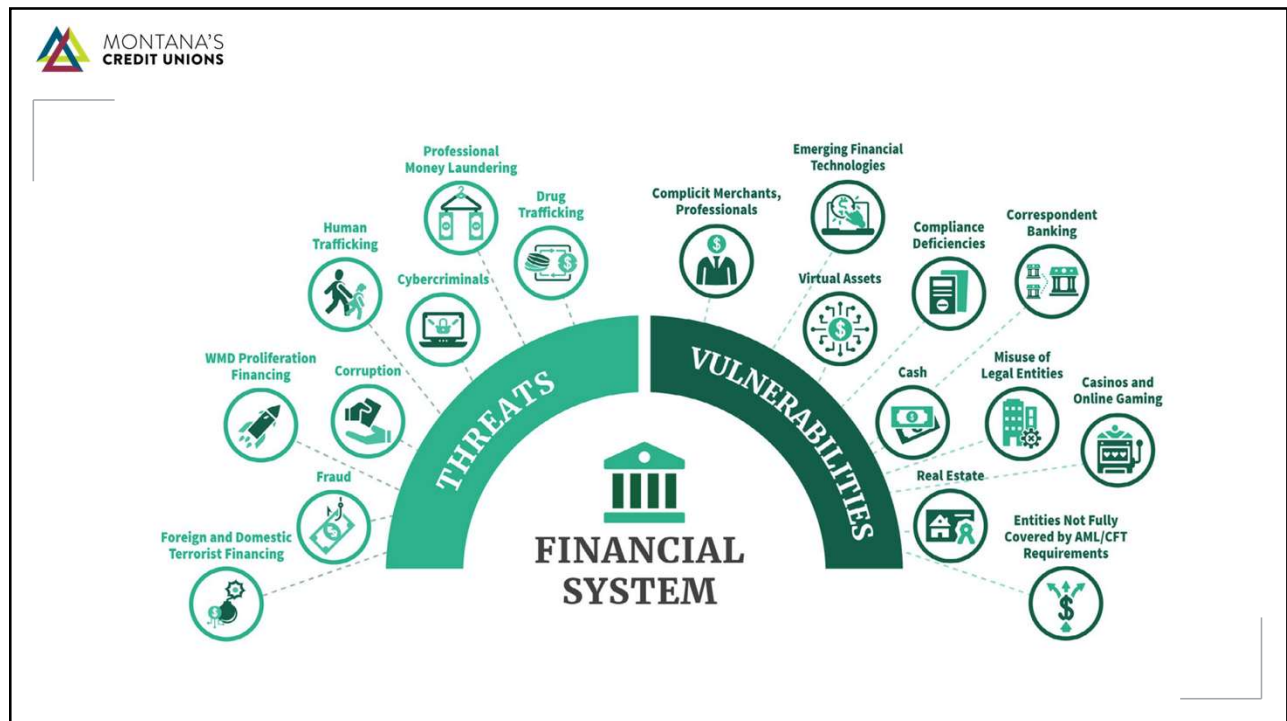
MONTANA'S  
CREDIT UNIONS

“General oversight of the credit union ... adopting policies of credit union conduct, including **compliance with the myriad of laws and regulations** that govern your operations and **implementing and maintaining effective** accounting, financial, and **operational risk controls.**”

