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The slide features the Montana's Credit Unions logo in the top left corner. The title 'AGENDA' is centered in a large, blue, sans-serif font. Below the title is a list of seven topics, each preceded by a bullet point. To the right of the list is an image of a man with a large afro, wearing a blue vest and a yellow tie, sitting at a desk with stacks of money and a large white bag with a dollar sign on it. The background of the image is a patterned wallpaper.

- Role of Board
- Money Laundering
- Agencies Involved
- BSA Oversight
- Program Components
- Cannabis
- What's Coming Up?


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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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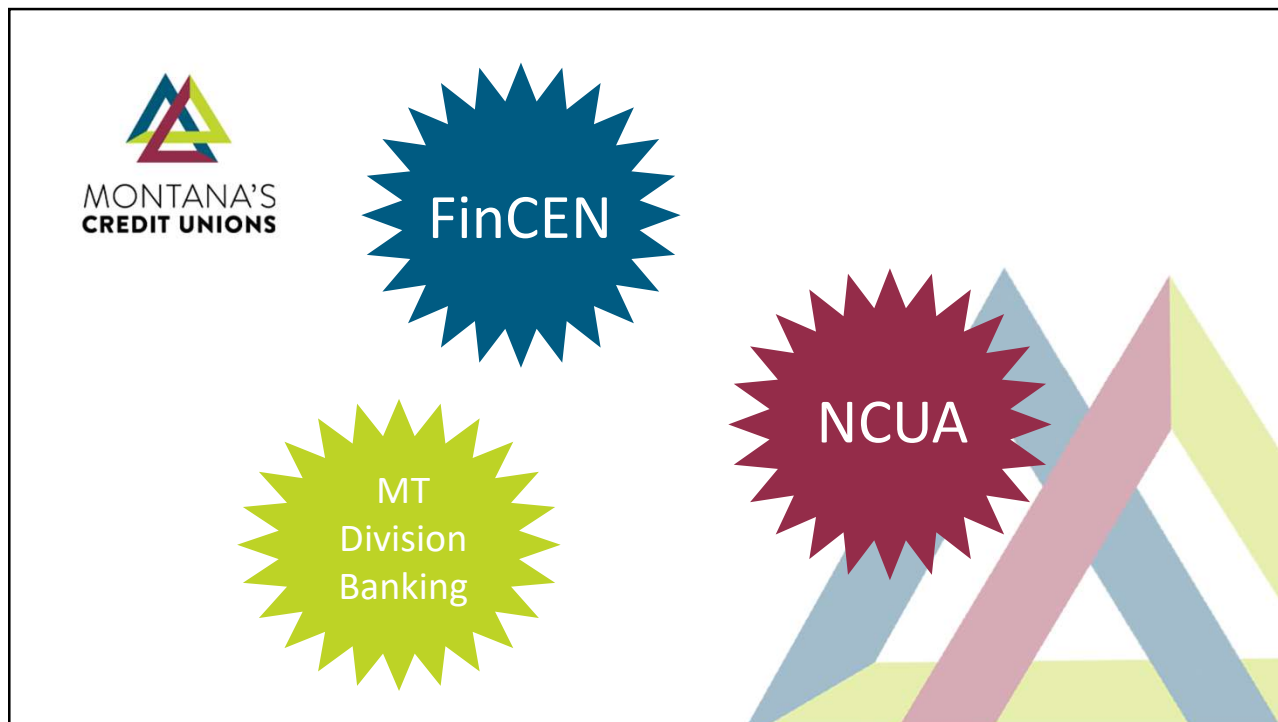


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Collection | Placement | Layering | Integration


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Board BSA Oversight

- Program approval (annually)
- Review components and updates
- Document all discussions
- Reputation
- 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
- **Member Due Diligence & Beneficial Ownership**
- **Reporting**
- **Recordkeeping**



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**MONTANA'S
CREDIT UNIONS**

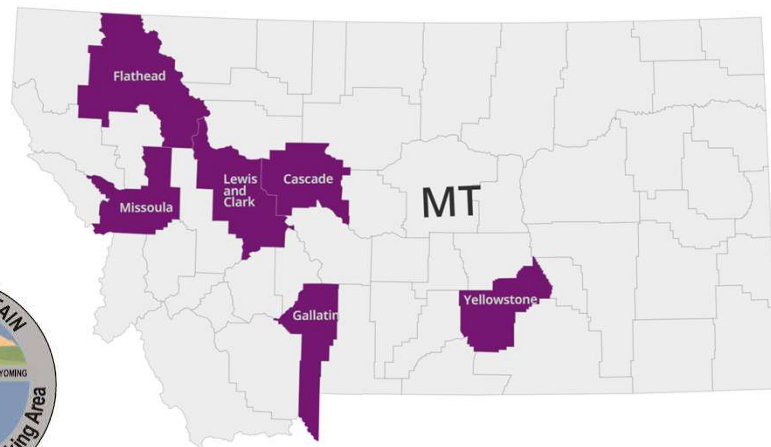
Risk Assessment

- 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
 - ✓ Geographic location
 - ✓ Demographics of CU & Communities



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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
- Every 12-18 months
- Report review

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Training

- At least annually **for all board members,** supervisory committee, and staff
- Records
- Training should relate to role

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Member Identification Procedure

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

Non-documentary options

'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
- 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

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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 Marijuana

- Federal policy vs state regulations
- Regulatory expectations/scrutiny
- 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
- Push to de-emphasize CU board oversight?



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What's Coming?



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