

Contents

Certification Program Overview	iii
Certification Program Requirements	v
How to Use This Module	vii
About the Author	viii

Course 1 Bank Secrecy Act

Course Objectives	1 — 1
Reference Guide to Bank Secrecy Act	1 — 2
LESSON 1: BANK SECRECY ACT GENERAL REQUIREMENTS	1 — 3
<i>Lesson 1 Objectives</i>	1 — 3
AML/BSA Examination Procedures	1 — 3
Money Laundering Techniques	1 — 3
Placement	1 — 3
Layering	1 — 4
Integration	1 — 4
An Example of Money Laundering	1 — 4
Purpose	1 — 5
Definitions	1 — 5
Currency Transaction Reporting	1 — 6
Reportable Cash Transactions	1 — 7
Double-Endorsed Checks	1 — 8
Designation of BSA Officer	1 — 8
Suspicious Activity Reports	1 — 9
Suspicious Transactions	1 — 10
Filing Procedures	1 — 10
Guidance for Completing SARs	1 — 11
The Importance of Complete SAR Narratives	1 — 11
Responses in Fields of Critical Value	1 — 12
Identifying the Category and Character of Suspicious Activity	1 — 12
FinCEN’s Suggestions	1 — 13
Retention of Records	1 — 13
Confidentiality of Reports and Limitation of Liability	1 — 13
Safe Harbor from Civil Liability	1 — 14
Guidance on Requests for Information Related to Terrorist Activity	1 — 14
International Transportation of Currency or Monetary Instruments	1 — 14a
Exemptions	1 — 14a
Reporting Requirements	1 — 15
Reports of Foreign Bank and Financial Accounts	1 — 15
Nonreportable Transactions	1 — 16

<i>Lesson 1 Review</i>	1 — 17
LESSON 2: CURRENCY TRANSACTION REPORTS	1 — 19
<i>Lesson 2 Objectives</i>	1 — 19
Reporting Requirements	1 — 19
How to Complete the CTR	1 — 19
Part I — Person Involved in Transaction	1 — 20
Section A — Person on Whose Behalf Transaction Is Conducted	1 — 20
Section B — Individual Conducting Transaction	1 — 21
Part II — Amount and Type of Transaction	1 — 22
Part III — Financial Institution Where Transaction Takes Place	1 — 24
Reading Between the Lines of a CTR	1 — 24
Determining When SARs Should Be Filed	1 — 25
Required Identification for CTRs	1 — 26
Procedures for Identifying Law Enforcement and Revenue Officers	1 — 26
Money Service Businesses	1 — 27
Account Monitoring	1 — 28
<i>Lesson 2 Review</i>	1 — 29
LESSON 3: EXEMPTIONS	1 — 31
<i>Lesson 3 Objectives</i>	1 — 31
Exempt Customers	1 — 31
Nonlisted Businesses and Payroll Customers	1 — 32
“Frequently”	1 — 33
Transaction and Money Market Accounts	1 — 33
Limitation on Liability	1 — 33
Obligation to File Suspicious Activity Reports	1 — 33
Designation of Exempt Person	1 — 34
Ineligible Businesses	1 — 34
Revocation of the Status of an Exempt Person	1 — 35
<i>Lesson 3 Review</i>	1 — 37
LESSON 4: OTHER SPECIAL REQUIREMENTS AND PENALTIES	1 — 39
<i>Lesson 4 Objectives</i>	1 — 39
Filing and Record Retention	1 — 39
Backfiling	1 — 40
CTR Errors	1 — 40
Failure to File Currency Transaction Reports	1 — 40
Requests by Law Enforcement for Banks to Maintain Accounts	1 — 40
Geographic Targeting — Reduction of Limits	1 — 40
Customer Identification Program	1 — 41
Scope and Definitions	1 — 41
Designing Procedures	1 — 41
Opening an Account	1 — 42
Verifying Identity	1 — 42
Customer Due Diligence Policy	1 — 43
Recordkeeping	1 — 44
Agency Lists	1 — 44
Notice	1 — 44
Reliance on Other Financial Institutions	1 — 45
Compliance	1 — 45