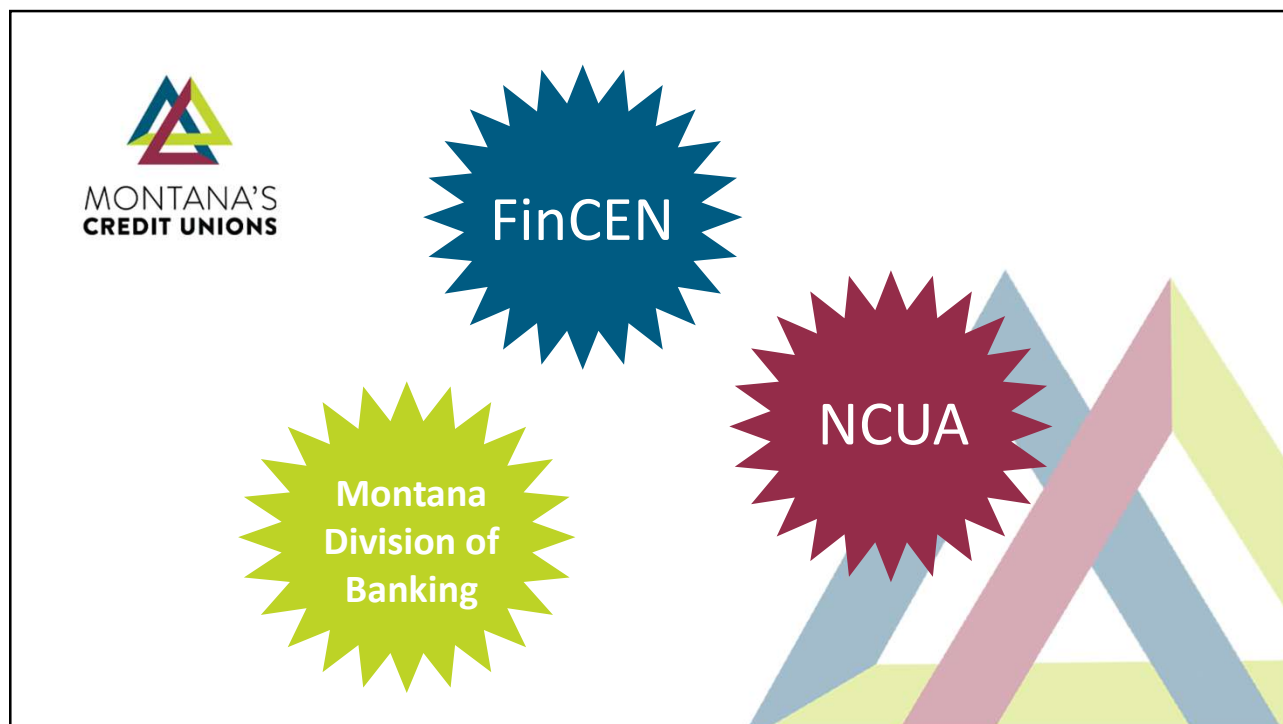
*TruStage What Every Director Needs to Know*



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**MONTANA'S CREDIT UNIONS**

“The federal banking agencies work to ensure that the organizations they supervise understand the importance of having an effective BSA/AML compliance program in place. Management must be vigilant in this area, especially as business grows and new products and services are introduced.”

*BSA Examiners Manual*

The slide features a large, stylized mountain peak graphic on the right side, composed of overlapping geometric shapes in blue, maroon, and yellow.

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## Board BSA Oversight

- Program approval (annually)
- Review components and updates
- Document all discussions
- Reputation risk
- Follow up on audit/exam findings
- Adequate funding & resources

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## Program Components

- Risk Assessment
- Written Policy
  - ✓ BSA Compliance Officer
  - ✓ Internal Controls
  - ✓ Independent Testing
  - ✓ Training
  - ✓ Member Identification
- Due Diligence | Beneficial Ownership
- Reporting
- Recordkeeping

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**MONTANA'S  
CREDIT UNIONS**

