



NAFCU'S BANK SECRECY ACT (BSA) QUIZ

NAME: _____

DATE: _____

1. A member walks in and deposits \$4,995 in cash into his share savings account and \$5,000 in cash into his share checking account at the same time on the same day. Does this trigger the need to file a Currency Transaction Report (CTR)? Why or why not? What else does this activity suggest?
2. A member walks into the credit union with a check for \$10,000 that he wants the credit union to cash for him. Your credit union charges a \$10.00 service fee to cash this check. The member receives \$9,990 in cash less the service fee deduction. Would you need to file a Currency Transaction Report (CTR)? Why or why not?
3. A member comes to your window to make a cash deposit of \$1,000. You notice this member has deposited \$1,500 or \$1,000 in cash into his share savings account every other day during the last 10 days bringing the total amount of the deposits to \$7,500. What should you do?
4. A member walks in and purchases a cashier's check for \$9,990 and pays a \$20.00 service fee for a total cash transaction of \$10,010. What should you do and why?
5. A member deposits \$4,000 in cash into his share checking account. He withdraws \$8,000 in cash from his share savings account. He also gives you \$5,000 in currency to be changed into Japanese yen since your credit union offers currency exchange as one of its services. What should you do and why?

- 6.** You are sitting with several of your co-workers at lunch discussing the activities of the day. The conversation begins to focus on some of your credit union's members and their transactions. One teller indicates that one member's transactions appear to be suspicious. The teller further knows that this member is being monitored. He states that he thinks Suspicious Activity Reports (SARs) are being filed on this member. What is wrong here?
- 7.** A member on a joint share checking account comes into the credit union and cashes a \$14,000 check on the account. Who gets reported on the Currency Transaction Report (CTR)?
- 8.** A member makes frequent exchanges of small dollar denominations for larger dollar denominations. What does this suggest, what should you do?
- 9.** A member makes a \$12,000 cash deposit into his share savings account. You prepare a Currency Transaction Report (CTR) for the transaction. He asks for a copy of the CTR. What do you do?
- 10.** A member, who is a local business owner, makes a night deposit of \$8,465.50 in cash at the ATM machine on Tuesday night at 9:45pm. Late Wednesday morning, this same member makes an in-person deposit at the credit union that includes \$4,300 in cash. The night deposit and the in-person deposit are credited on the same business day. Does a Currency Transaction Report (CTR) need to be filed?



NAFCU's Bank Secrecy Act (BSA) Quiz - Answer Key

1. No, under the Bank Secrecy Act (BSA), a CTR need only be filed for currency transactions, such as a deposit, withdrawal, exchange or transfer of currency, in excess of \$10,000 in one day. The total amount of the two deposits in this case only totals \$9,995. 31 C.F.R. § 103.22(b)(1). However, this may be a case of structuring on the part of the member in order to evade the CTR reporting threshold and could indicate suspicious activity. You should discuss this with your supervisor as this could be a case where a Suspicious Activity Report (SAR) may need to be filed.
2. No, the amount the member received is less than \$10,000. Under the Bank Secrecy Act (BSA), a CTR is only filed for currency transactions in excess of \$10,000. 31 C.F.R. § 103.22(b)(1). You should discuss this with your supervisor though to determine if this warrants the filing of a Suspicious Activity Report (SAR). This may a case where the member is trying to avoid the CTR reporting threshold.
3. You will need to play a little detective work here. You might have a conversation with the member to see if you can find out more about these cash deposits. In reviewing this member's account history if you feel there is any suspicious activity behind the transactions, then your credit union may want to file a Suspicious Activity Report (SAR) on the member. However, you do **not** want the member to know that your credit union may file a SAR so do not discuss this with the member. You should, however, discuss the situation with your supervisor. 31 C.F.R. § 103.18. The dollar amounts in this case do not meet the Currency Transaction Report (CTR) filing threshold as it is less than \$10,000.
4. You will need to prepare a Currency Transaction Report (CTR) for this transaction as the total cash amount is over \$10,000. You should follow your credit union's procedures for obtaining the member's identification and completing Part I and Part II of the form (FinCEN Form 104). C.F.R. § 103.22 (b)(1). You will also need to follow your credit union's procedures for recording the sale of cashier's checks as part of its monetary instruments recordkeeping. This should include recording the type, serial number and dollar amount of the purchased instrument. 31 C.F.R. § 103.33(e).
5. In this case the currency being exchanged is aggregated with both your member's deposit and with the withdrawal. Cash in is a total of \$9,000 which does not meet the threshold requirement for a Currency Transaction Report (CTR). But, cash out is a total of \$13,000 which meets the reporting threshold and requires a CTR. 31 C.F.R. § 103.22(c)(2)and FinCEN Form 104.
6. The problem here is that Federal law states that anyone suspected or reported of criminal violations and/or suspicious activities is not to be made aware of the fact. You do not know who else in the room is listening in on your lunchroom conversation. Suppose the delivery person filling the coke machine either knows the member or knows someone else who does,

it could easily get back to the member. This could be a violation of NCUA regulations. 12 C.F.R. § 748.1(c)(5).

- 7.** In this case the member receiving the \$14,000 would be the only person reported on the CTR if he states that the withdrawal is on his behalf and you have no reason to believe otherwise. If, however, you learn that the member is obtaining the cash on behalf of all the parties on the account, all should be reported on the CTR. FDIC: FIL-70-95, FinCEN Guidance, September 1995 (Although this guidance is embedded in an inactive FDIC letter, FinCEN recently clarified that the guidance remains active and is considered the standing authority on this particular issue.)
- 8.** This is an example of what FinCEN refers to as a “red flag” that may indicate suspicious activity. You should discuss this with your supervisor as this warrants further investigation to determine whether it reflects suspicious activity rather than a legitimate business activity. Further investigation can determine whether or not a Suspicious Activity Report (SAR) is required.
- 9.** There is nothing in the regulations that says you can not give a copy of the CTR to your member. It is only Suspicious Activity Reports (SARs) that are required to be kept confidential. 12 C.F.R. § 748.1(c)(5). But your credit union is entitled to form its own policy by either saying “yes” or “no” to a request for copies. FinCEN confirms that though a CTR is not a protected document you are under no obligation to give your member a copy. CTRs contain information about the credit union and its employees that you may not want released.
- 10.** Yes, in this case the aggregate total in currency transactions for this member in one day is \$12,765.50 since the night deposit was not credited to the member’s account until Wednesday, the next business day. This triggers the CTR reporting threshold. 31 C.F.R. § 103.22(c)(2).



NAFCU'S BANK SECRECY ACT (BSA) QUIZ (#2)

NAME: _____

DATE: _____

1. If a member deposits \$12,500.15 in cash into a deposit account, what dollar amount should be listed on the Currency Transaction Report (CTR)?
 - ___ a. \$12,500.15
 - ___ b. \$12,500
 - ___ c. \$12,501
 - ___ d. a and c
 - ___ e. Any of the above amounts

2. A Currency Transaction Report (CTR) FinCEN Form 104 must be completed and submitted to the Financial Crimes Enforcement Network for each deposit, withdrawal and exchange of currency that involves a transaction of currency of more than _____.

3. A member comes into the credit union and deposits \$8,000 in cash into her share savings account. She returns later in the day and withdraws \$9,000 in cash from her share checking account. Is a Currency Transaction Report (CTR) required in this case? Why or why not?

4. You've just discovered that your credit union has filed several Suspicious Activity Reports (SARs) on Sam, your neighbor down the street. Sam is your husband's best friend. Which of the following are permissible?
 - ___ a. I tell my husband so he can let Sam know about the reports.
 - ___ b. I could tell my husband since all communications between a husband and wife are protected but I also let him know he can't tell Sam.
 - ___ c. I tell my husband to advise Sam to be careful.
 - ___ d. I don't say anything to anyone about what I've just learned.
 - ___ e. b or d.

