

How to Use This Manual

The *Bank Secrecy Act and Anti-Money Laundering Service* provides the guidance you need to comply with the provisions of the Bank Secrecy Act — including the wire transfer requirements — and to establish an effective anti-money laundering program. The manual provides both an analysis of the regulatory requirements and the forms you must use to report and record transactions. The manual also includes examples of typical money laundering schemes and electronic frauds to help you detect potential illegal activities in your own bank. We also include a sample customer identification policy, which should become the focal point for your own compliance efforts. Complying with the Bank Secrecy Act anti-money laundering requirements and the USA PATRIOT Act can be a problem for banks of all sizes and geographic regions. The *Bank Secrecy Act and Anti-Money Laundering Service* can help you meet these new challenges.

Organization of the Manual

The manual is divided into three parts: The Bank Secrecy Act, Anti-Money Laundering, and the Appendixes.

- In Chapters 1, 2, and 2A we provide an overview of the Bank Secrecy Act (BSA), explain how to set up a BSA compliance program, and provide a sample BSA compliance policy, BSA checklists, and BSA training materials. We cover the important steps you should take to ensure that your bank is in compliance, including:
 - Instituting internal controls
 - Training staff on compliance issues
 - Assigning responsibilities
 - Preparing for examinations
 - Recordkeeping requirements
 - Establishing audit procedures

- Chapter 3, “Recordkeeping Requirements,” deals with the recordkeeping requirements for monetary instruments such as bank checks or drafts, cashier’s checks, money orders, and traveler’s checks.

- Chapters 4 and 4A discuss reporting requirements for currency transactions. Penalties for helping customers structure transactions to avoid reporting can run as high as \$1 million a day and can lead to the revocation of a bank’s charter. In this chapter, we explain the activities that your employees should — or should not — undertake to avoid helping a customer structure such a transaction and include a list of the most common filing errors to help you avoid making errors. We also review suspicious activities to help you identify actions that should raise concerns and tell you what to do if you suspect an illegal transaction. Checklists for the currency transaction report and the suspicious activity report are included, as well as copies of the forms and their instructions.
- The wire transfer rules are discussed in Chapter 5. We explain the new requirements and the actions you must take to comply. Helpful tables identify which information must be recorded for different situations.

In Part II, “Anti-Money Laundering,” the overview in Chapter 6 explains the money laundering process and provides examples of how real-life money laundering schemes have been perpetrated at banks and how bank officials uncovered the illegal activities, and Chapter 6A includes up-to-date information on the USA PATRIOT Act. We discuss the threat of asset forfeiture in Chapter 7 and describe actions you can take if your bank is notified of a forfeiture.

- In Chapter 8 we cover one of the most important components of BSA compliance and anti-money laundering programs, the customer due diligence (CDD) policy. A detailed assessment of what a CDD policy should contain is presented to help you customize your policy. We also include a CDD policy checklist to make sure you have addressed all of the important issues.
- Emerging issues in anti-money laundering, such as dealing with the increasing use of electronic payment systems in illegal activities and the use of payable-through accounts by foreign banks, are analyzed in Chapters 9 and 10 to help you prepare for inevitable regulation.
- To help you comply with the Office of Foreign Asset Control (OFAC) rules that pertain to the flow of foreign funds through U.S. banks, Chapter 11 explains international monetary rules. As shifts occur in policy that affect foreign funds in U.S. banks, your bank has the responsibility for keeping up with the changes and complying with OFAC rules.

The appendixes include Bank Secrecy Act and Administration Rulings; specially designated nationals and blocked persons master list published by OFAC; sanctions by country or targeted group; current SAR review; and FAQs about complying with the BSA and OFAC.

Your CD

The contents of your manual are provided on the CD in Microsoft Word format. Some material has a summary in the manual and is presented in full on the CD. Please refer to your User Guide on the CD for directions on how to get the most from your CD.