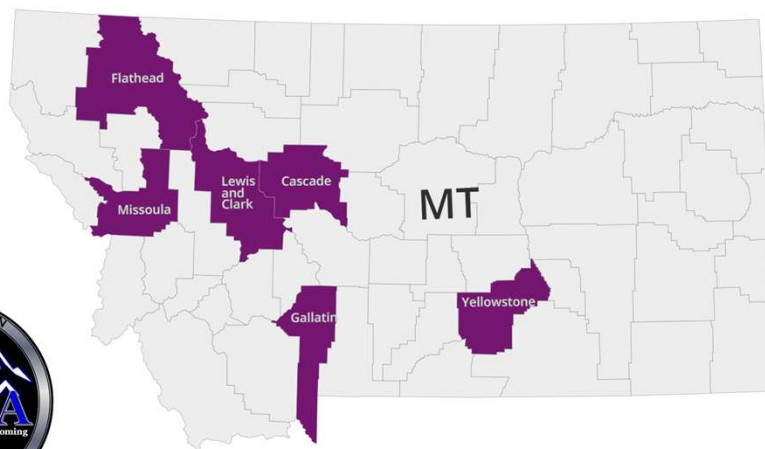
## Risk Assessment

- Use a **risk-based approach** to develop your BSA compliance program
- Risk mitigated in policy/procedures and complexity of program will grow as risk elevates
- Should address:
  - ✓ Field of membership
  - ✓ Products/Services
  - ✓ Demographics & Trends
  - ✓ Geographic location



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## High Intensity Drug Trafficking Area (HIDTA)



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## BSA Compliance Officer

- Designated in board minutes and policy by name or title
- ***Not only employee responsible***
- Needs sufficient time, resources, and authority
- Additional training and certification expected

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## Internal Controls

- Incorporate the risk assessment along with any changes in those risks
- Provide for **program continuity** despite changes
- **Facilitate oversight** of resources
- *Include mechanisms to identify and inform the board of directors and senior management of BSA compliance initiatives, identified compliance deficiencies, and corrective action taken*

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## Independent Testing (Audit)

- Performed by qualified and independent person
  - Understands Bank Secrecy Act and
  - Does not handle transactions subject to BSA at the credit union
  - Collaboration allowed
- 12-18 month cycle
- Report review

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## Training

- At least annually **for all board members**, supervisory committee, and every staff member
- Records to prove was done or attended
- Training should relate to role and department

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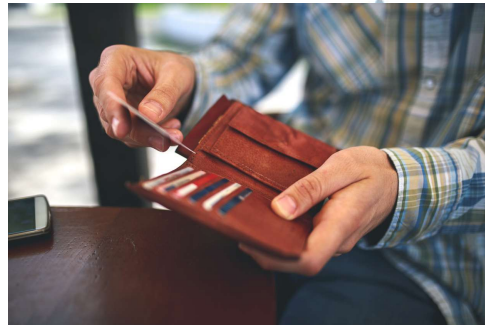


## Member Identification Procedure

1. Name
2. Physical address
3. Date of birth
4. Tax ID number\*\*

- Non-documentary options
- Alternate collection method for TIN
- NCUA clarifies homeless Vets process

'Reasonable Belief' standard



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## Member Due Diligence

- Understanding member well enough to recognize activity outside 'normal' that might be suspicious
- Questions and risk rating at account opening
- Monitoring of high-risk accounts/individuals
- Enhanced due diligence

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
## Beneficial Ownership

- Beneficial ownership of legal entity members
- Complete **form** to show >25% ownership or significant managing control
- Reporting to FinCEN under Corporate Transparency Act did not happen

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## Reporting

- **CTR | Currency Transaction Report** (>\$10k cash) 
- **SAR | Suspicious Activity Report**
  - subjective | highly confidential
  - reported to board monthly
  - triggers include insider abuse, \$5k or more identified suspect, \$25k or more no suspect, violation of BSA or ***any time information might be useful to law enforcement***



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## Recordkeeping

- 5-year retention
  - Supporting documentation
  - Identification documents
  - Beneficial ownership form
  - Audit reports
  - Training records
- **Board minutes = permanent**



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## The State of Cannabis

- Federal policy vs state regulations
- Regulatory expectations/scrutiny (Debanking)
- County & city differences
- Recommend a **board-approved policy**
- Employees? Accounts already open? MRBs?



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## FinCEN Proposal

- Anti-money laundering and countering the financing of terrorism (AML/CFT) terminology
- More thorough risk assessment process
- Incorporate national priorities
- Possibly raise reporting thresholds

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## What's Coming?



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