5. A member requests a cashier's check made out to him for \$10,100 with funds from his share savings account. Do you file a Currency Transaction Report (CTR)? Why or why not?

6. The credit union needs to aggregate the total amount of multiple sales of instruments (cashier's check, money order or traveler's check) purchased with currency by one member during one business day.

True _____ False _____

7. Which of the following are examples of potentially suspicious activities that should raise red flags, invite possible further investigation and a determination as to whether a Suspicious Activity Report (SAR) should be filed?

- _____ a. The member engages in unusual activity in cash purchases of traveler's checks, money orders or cashier's checks
- _____ b. A member intentionally withholds part of his currency deposit or withdrawal to keep his transaction under the reporting threshold
- _____ c. Frequent exchanges of small dollar denominations for large dollar denominations
- _____ d. A business owner with only one location making several deposits the same day using different credit union branches
- _____ e. All of the above

8. A Currency Transaction Report (CTR) FinCEN Form 104 needs to be filed within how many days of the transaction?

- _____ a. Within 48 hours
- _____ b. By the 5th calendar day
- _____ c. By the 10th calendar day
- _____ d. By the 15th calendar day
- _____ e. By the 30th calendar day

9. A credit union must maintain records for each cashier's check, money order or traveler's check it sells or issues to any individual and purchased with currency for between \$_____ and \$_____ inclusive.

10. Is it acceptable to use the terms "retired" or "unemployed" to identify the occupation or profession for an individual in completing the Currency Transaction Report (CTR)? Why or why not?



NAFCU's Bank Secrecy Act (BSA) Quiz (#2) - Answer Key

1. The answer is c. If less than full dollar amount is involved, increase that figure to the next highest dollar for the report. Currency Transaction Report (CTR) FinCEN Form 104, Instructions for Items 26 and 27, page 4.
2. The CTR reporting threshold is more than Ten thousand dollars (\$10,000.00). 31 C.F.R. § 103.22 (b)(1).
3. No. Remember you only report currency transactions of more than \$10,000 on a CTR. Cash into the credit union only totaled \$8,000. Cash out to the member totaled \$9,000. Both transactions fall below the \$10,000 CTR reporting threshold and as such are not reportable. 31 C.F.R. § 103.22(b)(1). You only aggregate transactions of the same type. If both were deposits, you would aggregate on them on the report.
4. The answer is d. SARs are confidential and not to be discussed with anyone. In spite of what you see on television shows like "Boston Legal" or "The Practice," that includes spouses. 12 C.F.R. § 748.1(5).
5. No, a CTR would not be required in this case. This is not a cash transaction; therefore, it would not be reportable. 31 C.F.R. § 103.30(a)(1)(i)
6. True. "Contemporaneous purchases of the same or different types of instruments totaling \$3,000 or more must be treated as one purchase. Multiple purchases during one business day totaling \$3,000 or more must be aggregated and treated as one purchase if the bank has knowledge that the purchases have occurred." FFIEC BSA/AML Examination Manual, 8/24/2007, page 96.

7. The answer is e. According to the Office of the Comptroller of the Currency (OCC) Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) Comptroller's Handbook, all of these are examples of suspicious conduct and transactions activities that should raise red flags. BSA/AML Comptroller's Handbook, (September 2000, Revised for Web Publication, December 2000), pages 12-18.

8. The answer is d. Credit unions need to file the CTR by the 15th calendar day after the day of transaction. FinCEN Form 104, Instructions on when and where to file, page 3.

9. \$3,000 and \$10,000, "Under 31 CFR 103.29 banks are required to verify the identity of persons purchasing monetary instruments for currency in amounts between \$3,000 and \$10,000, inclusive, and to maintain records of all such sales." FFIEC BSA/AML Examination Manual, 8/24/2007, page 95.

10. No. The instructions for the CTR state that if the individual is "unemployed, or retired....enter the regular or former occupation if known." Guidance issued September 1995 by FinCEN advises that "homemaker," "retired," or "unemployed" are acceptable as occupation descriptions, but credit unions should attempt to get information that is more specific. Credit unions should also pay particular attention to individuals with such non-specific occupations who continually make large cash deposits. "Do not use nondescript terms such as businessman, merchant, store owner (unless store's name is provided), or self-employed." FinCEN Form 104, Instructions for Item 13, page 3.



NAFCU'S BANK SECRECY ACT (BSA) QUIZ (#3)

NAME: _____

DATE: _____

1. A member deposits \$1,000.00 in cash at 10:00am and another \$850.00 at 2:30pm into her account on Monday. Then she deposits \$1,500.00 in cash at the ATM on Wednesday. On Friday, she deposits \$500.00. What could this be an example of?

- a. Structuring
- b. Smurfing
- c. Sliding
- d. a and b
- e. All of the above

2. A man comes into your credit union and wants to purchase a cashier's check for \$3,050.00. He is not a member nor is he eligible to join the credit union. Can you conduct the transaction? Why or why not?

Yes _____ No _____

3. One of your members comes into the credit union on Tuesday and cashes a check for \$5,000. He then returns on Wednesday and cashes another check for \$7,000. You will need to file a Currency Transaction Report (CTR) for this member.

True _____ False _____

4. A member comes in with five payroll checks all endorsed over to him. He cashes the checks which come to a total of \$10,500. Do you file a CTR?

Yes _____ No _____

5. Which of the following need not be recorded when a member purchases a monetary instrument between \$3,000 and \$10,000?

- a. Name of the purchaser
- b. Purchaser's occupation
- c. Serial numbers of each of the instruments purchased
- d. Dollar amounts of each of the instruments purchased
- e. None of the above

6. A member comes into the credit union and deposits \$11,000 into a “doing business as” (DBA) account. How would you complete the CTR for this transaction?

7. A member comes into the credit union and deposits \$8,000. He comes back later in the day and withdraws \$9,000. Is a Currency Transaction Report (CTR) required in this case?

Yes _____ No _____

8. You process a \$12,000 cash withdrawal transaction from an individual share draft account for one of your credit union’s longtime members whom you know personally. You are completing a Currency Transaction Report (CTR) on the transaction. Item 14 on the CTR form asks for a description of the method you used to identify the member’s identity? Which of the following descriptions can be used?

- _____ a. Valid U.S. passport and passport number
- _____ b. “Other,” with an explanation of credit union signature card on file
- _____ c. Valid U.S. driver’s license with state issued and license number
- _____ d. Military identification card and card number
- _____ e. a, b, and d
- _____ f. a, c, and d
- _____ g. b and c

9. A member asks you what the cash dollar amount is that will trigger a Currency Transaction Report (CTR) filing. She then proceeds to deposit \$9,950.00 in cash into her share savings account. What should you do?

10. Which of the following are examples of possible suspicious activity that may warrant monitoring and the possible filing of a Suspicious Activity Report (SAR)?

