

**DATE:** September 9, 2019  
**BULLETIN:** 2019-KDCU-CUB-10  
**TO:** Kansas Chartered Credit Unions  
**SUBJECT:** USA Patriot Act §§314(a) and 314(b)

## **USA PATRIOT ACT §§314(A) AND 314(B)**

When enacted following the September 9, 2011, attacks in New York and Washington, D.C., the USA Patriot Act required the Secretary of the Treasury to adopt regulations to encourage regulatory authorities to share with financial institutions information regarding individuals, entities and organizations engaged in or reasonably suspected, based on credible evidence, of engaging in terrorist acts or money laundering activities. The Financial Crimes Enforcement Network (FinCEN) established the §314(a) program, which requires certain financial institutions to search their records and identify if they have responsive information with respect to the investigative subject. This program enables federal, state, local and foreign (European Union) law enforcement agencies to reach out to more than 37,000 points of contact at 16,000 financial institutions.

FinCEN receives requests from law enforcement and, upon review, sends notifications to designated contacts within financial institutions every two weeks advising that new information is now available through the secure website. Following this notification, financial institutions have two weeks to respond with positive matches. This process provides leads but is not a substitute for a subpoena or other legal process. To obtain documents from the financial institution in support of a positive match, law enforcement must still meet the applicable legal standards.

During the exam process, KDCU staff will verify the credit union is timely in the “scrub” of their member database to check for matches to the §314(a) list.

In order to better identify and report potential money laundering and terrorist activities, §314(b) of the USA Patriot Act provides financial institutions safe harbor protections from liability so they may share information with other financial institutions about common members/customers. The benefits to this voluntary information sharing include:

- Shedding more light on overall financial trails, especially if complex and layered amongst numerous financial institutions;
- Alerting other participating financial institutions to customers whose suspicious activities it may not have been previously aware; and
- Identifying and aiding in the detection of money laundering and terrorist financing methods and schemes.

Information can be shared for the purposes of identifying and reporting activities that may involve possible money laundering and terrorist activity. For more information on the registration process, check out the [FinCEN](#) website.

While information sharing is voluntary, KDCU recommends credit unions consider the benefits of participating in the program.