

Sample: BSA-Specific Preliminary Warning Letter

Date

Hand Delivered (if applicable)

Board of Directors
[NAME] Federal Credit Union
Address
City, State Zip

Dear Board Members:

Preliminary Warning Letter

This Preliminary Warning Letter (PWL) provides formal notification to the board of directors prior to the National Credit Union Administration (NCUA) taking administrative enforcement action against the credit union as authorized by Section 206 of the Federal Credit Union Act. This PWL is necessary because of the failure of [credit union name] Federal Credit Union's board of directors to implement action to correct significant Bank Secrecy Act (BSA) violations noted in the [date] and the [date] examination reports.

Specifically, the board of directors has not complied with BSA requirements by failing to:

- Implement an adequate anti-money laundering program designed to identify and report transactions indicative of money laundering and other suspicious activity
- Complete an adequately comprehensive enterprise-wide BSA risk assessment
- Establish and implement adequate internal controls with respect to the BSA. This includes developing and maintaining a list of high-risk and moderate-risk members, and ensuring account activities of high-risk and moderate-risk members are reviewed and analyzed periodically
- Develop and implement due diligence and account monitoring processes for business accounts based on your risk assessment of account activities
- Perform independent testing of the BSA/anti-money laundering program, including suspicious activity reporting

The regulations enacted by the Financial Crimes Enforcement Network (FinCEN) and the National Credit Union Administration to implement the BSA can be found in the Code of Federal Regulations at 31 CFR Part 1020 and 12 CFR Part 748. Under the authority of the U.S. Congress and FinCEN, NCUA is required to enforce compliance with the Bank Secrecy Act. It is imperative you become familiar with and fully comply with these regulations.

I expect management to implement corrective action to address the above violations no later than the dates detailed in the [date] examination report. Failure to comply could result in administrative enforcement against your credit union and/or its officials.

Please provide examiner [NAME] with monthly written updates on the specific corrective actions you have taken to achieve full compliance with all BSA requirements. Please contact examiner [NAME] at [phone number] with any questions.

Sincerely,

[NAME]
Regional Director

[Office]/[WRITER'S INITIALS]
SSIC XXXX
Charter #

cc: Board Chairperson, [NAME] FCU
CEO, [NAME] FCU
SE
EX
SSA (when applicable)

[separate page]
bcc: File FCU xxxxx-Group/District
Reading File
Administrative Action Database File