- _____ a. Frequent exchanges of small dollar denominations for large dollar denominations
- _____ b. A member makes a large cash deposit after explaining that he has won the lottery
- _____ c. A member who purchases cashier’s checks, money orders, etc., with large amounts of cash
- _____ d. A member makes a large loan payment, stating that he has just come into a small inheritance from a deceased relative
- _____ e. a and c
- _____ f. All of the above



NAFCU's Bank Secrecy Act (BSA) Quiz (#3) - Answer Key

1. The correct answer would be d. The activities described could be examples of both structuring and/or smurfing. Structuring is defined as “a person structures a transaction if that person, acting alone, or in conjunction with, or on behalf of, other persons, conducts or attempts to conduct one or more transactions in currency in any amount, at one or more financial institutions, on one or more days, in any manner, for the purpose of evading the [CTR filing requirements],” as set forth in 31 C.F.R. § 103.(gg) “In any manner” includes, but also is not limited to, breaking any currency sum over \$10,000 into smaller amounts conducted in a series of transactions at or less than the \$10,000 Currency Transaction Report (CTR) filing threshold. The transactions do not have to exceed the filing threshold at any one credit union on any single day. FFIEC BSA/AML Examination Manual, 8/24/2007, Appendix G, page G-1. Structuring is also referred to as smurfing. Gregory Baldwin, a federal prosecutor in the 1980’s, is credited with coining the term. In many cases, structuring and/or smurfing of currency transactions occur in amounts far below the reporting threshold.
2. No, a credit union can issue cashiers checks to nonmembers only within the credit union’s field of membership. See 12 C.F.R. § 701.30. Since this person is not eligible for membership, you would not be able to sell him the cashier’s check.
3. False. A CTR would not be required as the member has not received more than \$10,000 in cash in either transaction. However, this would appear to be an activity that would warrant further investigation. It could perhaps be a form of money laundering. Your credit union would probably want to continue to monitor this account. If the deposits continue, your credit union may choose to file a Suspicious Activity Report (SAR) if you suspect criminal activity.
4. Yes, a CTR would be required because the member is receiving more than \$10,000 in currency. See Answers to Frequently Asked Bank Secrecy Act (BSA) Questions, Question and Answer 13b, FinCEN website, www.FinCEN.gov.
5. The correct answer would be b. The purchaser’s occupation is not required to be recorded for sales of monetary instruments pursuant to the recordkeeping requirements of 31 C.F.R. 103.29. FFIEC BSA/AML Examination Manual, 8/24/2007, page 96.

6. A sole proprietorship is a business where one person owns all the assets and owes all the liabilities and under BSA regulations, a sole proprietorship is not a separate legal person from its individual owner. On January 25, 2008, FinCEN issued a ruling indicating that credit unions should complete one section A on the CTR, containing the name of the sole proprietorship's owner, the sole proprietorship's DBA name, the owner's social security number, home address, date of birth and occupation. Only one section A is required, even if the business operations have a different address and/or tax identification number. See FinCEN Ruling FIN-2008-R001. However, FinCEN is still accepting CTRs filed according to its prior ruling (FIN-2006-R003) where a credit union completes two section A entries for sole proprietorships. This also requires that you select the "multiple persons" box in item 1 of the form. If it is the business owner making the deposit, listing his individual data in section A on the front of the form allows you to check "conducted on own behalf" in section B, leaving the rest of section B blank.

7. No. You only report currency transactions of more than \$10,000 on a CTR. Cash into the credit union only totaled \$8,000. Cash out to the member totaled \$9,000. If there are both cash in and cash out transactions they should be treated as separate transactions and not aggregated. Both transactions fall below the CTR reporting threshold and as such are not reportable. 31 C.F.R. § 103.22(b)(1). However, this scenario could warrant a SAR if there is any suspicion of criminal activity.

8. The correct answer would be f. Anyone (except armored car service employees) conducting a reportable CTR transaction either for themselves or on behalf of someone else must be identified by an official document or documents. If the documentation was examined and recorded on a signature card when the account was opened then a credit union can rely on this information to complete the CTR. However, you must indicate the method, type and number of the identification on the CTR. "Statements such as 'known customer' or 'signature card on file' are not sufficient for form completion." FinCEN Form 104, Identification Requirements, page 1.

9. This could be an instance of the member intentionally withholding part of the deposit in order to keep the transaction under the reporting threshold. It could be this member is involved in suspicious activity such as structuring or money laundering. Your credit union would likely want to monitor this account and possibly file a SAR on this person. See Office of the Comptroller of the Currency (OCC) Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) Comptroller's Handbook, (September 2000, Revised for Web Publication, December 2000), pages 13-14.

10. The correct answer would be e. Frequent exchanges of small dollar denominations for large dollar denominations and purchases of cashier's checks, money orders and the like with large amounts of cash could be signs of money laundering. See OCC BSA/AML Comptroller's Handbook, (September 2000, Revised for Web Publication, December 2000), pages 13-14. In the other two scenarios indicated in b and d, both members appear to have reasonable explanations for their large cash transactions. However, if the credit union has reason to believe the explanations are false, then the credit union may choose to monitor the member accounts.



NAFCU'S BANK SECRECY ACT (BSA) QUIZ (#4)

NAME: _____

DATE: _____

1. A member deposits \$14,000.00 in cash into his account. He then writes a check for \$9,000.00 to purchase a cashier's check. What would you report on the Currency Transaction Report (CTR)?

_____ a. \$23,000.00
_____ b. \$14,000.00
_____ c. \$9,000.00
_____ d. None of the above

2. Does the Customer Identification Program (CIP) rule prohibit a minor from opening an account?

Yes _____ No _____

3. Pamela Pepper, a longtime member of your credit union, wants to withdraw \$15,000 in cash from her share savings account. You prepare the Currency Transaction Report (CTR) for the transaction. Since you know Pamela, it is permissible for you to fill in "signature card on file" as the method used to verify her identity for item #14 on the CTR form.

True _____ False _____

4. Jerry Jones deposits \$7,500 in cash into his share savings account Wednesday morning. Several hours later that same day he goes to another branch of the credit union and deposits another \$2,490 in cash into the same account. Should a Currency Transaction Report be filed?

Yes _____ No _____

5. Fred Finch makes a \$12,245 cash deposit into Stella Simpson's share checking account. Whose name gets reported on the Currency Transaction Report (CTR)?

_____ a. Stella Simpson
_____ b. Fred Finch
_____ c. Neither of them
_____ d. Both of them

6. Ben Brownlee comes to your window to make a cash deposit of \$1,300. You notice Ben has deposited \$1,500 or \$1,300 in cash into his share savings account every day for the past seven days bringing the total amount of the deposits to \$10,400. What should you do?

7. Jasper Johnson has a \$15,000 share certificate that has just matured. He has requested the \$15,000 in the form of a cashier's check. Is a Currency Transaction Report (CTR) required in this case?

Yes _____ No _____

8. Which of the following examples would be acceptable to use to complete Item 13 (occupation) on the Currency Transaction Report (CTR)?

- _____ a. Engineer
- _____ b. Doctor
- _____ c. Self-employed
- _____ d. Lawyer
- _____ e. a, b, and d
- _____ f. a, b, c, and d

9. A Currency Transaction Report (CTR) must be filed within 30 days of the transaction being reported.

True _____ False _____

10. A member deposits \$14,100.25 in cash into her account. What dollar amount should be listed on the Currency Transaction Report?

- _____ a. \$14,100.25
- _____ b. \$14,100.00
- _____ c. \$14,101.00
- _____ d. None of the above



