



Division of Supervision and Consumer Protection MEMORANDUM SYSTEM	Classification Number: 6462
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MEMORANDUM TO: Regional Director
FROM: Michael J. Zamorski
Director
SUBJECT: Bank Secrecy Act Examination Procedures

1. **Purpose.** To establish interim, discretionary examination procedures for conducting Bank Secrecy Act (BSA) compliance examinations.
2. **Background.** The BSA Examination Documentation (ED) Module is intended to enhance examination resource efficiency and provide a more proactive approach to BSA examinations. Current examination directives instruct that examination specialty areas such as BSA are not addressed in MERIT Guidelines and as such, compliance should be assessed using current risk-focused procedures. Although the use of ED Modules is discretionary, examiners were encouraged to utilize the BSA ED Module to document procedures used to assess the bank's anti-money laundering program. A study is being conducted to assess the overall effectiveness and efficiency of current policy and practice regarding examination documentation procedures. In the interim, BSA examination procedures have been revised to include reviewing compliance with new sections of the BSA required by the USA PATRIOT Act of 2001. The attached procedures are intended to replace the existing BSA ED Module until the study is completed and appropriate recommendations are made. In addition, an information request list is provided to facilitate BSA compliance reviews using the interim procedures.
3. **Responsibility and Action.** Consistent with outstanding examination directives, examiners may use these interim procedures and information request at their discretion on every safety and soundness examination until further notice. Examiners should be cognizant that banks are not required to be in compliance with Section 31 CFR 103.121 until October 1, 2003; therefore, banks should not be criticized for not having implemented a Customer Identification Program until after that date.
4. **Effective Date.** This memorandum is effective immediately.
5. **Distribution.** This memorandum should be distributed to all safety and soundness examiners.

Attachment
Transmittal No: 03-042

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