Establishing an Effective Compliance Program	1 — 46
System of Internal Controls.....	1 — 46
Training for Appropriate Personnel.....	1 — 47
Independent Testing for Compliance with the BSA.....	1 — 47
Risk Assessment	1 — 48
Products and Services.....	1 — 48
Customers and Entities	1 — 49
Geographic Locations.....	1 — 50
Information Sharing Between Federal Law Enforcement Agencies and Financial Institutions	1 — 51
Obligations of the Bank Upon Receiving an Information Request	1 — 51
Report to FinCEN.....	1 — 51
Documentation	1 — 51
Designation of Contact Person	1 — 52
Use and Security of Information	1 — 52
Voluntary Information Sharing Among Financial Institutions	1 — 52
Notice Requirement.....	1 — 52
Verification Requirement	1 — 53
Use and Security of Information	1 — 53
Information Sharing Between Financial Institutions and the Federal Government	1 — 53
Additional Recordkeeping Requirements	1 — 53
Certificates of Deposit.....	1 — 55
Extension of 30-Day Period	1 — 55
Exemption from Obtaining TIN	1 — 56
Monetary Instrument Recordkeeping.....	1 — 57
When Purchaser Is a Deposit Account Customer.....	1 — 57
When Purchaser Is Not a Deposit Account Customer.....	1 — 57
When the Purchaser Is a Law Enforcement Officer	1 — 58
Where the Records Are Kept.....	1 — 58
Recordkeeping and Reporting Requirements for Fund Transfers and Transmittal of Funds	1 — 59
Important Definitions	1 — 59
Coverage.....	1 — 62
Exemptions, Exceptions, and Exclusions	1 — 62
Foreign Denominations	1 — 62
Exception Based.....	1 — 62
Records to Be Retained by Financial Institutions.....	1 — 63
Records Required When Originator Is Not an Established Customer.....	1 — 63
Records Required When Beneficiary Is Not an Established Customer.....	1 — 64
Retrievability.....	1 — 64
Verification.....	1 — 64
Exceptions	1 — 64a
Penalties	1 — 64a
Liability of Individuals	1 — 65
Removal	1 — 66
Suspension.....	1 — 66
Civil Penalties.....	1 — 66
Criminal Penalties	1 — 67
Memorandum of Understanding Between FinCEN and Regulators.....	1 — 67
Joint Agency Guidance on BSA Enforcement Orders.....	1 — 69

The Cease and Desist Order: A Brief History and What It Includes	1 — 69
OFAC Compliance Program	1 — 72
<i>Lesson 4 Review</i>	1 — 75
COURSE 1 SUMMARY	1 — 77
Major Compliance Issues	1 — 77
Bank Secrecy Act Examination	1 — 79
Answers	1 — 81
List of Exhibits	1 — 83

Course 2

The USA PATRIOT Act of 2001

Course Objectives	2 — 1
LESSON 1: SUBTITLE A — INTERNATIONAL COUNTER-MONEY LAUNDERING AND RELATED MATTERS	2 — 3
<i>Lesson 1 Objectives</i>	2 — 3
Section 311 — Special Measures	2 — 3
Definitions	2 — 4a
Section 312 — Special Due Diligence for Correspondent Accounts and Private Banking Accounts	2 — 5
Enhanced Scrutiny for Senior Foreign Political Figures	2 — 5
Definitions	2 — 5
Effective Date	2 — 6
Section 313 — Prohibition on U.S. Correspondent Accounts with Foreign Shell Banks	2 — 6
Definitions	2 — 7
Section 314 — Cooperative Efforts to Deter Money Laundering	2 — 8
Section 314(a) — Responding to Requests from Law Enforcement	2 — 8
Section 314(b) — Sharing Information with Other Financial Institutions	2 — 9
Section 315 — Inclusion of Foreign Corruption Offenses	2 — 9
Section 316 — Anti-Terrorist Forfeiture Protection	2 — 9
Section 317 — Long-Arm Jurisdiction Over Foreign Money Launderers	2 — 10
Section 318 — Laundering Money Through a Foreign Bank	2 — 10
Section 319 — Forfeiture of Funds in U.S. Interbank Accounts	2 — 10
Definitions	2 — 10
Requests for Information	2 — 10
Termination of Correspondent Relationship	2 — 11
Section 320 — Proceeds of Foreign Crimes	2 — 11
Section 321 — Financial Institutions Specified in Subchapter II of Chapter 53 of Title 31, U.S. Code	2 — 11
Section 322 — Corporation Represented by a Fugitive	2 — 11
Section 323 — Enforcement of Foreign Judgments	2 — 11
Section 324 — Report and Recommendation	2 — 11
Section 325 — Concentration Accounts at Financial Institutions	2 — 12
Section 326, Verification of Identification	2 — 12

