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**Board of Governors of the Federal Reserve System  
Federal Deposit Insurance Corporation  
National Credit Union Administration  
Office of the Comptroller of the Currency  
Office of Thrift Supervision  
Financial Crimes Enforcement Network**

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June 30, 2005

**TO EACH BANKING ORGANIZATION SUPERVISED BY THE FEDERAL BANKING  
AGENCIES**

**SUBJECT:** Federal Financial Institutions Examination Council Bank Secrecy Act/Anti-Money  
Laundering Examination Manual

The Federal Financial Institutions Examination Council issued today the Bank Secrecy Act /Anti-Money Laundering (BSA/AML) Examination Manual (Manual).<sup>1</sup> The Manual is the result of a collaborative effort of the federal banking agencies<sup>2</sup> and the Financial Crimes Enforcement Network (FinCEN), to ensure consistency in BSA/AML examinations. The Manual includes the examination procedures that examiners will begin using during the third quarter of 2005 when conducting BSA/AML examinations of banking organizations.<sup>3</sup>

The Manual reinforces the agencies' position that sound BSA/AML risk management enables a banking organization to identify BSA/AML risks and better direct its resources, with the ultimate goal of safeguarding its operations from money laundering or terrorist financing. The Manual does not set new standards; instead, it is a compilation of existing regulatory requirements, supervisory expectations, and sound practices in the BSA/AML area. In fact, while the document is approximately 300 pages in length, more than two-thirds of it is dedicated to providing narrative guidance and resource materials. Compliance and business line personnel should review this Manual carefully to ensure that your banking organization is properly addressing BSA/AML compliance and risk management issues.

The guidance and procedures contained within the Manual will assist examiners, as well as banking organizations, in understanding relevant laws and regulations. To this end, the Manual provides the following:

- An overview of BSA/AML and Office of Foreign Assets Control compliance obligations placed on banking organizations,
- Supervisory expectations in this area, and
- Guidance on identifying and controlling risks.

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<sup>1</sup> The Manual can be found at: [www.ffiec.gov/pdf/bsamannual.pdf](http://www.ffiec.gov/pdf/bsamannual.pdf).

<sup>2</sup> The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and Office of Thrift Supervision. In addition, through the Conference of State Bank Supervisors, the state banking agencies played a consultative role.

<sup>3</sup> The term "banking organization" used throughout this letter includes commercial banks, savings associations, and credit unions.

The federal banking agencies and FinCEN have planned a series of nationwide conference calls and regional outreach meetings to assist banking organizations in further understanding the Manual. More information, including logistics and registration, is being distributed separately.<sup>4</sup>

The Manual will be reviewed and updated as necessary as new regulations and guidance are issued, technology advances, and money laundering and terrorist financing risks evolve. For more information, please contact the local office of your federal banking agency.

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Susan Schmidt Bies, Governor  
Board of Governors of the Federal  
Reserve System

*(signed)*

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Julie L. Williams, Acting Comptroller  
Office of the Comptroller of the Currency

*(signed)*

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Donald E. Powell, Chairman  
Federal Deposit Insurance Corporation

*(signed)*

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Richard M. Riccobono, Acting Director  
Office of Thrift Supervision

*(signed)*

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JoAnn Johnson, Chairman  
National Credit Union Administration

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William J. Fox, Director  
Financial Crimes Enforcement Network

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<sup>4</sup> The national conference calls and regional outreach events will be conducted by the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Office of Thrift Supervision, and FinCEN.