NAFCU's Bank Secrecy Act (BSA) Quiz (#4) - Answer Key

1. The correct answer would be b. The CTR should only be filed for the \$14,000 cash transaction as that meets the reporting threshold of a currency transaction of over \$10,000. 31 C.F.R. § 103.22(b)(1). The second transaction does not involve currency and also falls below the reporting threshold. Cash in and cash out transactions amounts should be considered separately and not aggregated.
2. No, the CIP rule does not bar a minor from opening an account. The rule states that a credit union's "customer" is the individual who opens the account for an individual who lacks legal capacity, such as a minor. 31 C.F.R. § 103.121(a)(3)(i)(B)(i). So if a parent opens an account for a minor then your customer would be the parent. But if the minor opens the account then the minor would be your customer. For example, a credit union might send its employees out to an elementary school where students might open an account as part of a program to promote financial literacy. The students would be the credit union's customer. In the situation where a minor is opening an account, as when any individual opens an account, the credit union should get the name, address, date of birth and taxpayer identification number of the minor. Since verification procedures are risk-based, credit unions can use any reasonable documentary or non-documentary method to verify a minor's identity. In the elementary school example, a credit union might verify a student's identity using a student identification card or by having the student's teacher confirm the student's identity. Office of Thrift Supervision (OTS), Memorandum on Frequently Asked Questions About the Final Section 326 Customer Identification Program Rules, page 6.
3. False. The CTR form states that if a credit union has obtained and maintained acceptable identification information in its records this information can be used in completing the form. "For example, if documents verifying an individual's identity were examined and recorded on a signature card when an account was opened, the financial institution may rely on that information. In completing the CTR, the financial institution must indicate on the form the method, type and number of the identification. Statements such as "known customer" or "signature card on file" are not sufficient for form completion. FinCEN Form 104, Identification Requirements, page 3.
4. No as the total amount of the cash deposits do not exceed the reporting threshold. 31 C.F.R. § 103.22(b)(1). However, it could be this member is involved in suspicious activity such as structuring or money laundering. You credit union would likely want to monitor this account and possibly file a SAR on this person.
5. The correct answer would be d. Since Fred is conducting the transaction on behalf of Stella, both individuals need to be reported on the CTR. "If an individual conducts a transaction on behalf of another person(s), complete Section "B" for the individual conducting the transaction, and complete Section "A" for each person on whose behalf the transaction is conducted of whom the financial institution has knowledge. FinCEN Form 104, Part I, Person(s) Involved in Transaction(s), page 3.

6. You will need to play detective in this situation. You might have a conversation with Ben to see if you can find out more about these cash deposits. It could be that Ben is structuring the deposits so as not to exceed the CTR reporting threshold. In reviewing this member's account history if you feel there is any suspicious activity behind the transactions, then your credit union may want to file a Suspicious Activity Report (SAR) on the member. However, you do **not** want the member to know that your credit union may file a SAR so do not discuss this with the member. You should, however, discuss the situation with your supervisor. 31 C.F.R. § 103.18.

7. No. You only report currency transactions of more than \$10,000 on a CTR. There was no currency involved in this transaction therefore it is not reportable. 31 C.F.R. § 103.22(b)(1).

8. The correct answer would be e. You must fill in the occupation, profession or business that best describes the individual or entity in Part I of the CTR form. Do not use nondescript terms such as businessman, merchant, store owner (unless the store's name is provided) or self-employed. If the individual is unemployed or retired, you should enter the regular or former occupation if it is known. FinCEN Form 104, Instructions for Item 13, page 3.

9. False. CTRs should be filed by the 15th calendar day after the day of the transaction. FinCEN Form 104, General Instructions, page 3. The deadline is extended to 25 days for electronically-filed CTRs. See FinCEN's General Instructions for Filing of Bank Secrecy Act (BSA) Reports, Release Date March 2007, Revised April 2008, page 5.

10. The correct answer would be c. If less than a full dollar amount is involved in the reported transaction then the figure should be increased to the next highest dollar. FinCEN Form 104, Instructions for Items 26 and 27, page 4.



NAFCU'S BANK SECRECY ACT (BSA) QUIZ (#5)

NAME: _____

DATE: _____

1. A Currency Transaction Report (CTR) FinCEN Form 104 needs to be filed within 48 hours of the reported transaction.

True _____ False _____

2. Matt Moon deposits \$7,000 in cash into his share checking account. He withdraws \$4,000 in cash from his share savings account. He also gives you \$5,000 in currency to be changed into pesos (for his upcoming vacation in Mexico) since your credit union offers currency exchange as one of its services. What dollar amount should be listed on the Currency Transaction Report (CTR)?

- ___ a. \$16,000
___ b. \$12,000
___ c. \$11,000
___ d. b and c
___ e. a and c

3. Does the Customer Identification Program (CIP) rule prohibit a minor from opening an account?

Yes _____ No _____

4. Trixie Taylor comes into the credit union and deposits \$8,000 in cash into her share savings account. She returns later in the day and withdraws \$2,500 in cash from her share checking account. You will need to file a Currency Transaction Report (CTR) for this member.

True _____ False _____

5. Don Donovan, a local business owner member, makes a night deposit of \$1,100.00 in cash at the ATM machine on Thursday night at 9:45pm. Late Friday morning, Don makes an in-person deposit at the credit union that includes \$9,685.75 cash. The night deposit and the in-person deposit are credited on the same business day. Does a Currency Transaction Report (CTR) need to be filed?

Yes _____ No _____

6. A credit union must maintain records for each cashier's check, money order or traveler's check it sells or issues to any individual and purchased with currency for between \$_____ and \$_____ inclusive.
7. Catherine Coleman comes into the credit union and deposits \$3,500 in cash into her share savings account Tuesday morning. Several hours later she deposits \$5,300 in cash into her share savings account and another \$2,300 in cash into her share checking account. Does a Currency Transaction Form (CTR) need to be filed?
- Yes _____ No _____
8. You and a few co-workers are in a bowling league after work. During practice, at one point one of your credit union members comes up in the conversation. One teller mentions that this member's transactions appear to be suspicious. This teller further knows that this member is being monitored. She states that she believes Suspicious Activity Reports (SARs) are being filed on this member. What is wrong here?
9. Whitaker Whitbeck deposits \$10,100.75 into his share savings account, what dollar amount should be listed on the Currency Transaction Report (CTR)?
- ___ a. \$10,100
___ b. \$10,100.75
___ c. \$10,101
___ d. Any of the above amounts
10. A Currency Transaction Report (CTR) FinCEN Form 104 must be completed and submitted to the Financial Crimes Enforcement Network for each deposit, withdrawal and exchange of currency that involves a transaction of currency of more than _____.



NAFCU's Bank Secrecy Act (BSA) Quiz (#5) - Answer Key

1. The answer is false. Credit unions need to file the CTR by the 15th calendar day after the day of the transaction. FinCEN Form 104, Instructions on when and where to file, page 3.
2. The answer is b. In this case the currency being exchanged is aggregated with each transaction, once with your member's deposit and then once again with the withdrawal. Cash in is a total of \$12,000 which meets the threshold requirement for a Currency Transaction Report (CTR). Cash out is a total of \$9,000 which does not meet the reporting threshold. 31 C.F.R. § 103.22(c)(2) and FinCEN Form 104.
3. The answer is no, the CIP rule does not bar a minor from opening an account. The rule states that a credit union's "customer" is the individual who opens the account for an individual who lacks legal capacity, such as a minor. 31 C.F.R. § 103.121(a)(3)(i)(B)(i). So if a parent opens an account for a minor, then your customer would be the parent. But if the minor opens the account, then the minor would be your customer. For example, a credit union might send its employees out to an elementary school where students might open an account as part of a program to promote financial literacy. The students would be the credit union's customer. In the situation where a minor is opening an account, as when any individual opens an account, the credit union should get the name, address, date of birth and taxpayer identification number of the minor. Since verification procedures are risk-based, credit unions can use any reasonable documentary or non-documentary method to verify a minor's identity. In the elementary school example, a credit union might verify a student's identity using a student identification card or by having the student's teacher confirm the student's identity. Office of Thrift Supervision (OTS), Memorandum on Frequently Asked Questions About the Final Section 326 Customer Identification Program Rules, page 6.
4. The answer is false; remember, you only report currency transactions of \$10,000 or more on a CTR. Cash into the credit union only totaled \$8,000. Cash out to the member totaled \$2,500. Both transactions fall below the \$10,000 CTR reporting threshold and as such are not reportable. 31 C.F.R. § 103.22(b)(1). You only aggregate transactions of the same type, if both were deposits; you would aggregate them on the report.
5. Yes, a CTR would be filed as the aggregate total in currency transactions for this member in one day is \$10,785.75 because the night deposit was not credited to the member's account until Friday, the next business day. This triggers the CTR reporting threshold. 31 C.F.R. § 103.22(c)(2).