Section 327 — Consideration of Anti-Money Laundering Record	2 — 12
Section 328 — International Cooperation on Identification of Originators of Wire Transfers	2 — 12
Section 329 — Criminal Penalties	2 — 13
Section 330 — International Cooperation in Investigations	2 — 13
<i>Lesson 1 Review</i>	2 — 15
LESSON 2: SUBTITLE B — BANK SECRECY ACT AMENDMENTS AND RELATED IMPROVEMENTS	2 — 17
<i>Lesson 2 Objectives</i>	2 — 17
Section 351 — Amendments Relating to Reporting of Suspicious Activities	2 — 17
Section 353 — Penalties	2 — 17
Section 354 — Anti-Money Laundering Strategy	2 — 17
Section 355 — Authorization to Include Suspicions of Illegal Activity in Written Employment References	2 — 17
Section 356 — Reporting of Suspicious Activities by Securities Brokers/Dealers	2 — 18
Section 357 — Special Report on Administration of BSA Provisions	2 — 18
Section 358 — BSA Provisions and Activities of U.S. Intelligence Agencies	2 — 18
Section 359 — Reporting of Suspicious Activities by Underground Banking Systems	2 — 19
Section 360 — Use of Authority of U.S. Executive Directors	2 — 19
Section 361 — Financial Crimes Enforcement Network	2 — 19
Section 362 — Establishment of Highly Secure Network	2 — 19
Section 363 — Increase in Civil and Criminal Penalties for Money Laundering	2 — 19
Section 364 — Uniform Protection Authority for Federal Reserve Facilities	2 — 19
Section 365 — Reports Relating to Coins and Currency	2 — 19
Section 366 — Efficient Use of CTR System	2 — 20
<i>Lesson 2 Review</i>	2 — 21
COURSE 2 SUMMARY	2 — 23
USA PATRIOT Act Examination	2 — 25
Answers	2 — 27
List of Exhibits	2 — 29

Exhibits

Course 1: Bank Secrecy Act

Exhibit 1.1: Currency Transaction Report	1 — 85
Exhibit 1.2: Suspicious Activity Report and Instructions for Filing	1 — 89
Exhibit 1.3: Preparing SAR Narrative	1 — 94
Exhibit 1.4: Money Laundering and Terrorist Financing Red Flags	1 — 123
Exhibit 1.5: Report of International Transportation of Currency or Monetary Instruments	1 — 128
Exhibit 1.6: Report of Foreign Bank and Financial Accounts	1 — 130
Exhibit 1.7: Sample Policy Statement on Elderly and Disabled Persons	1 — 134d
Exhibit 1.8: FinCEN FAQs on CTR	1 — 136
Exhibit 1.9: Designation of Exempt Person	1 — 139
Exhibit 1.10: Customer Identification Program (CIP) Policy	1 — 141
Exhibit 1.11: FFIEC Risk Matrix	1 — 147

Exhibit 1.12: Sample Form for Recording Information on Purchases of Monetary
Instruments..... 1 — 149

Exhibit 1.13: Quantity of Risk Matrix for OFAC Procedures 1 — 150

Exhibit 1.14: CTR Backfiling Checklist..... 1 — 152

Course 2: The USA PATRIOT Act of 2001

Exhibit 2.1: Certification of Information Sharing..... 2 — 31