



**IBANYS COUNTY BANKERS ASSOCIATION**  
*Bank Secrecy Act Examination Trends and Updates*



# OBJECTIVES

- ❖ Examination Trends
  - ❖ Internal Controls
  - ❖ Expected Activity
  - ❖ Third-Party Oversight (Independent Review)
- ❖ Sharing BSA Resources
- ❖ Marijuana Related Businesses
- ❖ Mergers & Acquisitions



# Examination Trends

- ❖ Most common pillar violation cited in the New York Region –326.8(c)(1): inadequate system of internal controls
  - ❖ CDD (ex: risk rating methodology, transaction activity, missing information, higher risk customers, documentation of reviews, and quality control)
- ❖ Expected Activity
  - ❖ Collecting vs. Utilizing
- ❖ Third-Party Oversight for Independent Review
  - ❖ Ensuring that the third-party scope is appropriate for your institution.
  - ❖ Review workpapers to fully understand what was reviewed and if it meets the bank's expectations.



# Sharing BSA Resources

- ❖ In October 2018 the Interagency Statement on Sharing Bank Secrecy Act Resources (FIL-55-2018) was issued.
- ❖ Provides guidance to those institutions with collaborative arrangements such as pooling human, technology, or other resources to reduce costs, increase operational efficiencies, and leverage specialized expertise.
- ❖ The collaborative arrangements described in this interagency statement are most suitable for banks with a community focus, less complex operations, and lower-risk profiles for money laundering or terrorist financing.
- ❖ Sharing a BSA Officer may not be appropriate for institutions.

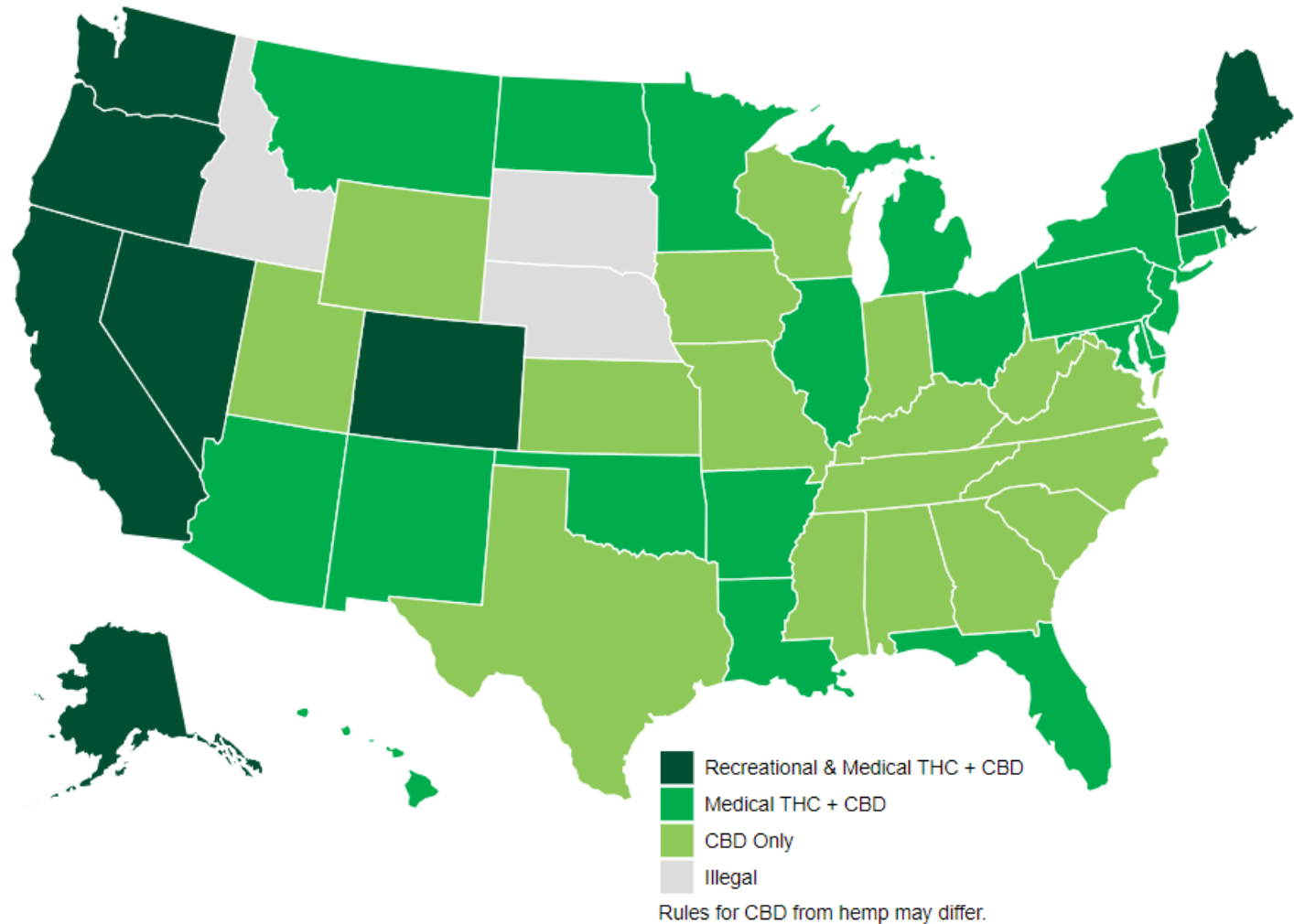
# Marijuana-Related Businesses



- ❖ FinCEN guidance, **FIN-2014-G001**, details Bank Secrecy Act compliance expectations for suspicious activity and currency transaction reporting.
- ❖ Banks with questions not addressed within the FinCEN guidance should contact FinCEN's Resource Center at:
  - 1-800-767-2825 or
  - [FRC@fincen.gov](mailto:FRC@fincen.gov)
- ❖ Per **FIN-2014-G001**, ultimately it is a bank's choice to open, close, or refuse any particular account or relationship.

# Cannabis Laws by State

Roll over for details



Source: NORML (The National Organization for Reform of Marijuana Laws). Data reflects regulations for marijuana. The legality of shipping CBD across state lines is ambiguous. This information is for educational purposes and is not legal advice. Updated as of December 7, 2018.



# MRBs (cont.)

If a bank decides to provide services to MRBs, CDD procedures should include:

- ❖ Verify with state authorities whether the business is licensed and registered;
- ❖ Review the state license application and related documentation;
- ❖ Request from state authorities information about the business/related parties;
- ❖ Understand normal and expected activity for the business, including products and the type of customers to be served (medical vs. recreational);
- ❖ Monitor public sources for adverse info about the business/related parties
- ❖ Monitor for suspicious activity (includes red flags); and
- ❖ Refresh CDD information on aperiodic basis and commensurate with the risk.



# Mergers & Acquisitions

- ❖ BSA/AML program should be considered in M&A and business strategy changes.
- ❖ BSA/AML staff should be aware of the types of customers being absorbed and determine if existing systems and staff are appropriate.





# Cyber Security

- ❖ **FIN-2016- A005** was released on October 25, 2016 to assist financial institutions in the following:
  - Reporting cyber-enabled crime and cyber-events through Suspicious Activity Reports (SARs).
  - Including relevant and available cyber-related information in SARs;
  - Collaborating between BSA/Anti-Money Laundering (AML) units and in-house cybersecurity units to identify suspicious activity; and
  - Sharing information, including cyber-related information, among financial institutions.

# Questions???



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