- 6.** \$3,000 and \$10,000, “Under 31 CFR 103.29 (credit unions) are required to verify the identity of persons purchasing monetary instruments for currency in amounts between \$3,000 and \$10,000, inclusive, and to maintain records of all such sales.” FFIEC BSA/AML Examination Manual, 8/24/2007, page 95.
- 7.** The answer is yes; a CTR would be filed as the aggregate total in cash deposit transactions for this member in one day is \$11,100 and triggers the reporting threshold. 31 C.F.R. § 103.22(c)(2). Splitting the deposits into different sub-accounts does create an exception.
- 8.** The problem here is that Federal law states that anyone suspected or reported of criminal violations and/or suspicious activities is not to be made aware of the fact. You do not know who else in the area is listening in on your conversation. Suppose a player in the next lane either knows the member or knows someone else who does? It could easily get back to the member. This could be a violation of NCUA regulations. 12 C.F.R. § 748.1(c)(5). At a minimum, it is not a sound credit union practice.
- 9.** The answer is c; the dollar amount reported needs to be rounded to the next highest dollar amount. Currency Transaction Report (CTR) FinCEN Form 104, Instructions for Items 26 and 27, page 4.
- 10.** The CTR reporting threshold is more than Ten thousand dollars (\$10,000.00). 31 C.F.R. § 103.22 (b)(1).



NAFCU'S BANK SECRECY ACT (BSA) QUIZ (#6)

NAME: _____

DATE: _____

1. Brandon Byrne requests a cashier's check made out to him for \$10,100 with funds from his share checking account. Do you file a Currency Transaction Report (CTR)?

Yes _____ No _____

2. Meaghen McDuff makes a \$12,245 cash deposit into Ryan Reid's share checking account. Whose name gets reported on the Currency Transaction Report (CTR)?

- _____ a. Both of them
_____ b. Meaghen McDuff
_____ c. Ryan Reid
_____ d. Neither one of them

3. Neill Nolan wants to make a large cash withdrawal from his account. He says he knows from prior transactions that there is a reporting threshold but can't remember the amount. You tell him that if he withdraws more than \$10,000 in cash that you will need to prepare a Currency Transaction Report (CTR). Neill says that that is just too much trouble and he doesn't have the time for all that so he will only withdraw \$9,000 in cash. What should you do?

4. Desmond Dunne comes into the credit union and deposits \$5,500 in cash into his share savings account. He returns later in the day and withdraws \$1,214 in cash from his share checking account. At the same time he deposits another \$5,000 in cash into his money market fund. You will need to file a Currency Transaction Report (CTR) that reports \$11,714 in cash transactions for this member.

True _____ False _____

5. Sean Shaughnessy makes a \$15,000 cash deposit into his share savings account. You prepare a Currency Transaction Report (CTR) for the transaction. He asks for a copy of the CTR. What do you do?

6. Which of the following are examples of potential suspicious activity?

- a. A member with a personal account has started making frequent exchanges of small dollar denominations for large dollar denominations
- b. A member pays down a large loan with no reasonable explanation
- c. A member makes several deposits of musty or extremely dirty bills
- d. A new member makes substantial deposits with \$50 and \$100 bills
- e. All of the above
- f. a, c and d

7. Fiona Flaherty comes in with five payroll checks all endorsed over to her. She cashes the checks which come to a total of \$11,343. Do you file a Currency Transaction Report (CTR)?

Yes _____ No _____

8. Recently Kathleen Kennedy has made frequent exchanges of small dollar denominations for larger dollar denominations. What does this suggest, what should you do?

9. Which of the following businesses could be eligible for exemptions from reporting on the Currency Transaction Report (CTR)?

- a. Gallagher's Gourmet Groceries
- b. Cavanaugh's Tour Buses, Inc.
- c. Flannigan, O'Reilly, Fitzgerald & Doyle, LLP
- d. Maguire Brothers Auctioneers, Inc.

10. Connor Collins comes into the credit union and deposits \$8,795. He comes back later in the day and withdraws \$5,295. Is a Currency Transaction Report (CTR) required in this case?

Yes _____ No _____



NAFCU's Bank Secrecy Act (BSA) Quiz (#6) - Answer Key

1. The answer is No; a CTR would not be required in this case. This is not a cash transaction; therefore, it would not be reportable. 31 C.F.R. § 103.30(a)(1)(i)
2. The correct answer would be “a”. Since Meaghen is conducting the transaction on behalf of Ryan, both individuals need to be reported on the CTR. “If an individual conducts a transaction on behalf of another person(s), complete Section “B” for the individual conducting the transaction, and complete Section “A” for each person on whose behalf the transaction is conducted of whom the financial institution has knowledge. FinCEN Form 104, Part I, Person(s) Involved in Transaction(s), page 3.
3. You should discuss the situation with your supervisor. Although the dollar amount in this case did not meet the CTR filing threshold, this member appears to be intentionally withholding part of the withdrawal in order to keep the transaction from being reported. You’re credit union will likely want to review this member’s account history and will likely want to file a Suspicious Activity Report (SAR) on the member. However, you do **not** want the member to know that your credit union may file a SAR so do not discuss this with him. 31 C.F.R. § 103.18.
4. The answer is False; in this case you would only report the deposit of the \$10,500. Cash into the credit union totaled \$10,500. Cash out to the member only totaled \$1,214. Only the deposit transactions triggered the \$10,000 CTR reporting threshold. 31 C.F.R. § 103.22(b)(1). You only aggregate transactions of the same type, if all three transactions were deposits; you would aggregate them on the report. However, this scenario could warrant a SAR if there is any suspicion of criminal activity.
5. There is nothing in the regulations that says you may not give a copy of the CTR to your member. It is only Suspicious Activity Reports (SARs) that are required to be kept confidential. 12 C.F.R. § 748.1(c)(5). But your credit union is entitled to form its own policy by either saying “yes” or “no” to a request for copies. FinCEN confirms that though a CTR is not a protected document you are under no obligation to give your member a copy. CTRs contain information about the credit union and its employees that you may not want released.

6. The correct answer is “e”. All of these are examples of potential suspicious activity as all could be signs of money laundering. Your credit union would likely want to monitor any accounts with such activity and possibly file a Suspicious Activity Report (SAR). See OCC BSA/AML Comptroller’s Handbook, (September 2000, Revised for Web Publication, December 2000), pages 17.
7. The answer is Yes, a CTR would be required because the member is receiving more than \$10,000 in currency. See Answers to Frequently Asked Bank Secrecy Act (BSA) Questions, Question and Answer 13b, FinCEN website, www.FinCEN.gov.
8. This is an example of what FinCEN refers to as a “red flag” that may indicate suspicious activity. You should discuss this with your supervisor as this warrants further investigation to determine whether it reflects suspicious activity rather than a legitimate business activity. Further investigation can determine whether or not a Suspicious Activity Report (SAR) is required.
9. The answer would be “a”, provided it qualifies for a Phase II exemption under 31 CFR §103.22(d)(2)(vi). The tour bus operator, law firm and auction house are all ineligible for Phase II exemptions. Ineligible businesses are any whose primary activity is any of the following: “serving as financial institutions or agents of financial institutions of any type; purchase or sale to customers of motor vehicles of any kind, vessels, aircraft, farm equipment or mobile homes; the practice of law, accountancy, or medicine; auctioning of goods; chartering or operation of ships, buses, or aircraft; gaming of any kind (other than licensed parimutuel betting at race tracks); investment advisory services or investment banking services; real estate brokerage; pawn brokerage; title insurance and real estate closing; trade union activities; and any other activities that may be specified by FinCEN. A business that engages in multiple business activities may be treated as a non-listed business so long as no more than 50% of its gross revenues are derived from one or more of the ineligible business activities listed in this paragraph (d)(5)(viii).” See 31 §103.22(d)(5)(viii).
10. The answer is No. You only report currency transactions of more than \$10,000 on a CTR. Cash into the credit union only totaled \$8,795. Cash out to the member totaled \$5,295. If there are both cash in and cash out transactions they should be treated as separate transactions and not aggregated. Both transactions fall below the CTR reporting threshold and as such are not reportable. 31 C.F.R. § 103.22(b)(1). However, this scenario could warrant a SAR if there is any suspicion of criminal activity.



