

THE BANK SECRECY ACT

Congress enacted the Bank Secrecy Act (BSA) to prevent Credit Unions from being used as intermediaries for the transfer or deposit of money derived from criminal activity. The National Credit Union Administration (NCUA) monitors Credit Unions for compliance with the Bank Secrecy Act and its implementing regulation.

Since its passage, Congress has amended the BSA a number of times to enhance law enforcement effectiveness. The Anti-Drug Abuse Act of 1986, which included the Money Laundering Control Act of 1986 (MLCA), strengthened the government's ability to fight money laundering by making it a criminal activity. The Money Laundering Suppression Act of 1994 required regulators to develop enhanced examination procedures and increase examiner training to improve the identification of money laundering schemes in financial institutions. Title III of the USA Patriot Act of 2001 made a number of amendments to the anti-money laundering provisions of the BSA. The amendments were intended to make it easier to prevent, detect, and prosecute international money laundering and the financing of terrorism by imposing additional due diligence and record keeping practices.

The primary objective of the BSA is to provide a paper trail of financial transactions to help detect and prevent money laundering activities connected with drug traffickers, terrorists, and other elements of white collar and organized crime. Congress delegated authority for issuing regulations to the Secretary of the Treasury. The Office of Foreign Asset Control (OFAC) was created within the Department of Treasury and is responsible for administering a series of laws that impose economic sanctions against hostile targeted foreign countries and their agents, terrorism sponsoring organizations, international narcotic traffickers, and special designated nationals. The economic sanctions are necessary to further U.S. policy and national security.

It is the purpose of these policies, in conjunction with related Credit Union procedures, to ensure that SLO Credit Union operates in compliance with the Federal Bank Secrecy Act (BSA), The Money Laundering Control Act (MCLA), and the USA Patriot Act's customer identification program and information sharing requirements, and their implementing regulations.