

Trainer's Guide

Deposits and Movement of Funds

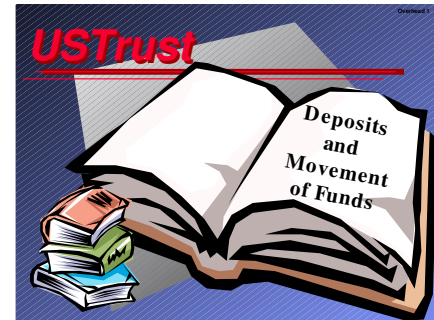


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Introduction

Display Slide 1.



Welcome

Welcome participants to Deposits and Movement of Funds Compliance Training.

- *Ask the participants to write their names on the name tents in front of them.*
- *Introduce yourself, if necessary.*
- *Ask the participants to introduce themselves by giving their names, departments and the amount of experience they have.*

Point out that they have a detailed reference for this class that you will be referring to throughout the training session. Explain that the Retail Compliance Reference Guide will be helpful during the class as well as back on the job.

Display Slide 2.

A slide with a yellow background and a purple header. The header reads 'Objectives' in white text. Below the header, the text reads 'For Regulation CC, Bank Secrecy Act, & Office of Foreign Asset Control:' followed by two bullet points: '• Explain the regulation' and '• Describe USTrust's related policies and procedures.' The USTrust logo is visible in the bottom right corner of the slide.

Objectives

Introduce the objectives for this session. Point out that at the conclusion of this training, the participants will be able to:

- Explain the requirements of Regulation CC, the Bank Secrecy Act and the Office of Foreign Asset Control.
- Describe USTrust's policies and procedures related to Regulation CC, the Bank Secrecy Act, and the Office of Foreign Asset Control.

Question

Question:

Before continuing, ask the participants if they have any questions about what they will be learning in this training session.

Regulation CC

Display Slide 3.



Topics

Point out that this training session is divided into three sections that will be presented in this order:

- Regulation CC - Explain that you will begin Regulation CC in a moment.
- Bank Secrecy Act
- Office of Foreign Assets Control


Display Slide 4.

Overhead 4

Regulation CC
Availability of Funds and Collection of Checks
(Expedited Funds Availability Act - EFA)

This act requires banks to:

- **Make deposited funds available to customers within specific time frames.**
- **Properly disclose the bank's funds availability policy.**
- **Expedite the return of unpaid checks.**



Regulation CC

Present the purpose of Regulation CC. Explain that the focus of Regulation CC is to regulate the availability of funds deposited at banks and other institutions.

Point out that Regulation CC is designed to implement the Expected Funds Availability Act (EFA). Regulation CC provides guidelines relating to:

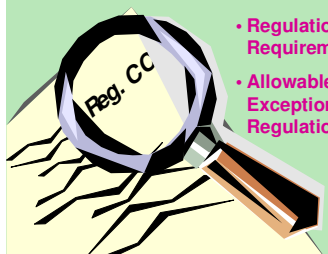
- Availability of funds deposited into bank accounts. Regulation CC provides rules that banks must follow regarding the availability of funds. It defines the amount of time after deposit that the funds must be available for withdrawal.
- Communication of fund availability to customers. Regulation CC directs banks to communicate its policies regarding the availability of funds to customers for both standard and exception situations.
- Collection of and return of checks. Regulation CC has established rules for the time it takes checks to be processed through banks and the Federal Reserve system.
- Responsibility of banks for returning unpaid checks expeditiously. Finally, Regulation CC dictates that banks must process unpaid checks expeditiously.

Point out to the class that the focus of this training is on the first two bullets on the Slide. The training regarding these items will focus on USTrust Bank's policies that address the availability of funds.

Display Slide 5.

Overhead 5

...Closer Look at Regulation CC



- **Regulation CC Requirements**
- **Allowable Exceptions to Regulation CC**

Deposits and Movement of Funds

Closer Look at Regulation CC

Explain that a closer look at Regulation CC distinguishes between requirements for:

- The implementation of Regulation CC.
- Allowable exceptions to the regulation.

Point out that you will present USTrust's policies as they apply to both normal Regulation CC situations, and the policies for availability of funds under Regulation CC exceptions.

Reference Guide

Point out that all the information you are about to present is in the Reference Guide beginning on page 4.

Display Slide 6.

Regulation CC Requirements

Defines the maximum time frame for making funds available for withdrawal depending on instrument deposited:

- Cash
- Low Risk Checks
- Local Checks
- Non-Local Checks

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19	20	21	22	23	18
26	27	28	29	30	25

Regulation CC Requirements

Explain that Regulation CC imposes maximum time frames for making deposited funds available for withdrawal. The specific time frame depends on the type of instrument deposited.