NAFCU'S BANK SECRECY ACT (BSA) QUIZ (#7)

NAME: _____

DATE: _____

1. Whitey Sherrard comes into the credit union and deposits \$12,000 in currency into a “doing business as” (DBA) account. How would you complete the CTR for this transaction?

2. Terry Mann owns a business account at your credit union. He comes into the credit union with \$11,000 in \$20 bills. He requests that the \$20 bills be exchanged for \$100 bills. Terry mentions he plans to use the hundred dollar bills as incentives for his sales force. Do you file a Currency Transaction Report (CTR)?

Yes _____ No _____

3. Iris Gaines comes into the credit union and withdraws \$6,100. She comes back later in the day and deposits \$4,335. A Currency Transaction Report (CTR) should be filed on Iris Gaines and her transactions today.

True _____ False _____

4. Ray Kinsella deposits \$590.00 in cash at 9:00am and another \$650.00 at 1:30pm into his account on Tuesday. Then he deposits \$1,500.00 in cash at the ATM on Wednesday. On Friday, he deposits \$1,100.00 in cash at another branch ATM. What could this be an example of?

- _____ a. Splitting
- _____ b. Smurfing
- _____ c. Structuring
- _____ d. b and c
- _____ e. c

5. Annie Savoy comes to your window to make a cash deposit of \$1,200. You notice that she has deposited \$1,000 or \$1,200 in cash into her share savings account during the last 10 days bringing the total amount of cash deposits to \$8,800. What should you do?

6. Which of the following examples would be acceptable to use to complete Item 13 (occupation) on the Currency Transaction Report (CTR)?

- a. Farmer
- b. Doctor
- c. a, b and d
- d. Judge
- e. None of the above
- f. Self-employed

7. Archie Graham owns a business account at your credit union. He makes a night deposit of \$2,310.00 in cash at the ATM machine on Wednesday night at 6:45pm. Late Thursday morning, Archie makes an in-person deposit at the credit union that includes \$8,215.75 cash. The night deposit and the in-person deposit are credited on the same business day. Does a Currency Transaction Report (CTR) need to be filed?

Yes _____ No _____

8. Which of the following are examples of possible suspicious activity that may warrant monitoring and the possible filing of a Suspicious Activity Report (SAR)?

- a. Substantial deposit(s) of numerous \$50 and \$100 bills
- b. Couriers, rather than the account holders, make the deposits into the account
- c. Frequent deposits of large amounts of currency wrapped in currency straps or that have been stamped by other banks or credit unions
- d. A member who purchases cashier's checks, money orders, etc., with large amounts of cash
- e. a and c
- f. All of the above

9. Memo Paris, a longtime member of the credit union, comes into your credit union visibly distraught. She withdraws \$15,000 in cash from her share savings account. Memo says she is in a hurry as she is on her way to the airport as there has been a death in the family. She rushes out of the credit union to the airport. Since you know Memo very well it is okay to use "credit union member known to us" as the identifying information in completing Item 14 on the Currency Transaction Report (CTR).

Yes _____ No _____

10. Roy Hobbs walks into the credit union with a check for \$10,005 that he wants the credit union to cash for him. Your credit union charges a \$10.00 service fee to cash this check. Roy receives \$9,995 in cash less the service fee deduction. A Currency Transaction Report (CTR) is required for this transaction.

True _____ False _____



NAFCU's Bank Secrecy Act (BSA) Quiz (#7) - Answer Key

1. A sole proprietorship is a business where one person owns all the assets and owes all the liabilities and under BSA regulations, a sole proprietorship is not a separate legal person from its individual owner. On January 25, 2008, FinCEN issued a ruling indicating that credit unions should complete one section A on the CTR, containing the name of the sole proprietorship's owner, the sole proprietorship's DBA name, the owner's social security number, home address, date of birth and occupation. Only one section A is required, even if the business operations have a different address and/or tax identification number. See FinCEN Ruling FIN-2008-R001. However, FinCEN is still accepting CTRs filed according to its prior ruling (FIN-2006-R003) where a credit union completes two section A entries for sole proprietorships. This also requires that you select the "multiple persons" box in item 1 of the form. If it is the business owner making the deposit, listing his individual data in section A on the front of the form allows you to check "conducted on own behalf" in section B, leaving the rest of section B blank.
2. The answer is Yes. Under the Bank Secrecy Act (BSA), a CTR is required to be filed for currency transactions in excess of \$10,000. The exchange of bills is a currency transaction and the reason for the transaction is irrelevant. 31 C.F.R. § 103.22(b)(1).
3. The answer is False. You only report currency transactions of more than \$10,000 on a CTR. Cash withdrawn from the credit union only totaled \$6,100. Cash out to the member totaled \$4,335. If there are both cash out and cash in transactions they should be treated as separate transactions and not aggregated. Both transactions fall below the CTR reporting threshold and as such are not reportable. 31 C.F.R. § 103.22(b)(1). However, this scenario could warrant a SAR if there is any suspicion of criminal activity.
4. The answer would be d. The activities described could be examples of both structuring and/or smurfing. Structuring is defined as "a person structures a transaction if that person, acting alone, or in conjunction with, or on behalf of, other persons, conducts or attempts to conduct one or more transactions in currency in any amount, at one or more financial institutions, on one or more days, in any manner, for the purpose of evading the [CTR filing requirements]," as set forth in 31 C.F.R. § 103.(gg) "In any manner" includes, but also is not limited to, breaking any currency sum over \$10,000 into smaller amounts conducted in a series of transactions at or less than the \$10,000 Currency Transaction Report (CTR) filing threshold. The transactions do not have to exceed the filing threshold at any one credit union on any single day. FFIEC BSA/AML Examination Manual, 8/24/2007, Appendix G, page G-1. Structuring is also referred to as smurfing. Gregory Baldwin, a federal prosecutor in the 1980's, is credited with coining the term. In many cases, structuring and/or smurfing of currency transactions occur in amounts far below the reporting threshold.

5. You will need to play a little detective work here. You might have a conversation with the member to see if you can find out more about these cash deposits. In reviewing this member's account history if you feel there is any suspicious activity behind the transactions, then your credit union may want to file a Suspicious Activity Report (SAR) on the member. However, you do **not** want the member to know that your credit union may file a SAR so do not discuss this with the member. You should, however, discuss the situation with your supervisor. 31 C.F.R. § 103.18. The dollar amounts in this case do not meet the Currency Transaction Report (CTR) filing threshold as it is less than \$10,000.

6. The answer would be c. You must fill in the occupation, profession or business that best describes the individual or entity in Part I of the CTR form. Do not use nondescript terms such as businessman, merchant, store owner (unless the store's name is provided) or self-employed. If the individual is unemployed or retired, you should enter the regular or former occupation if it is known. FinCEN Form 104, Instructions for Item 13, page 3.

7. The answer would be Yes. A CTR would need to be filed as the aggregate total in currency transactions for this member in one day is \$10,525.75 because the night deposit was not credited to the member's account until Thursday, the next business day. This triggers the CTR reporting threshold. 31 C.F.R. § 103.22(c)(2).

8. The correct answer would be f. Making substantial deposit(s) of numerous \$50 and \$100 bills, having couriers, rather than the account holders, making deposits into the account, frequent deposits of large amounts of currency wrapped in currency straps or that have been stamped by other banks or credit unions and a member who purchases cashier's checks, money orders, etc., with large amounts of cash could all be signs of money laundering. See OCC BSA/AML Comptroller's Handbook, (September 2000, Revised for Web Publication, December 2000), pages 13-14.

