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TO: Kansas Chartered Credit Unions
SUBJECT: NCUA Letter to Credit Unions 21-CU-05

NCUA LETTER TO CREDIT UNIONS 21-CU-05

On June 30, 2021, the National Credit Union Administration (NCUA) issued [LTC 21-CU-05](#) addressing the government-wide priorities released by the Financial Crimes Enforcement Network (FinCEN) as required by the [Anti-Money Laundering Act of 2020 \(AMLA\)](#). While the guidance provided will not become mandatory until regulations are issued, credit unions may begin to consider how they will incorporate the Anti-Money Laundering/Countering the Financing of Terrorism (AML/CTF) priorities into risk-based Bank Secrecy Act (BSA) compliance programs.

These first government-wide priorities are, in no particular order: (1) corruption; (2) cybercrime, including relevant cybersecurity and virtual currency considerations; (3) foreign and domestic terrorist financing; (4) fraud; (5) transnational criminal organization activity; (6) drug trafficking organization activity; (7) human trafficking and human smuggling; and (8) proliferation financing. These are intended to assist financial institutions with meeting their obligations under AML/CTF regulations.

Three of the above-listed priorities are highlighted below:

- **Cybercrime:** Defined as “any illegal activity that involves a computer, another digital device, or a computer network” and common threats are social engineering, software vulnerability exploits and network attacks. Cybercrime is a significant threat as size, reach, speed and accessibility of the United States financial institutions make them attractive targets. Ransomware attacks increased dramatically in 2020 and 2021 and continue to pose a threat to the critical infrastructure, including national security and economic prosperity.

- **Fraud:** Fraudulent schemes which generate the largest amount of illicit proceeds include bank fraud. These schemes are increasing in frequency and include those which are internet-enabled, such as romance scams, synthetic identity fraud and other forms of identity theft. FinCEN has issued several [advisories](#), including one addressing COVID-related fraud. Proceeds can be laundered through a variety of methods.

- **Human Trafficking and Human Smuggling:** Financial activity from human trafficking activities can intersect with the financial system at any point during the process. There are a variety of ways to move the proceeds from cash smuggling by individual victims to professional money laundering networks. The monies could be associated with logistics, for example, housing and transportation of victims, as well as earnings from the exploitation of victims.

Examiners will not look for the incorporation of these priorities into credit union programs until formalized by regulations; however, credit unions should begin to consider how the priorities will be incorporated once regulations are adopted.