9. The correct answer would be, No. Anyone (except armored car service employees) conducting a reportable CTR transaction either for themselves or on behalf of someone else must be identified by an official document or documents. If the documentation was examined and recorded on a signature card when the account was opened then a credit union can rely on this information to complete the CTR. However, you must indicate the method, type and number of the identification on the CTR. "Statements such as 'known customer' or 'signature card on file' are not sufficient for form completion." FinCEN Form 104, Identification Requirements, page 1.

10. The answer is False, as the amount the member received is less than \$10,000. Under the Bank Secrecy Act (BSA), a CTR is only filed for currency transactions in excess of \$10,000. 31 C.F.R. § 103.22(b)(1). You should discuss this with your supervisor though to determine if this warrants the filing of a Suspicious Activity Report (SAR). This may be a case where the member is trying to avoid the CTR reporting threshold.



NAFCU'S BANK SECRECY ACT (BSA) QUIZ (#8)

NAME: _____

DATE: _____

1. Linda Sayers walks into your branch and purchases a cashier's check for \$9,990 and pays a \$20.00 service fee for a total cash transaction of \$10,010. What should you do and why?
2. Phillip Elliott, a longtime member of the credit union, comes into your credit union to withdraw \$12,500 in cash from his share savings account. Phillip says he is in a hurry as he has to post bail for his son. Phillip is agitated and upset because he does not want his son to spend the night in jail. Since you know Phillip very well you can enter "member is known to the credit union" as the identifying information in completing Item 14 on the Currency Transaction Report (CTR).

True _____ False _____
3. Which of the following need not be recorded when Bill Yoast purchases a monetary instrument between \$3,000 and \$10,000?

_____ a. Date of his purchase
_____ b. His name
_____ c. His occupation
_____ d. Serial and dollar numbers of each of the instruments purchased
_____ e. Type of instruments purchased
4. Frank Papale comes in with five payroll checks all endorsed over to him. He cashes the checks which come to a total of \$10,002.00. You do not need to file a CTR.

True _____ False _____
5. The credit union must aggregate the total amount of multiple sales of instruments (cashier's check, money order or traveler's check) purchased with currency by one member during one business day.

Yes _____ No _____

6. Daniel E. Ruettiger withdraws \$14,525.50 in cash from his share savings account, what dollar amount should be listed on the Currency Transaction Report (CTR)?
- a. \$14,526.00
 - b. \$14,525.00
 - c. \$14,525.50
 - d. a and c
 - e. b and c
7. George Gipp deposits \$9,000 in cash into his share checking account. He withdraws \$1,500 in cash from his share savings account. He also gives you \$5,000 in currency to be changed into pesos (for his upcoming vacation in Mexico) since your credit union offers currency exchange as one of its services. What dollar amount should be listed on the Currency Transaction Report (CTR)?
- a. \$15,500
 - b. \$10,500
 - c. \$14,000
 - d. b and c
 - e. None of the above
8. You have just learned that your credit union has filed several Suspicious Activity Reports (SARs) on Robert Boucher, Jr., your next door neighbor's only son. Your neighbor, Helen Boucher, is your friend and has expressed concerns about her son's activities. Helen thinks Bobby might be involved with drugs. Can you warn Helen that her son is being watched by the credit union and likely by law enforcement? After all, she is your neighbor and your friend.
- Yes _____ No _____
9. A Currency Transaction Report (CTR) FinCEN Form 104 needs to be filed (when mailed, not filed electronically) within how many days of the transaction?
- a. Within 24 hours
 - b. By the 5th calendar day
 - c. By the 15th calendar day
 - d. By the 25th calendar day
 - e. Within 48 hours
10. Which of the following are examples of potentially suspicious activities that should raise red flags, invite possible further investigation and a determination as to whether a Suspicious Activity Report (SAR) should be filed?
- a. Paul Crewe has opened several accounts for his landscaping business and makes frequent transfers funds among those accounts
 - b. Nate Ruffin frequently makes large cash deposits and maintains high balances in his account but he does not use other credit union services
 - c. Joe Pendleton's Dryclean Depot routinely makes numerous deposits of checks but rarely makes cash withdrawals for its daily operations
 - d. Robert Boucher, Jr.'s Pizza Shoppe has recently been making a number of cash purchases of traveler's checks and money orders
 - e. All of the above



NAFCU's Bank Secrecy Act (BSA) Quiz (#8) - Answer Key

1. You will need to prepare a Currency Transaction Report (CTR) for this transaction as the total cash amount is over \$10,000. You should follow your credit union's procedures for obtaining the member's identification and completing Part I and Part II of the form (FinCEN Form 104). C.F.R. § 103.22 (b)(1). You will also need to follow your credit union's procedures for recording the sale of cashier's checks as part of its monetary instruments recordkeeping. This should include recording the type, serial number and dollar amount of the purchased instrument. 31 C.F.R. § 103.33(e).
2. The correct answer is, False. Anyone (except armored car service employees) conducting a reportable CTR transaction either for themselves or on behalf of someone else must be identified by an official document or documents. If the documentation was examined and recorded on a signature card when the account was opened then a credit union can rely on this information to complete the CTR. However, you must indicate the method, type and number of the identification on the CTR. "Statements such as 'known member' or 'signature card on file' are not sufficient for form completion." FinCEN Form 104, Identification Requirements, page 1.
3. The correct answer is c. The purchaser's occupation is not required to be recorded for sales of monetary instruments pursuant to the recordkeeping requirements of 31 C.F.R. 103.29. FFIEC BSA/AML Examination Manual, 8/24/2007, page 96.
4. The correct answer is, False. A CTR would be required because the member is receiving more than \$10,000 in currency. See Answers to Frequently Asked Bank Secrecy Act (BSA) Questions, Question and Answer 13b, FinCEN website, www.FinCEN.gov.
5. The correct answer is, Yes. "Contemporaneous purchases of the same or different types of instruments totaling \$3,000 or more must be treated as one purchase. Multiple purchases during one business day totaling \$3,000 or more must be aggregated and treated as one purchase if the bank has knowledge that the purchases have occurred." FFIEC BSA/AML Examination Manual, 8/24/2007, page 96.

- 6.** The correct answer is a. If less than a full dollar amount is involved, increase that figure to the next highest dollar for the report. Currency Transaction Report (CTR) FinCEN Form 104, Instructions for Items 26 and 27, page 4.
- 7.** The answer is c. In this case the currency being exchanged is aggregated with each transaction, once with your member's deposit and then once again with the withdrawal. Cash in is a total of \$14,000 which meets the threshold requirement for a Currency Transaction Report (CTR). Cash out is a total of \$6,500 which does not meet the reporting threshold. 31 C.F.R. § 103.22(c)(2) and FinCEN Form 104.
- 8.** The answer is a resounding, No! SARs are confidential and not to be discussed with anyone. 12 C.F.R. § 748.1(5).
- 9.** The correct answer is c. Credit unions need to file the CTR by the 15th calendar day after the day of transaction. FinCEN Form 104, Instructions on when and where to file, page 3.
- 10.** The correct answer is e. According to the Office of the Comptroller of the Currency (OCC) Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) Comptroller's Handbook, all of these are examples of suspicious conduct and transactions activities that should raise red flags. BSA/AML Comptroller's Handbook, (September 2000, Revised for Web Publication, December 2000), pages 12-18.



NAFCU'S BANK SECRECY ACT (BSA) QUIZ (#9)

NAME: _____

DATE: _____

1. Addison DeWitt comes into your credit union. He would like to purchase a cashier's check for \$1,100.00. He is not a member, nor is he eligible to join the credit union. Can you conduct the transaction? Why or why not?
2. On Wednesday evening, Jeff D. Sheldrake, the owner of several fast food restaurants, makes a night deposit of \$4,015.90 in cash at the ATM machine at 8:30 pm. The next morning, Jeff makes an in-person cash deposit of \$6,355.75 at the credit union. The night deposit and the in-person deposit are credited to the account on the same business day. Does a Currency Transaction Report (CTR) need to be filed?

Yes _____ No _____

3. Which of the following businesses could be eligible for exemptions from reporting on the Currency Transaction Report (CTR)?
 - _____ a. The Hagen Law Firm
 - _____ b. McClusky's RVs R Us
 - _____ c. Brasi & Sons Fish Market, Inc.
 - _____ d. Greene and Fontane, CPAs
 - _____ e. Rizzi's Pawn Shop

4. Louis Renault, a ten-year member of the credit union, recently opened an account for his new coffee shop and laundromat business, "Coffee and Suds." Louis has made three large currency deposits of over \$10,000 within four weeks. Louis and "Coffee and Suds" can now be designated as Phase II exempt from currency transaction reporting.

True _____ False _____

5. Sophie Western makes a \$14,000 cash deposit into her share savings account. You prepare a Currency Transaction Report (CTR) for the transaction. She asks for a copy of the CTR. What do you do?

6. Bill Gillespie deposits \$11,500.00 in cash into his account. He then writes a check for \$9,000.00 to purchase a cashier's check. What would you report on the Currency Transaction Report (CTR)?

- a. \$11,500.00
- b. \$ 9,000.00
- c. \$20,500.00
- d. None of the above

7. Beth Jarrett has a \$20,000 share certificate that has just matured. She has requested the \$20,000 in the form of a cashier's check. Is a Currency Transaction Report (CTR) required in this case?

Yes _____ No _____

8. Billy Kramer wants to open a share savings account at the credit union. Billy is 14 years old. You cannot open an account for him because the Customer Identification Program (CIP) rule prohibits minors from opening an account.

True _____ False _____

9. Dan Taylor makes an \$11,050 cash deposit into Jenny Curran's share checking account. Whose name gets reported on the Currency Transaction Report (CTR)?

- a. Jenny Curran
- b. Dan Taylor
- c. Neither one of them
- d. Both of them

10. Katharine Clifton tells you that she wants to make a large cash withdrawal from her account. She says she knows from a previous transaction that there is a reporting threshold but can't remember the amount. You tell her that if she withdraws more than \$10,000 in cash that you will need to prepare a Currency Transaction Report (CTR). Katharine says that this is just too much trouble so she will only withdraw \$8,500 in cash. What should you do?



NAFCU's Bank Secrecy Act (BSA) Quiz (#9) - Answer Key

1. The correct answer is No. A credit union can issue cashiers checks to nonmembers only within the credit union's field of membership. See 12 C.F.R. § 701.30. Since this person is not eligible for membership, you would not be able to sell him the cashier's check.
2. The correct answer is Yes. Since the Wednesday night deposit was credited to the member's account on Thursday, the aggregate total in currency transactions for this member in one day is \$10,371.65 and triggers the CTR reporting threshold. 31 C.F.R. § 103.22(c)(2).
3. The answer would be "c", provided it qualifies for a Phase II exemption under 31 CFR §103.22(d)(2)(vii). The law firm, mobile home business, accounting firm and pawn shop are all ineligible for Phase II exemptions. Ineligible businesses are any whose primary activity is any of the following: "serving as financial institutions or agents of financial institutions of any type; purchase or sale to customers of motor vehicles of any kind, vessels, aircraft, farm equipment or mobile homes; the practice of law, accountancy, or medicine; auctioning of goods; chartering or operation of ships, buses, or aircraft; gaming of any kind (other than licensed parimutuel betting at race tracks); investment advisory services or investment banking services; real estate brokerage; pawn brokerage; title insurance and real estate closing; trade union activities; and any other activities that may be specified by FinCEN. A business that engages in multiple business activities may be treated as a non-listed business so long as no more than 50% of its gross revenues are derived from one or more of the ineligible business activities listed in this paragraph (d)(6)(viii)." See 31 §103.22(d)(6)(viii).
4. The correct answer is False. Before you can exempt a non-listed business, the member must have conducted at least five reportable transactions. The regulation states a credit union may designate a non-listed business before the member has maintained a transaction account at the credit union for at least two months if it conducts and documents a risk-based assessment of the member and "forms a reasonable belief that the customer has a legitimate business purpose for conducting frequent transactions in currency." 12 C.F.R. § 103.22 (d)(3)(ii)(B). FinCEN interprets "frequent" to mean five or more transactions per year as without such a volume a credit union could not reasonably expect to have sufficient knowledge of the member to justify the risk-based approach. *The Federal Register*, [73 Fed. Reg. 74014 (December 4, 2008)]. FinCEN also notes that the risk-based approach for determining when to exempt a Phase II member provides leeway only with respect to the timeframe, not to any of the other necessary criteria. FIN-2009-G003, page 5.
5. There is nothing in the regulations that says you can not give a copy of the CTR to your member. It is only Suspicious Activity Reports (SARs) that are required to be kept confidential. 12 C.F.R. § 748.1(c)(5). But your credit union is entitled to form its own policy by either saying "yes" or "no" to a request for copies. FinCEN confirms that though a CTR is not a protected document you are under no obligation to give your member a copy. CTRs contain information about the credit union and its employees that you may not want released.

6. The correct answer would be “a”. The CTR should only be filed for the \$11,500 cash transaction as that meets the reporting threshold of a currency transaction of over \$10,000. 31 C.F.R. § 103.22(b)(1). The second transaction does not involve currency and also falls below the reporting threshold. Cash in and cash out transactions amounts should be considered separately and not aggregated.
7. The correct answer is No. You only report currency transactions of more than \$10,000 on a CTR. There was no currency involved in this transaction therefore it is not reportable. 31 C.F.R. § 103.22(b)(1).
8. The correct answer is False. The CIP rule does not bar a minor from opening an account. The rule states that a credit union’s “customer” is the individual who opens the account for an individual who lacks legal capacity, such as a minor. 31 C.F.R. § 103.121(a)(3)(i)(B)(i). So if a parent opens an account for a minor, then your customer would be the parent. But if the minor opens the account, then the minor would be your customer. For example, a credit union might send its employees out to an elementary school where students might open an account as part of a program to promote financial literacy. The students would be the credit union’s customer. In the situation where a minor is opening an account, as when any individual opens an account, the credit union should get the name, address, date of birth and taxpayer identification number of the minor. Since verification procedures are risk-based, credit unions can use any reasonable documentary or non-documentary method to verify a minor’s identity. In the elementary school example, a credit union might verify a student’s identity using a student identification card or by having the student’s teacher confirm the student’s identity. Office of Thrift Supervision (OTS), Memorandum on Frequently Asked Questions About the Final Section 326 Customer Identification Program Rules, page 6.
9. The correct answer would be “d”. Since Dan is conducting the transaction on behalf of Jenny, both individuals need to be reported on the CTR. “If an individual conducts a transaction on behalf of another person(s), complete Section “B” for the individual conducting the transaction, and complete Section “A” for each person on whose behalf the transaction is conducted of whom the financial institution has knowledge. FinCEN Form 104, Part I, Person(s) Involved in Transaction(s), page 3.
10. You should discuss the situation with your supervisor. Although the dollar amount in this case did not meet the CTR filing threshold, Katharine appears to be intentionally withholding part of the withdrawal in order to keep the transaction from being reported. Your credit union will likely want to review this member’s account history and will likely want to file a Suspicious Activity Report (SAR) on Katharine. However, you do **not** want Katharine to know that your credit union may file a SAR so do not discuss this with her. 31 C.F.R. § 103.18.