- Cash
- Low risk checks including government checks and bank checks
- Local checks
- Non-local checks (Note that the difference between local and non-local checks will be discussed next.)

Define “float”: The delay between the time a deposit is processed and the point at which it becomes available for withdrawal is sometimes referred to as “float.”

Display Slide 7.

Local vs. Non-local Checks

The routing number is the first four digits on the bottom of the check.

BOB JONES 2048
1-390/ 0110

DATE _____

PAY TO THE ORDER OF _____ \$ _____
DOLLARS

FIRST NATIONAL BANK

⑆0110⑆0390⑆1770⑆964076⑆2048

Local Checks: 0110-0119, 0211, 2110-2119, 2211

Local vs. Non-Local Checks

Explain that a local check is drawn on an institution that uses the same Federal Reserve Processing Region as USTrust. All checks that are drawn on banks that use the First Federal Reserve District, which is also known as the Federal Reserve Bank of Boston, are local checks.

Explain that the routing number that appears on every check can be used to determine it is a local check. The following routing numbers will appear on checks that are drawn from institutions that use the same the First Federal Reserve District as USTrust:

- 0110 - 0119
- 0211
- 2110 - 2119
- 2211

Point out that non-local checks are drawn on banks outside the First Federal Reserve District. Checks drawn on those banks display routing numbers other than those listed on the Slide.

Display Slide 8.

Reference Guide Page 5.



Low Risk Deposits

Point out that deposits which are considered to be low risk, may be made available for withdrawal earlier than other types of deposits. Low risk deposits contain one or more of the checks listed below:

- Official bank checks
- Certified checks
- Checks drawn on the U.S. Treasury
- Postal Money Orders
- Official state government checks
- Official local government checks

Deposits and Movement of Funds

Display Slide 9.

Regulation CC - Funds Availability

If the deposit is:	Then funds will be available:
Cash	1 st business day after the day of deposit.
Checks drawn on USTrust	
Low risk item	
Wire transfers	Same day as deposit.
Local checks	<ul style="list-style-type: none"> \$100 must be available on the 1st business day after the day of deposit. Rest is available on the 2nd business day after the day of deposit.
Non-local checks	<ul style="list-style-type: none"> \$100 must be available on the 1st business day after the day of deposit. Rest is available on the 5th business day after the day of deposit.

Regulation CC - Funds Availability

Review the Regulation CC requirements for making deposited funds available for each deposit type. Mention that a copy of this table appears in the Reference Guide.

If the deposit is:	Then funds will be available:
Cash	1 st business day after the day of deposit.
Checks drawn on USTrust	
Low risk item	
Wire transfers	Same day as deposit.
Local checks	<ul style="list-style-type: none"> \$100 must be available on the 1st business day after the day of deposit. Rest is available on the 2nd business day after the day of deposit.
Non-local checks	<ul style="list-style-type: none"> \$100 must be available on the 1st business day after the day of deposit. Rest is available on the 5th business day after the day of deposit.

Regulation CC - Funds Availability

It is important that the participants understand that the requirements above are the maximum float periods allowable under Regulation CC. In some cases, USTrust's policies make funds available for withdrawal earlier than Regulation CC requirements.

Mention that they will learn more about USTrust policies in a next.

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**Reference
Guide Page 6.**

Regulation CC - Exceptions

- *New accounts*
- *History of repeated overdrafts*
- *Large deposits (over \$5,000)*
- *Reason to believe check will be returned unpaid*

**Regulation CC -
Exceptions**

Explain that Regulation CC allows exceptions under specific situations. Explain that in certain situations, Regulation CC allows banks to hold deposited funds for a longer period of time before making them available for withdrawal.

Review these situations:

- New accounts. Customers with no prior deposit relationship with a bank may be subject to delays in availability during the first 30 days after opening a new account.
- History of repeated overdrafts. Customers who repeatedly overdraw their account may be subject to delayed availability of funds.
- Large deposits over \$5,000. Customers who deposit checks in amounts greater than \$5,000 may be subject to a delay in the availability of those funds.
- Reason to believe the check will be returned unpaid. If the bank has a legitimate reason to believe that the check will be returned unpaid (i.e. re-deposited item), the availability of funds may be delayed.

Transition

Explain that what you have presented so far relates to Regulation CC requirement. You will now discuss USTrust's policies related to Regulation CC.

Explain that all new customers are given the brochure "Your Personal Deposit Account at USTrust" which contains full disclosure of the bank's funds availability policy. In addition, a notice of funds availability disclosure is posted in all USTrust branches and ATM sites.

Deposits and Movement of Funds

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Reference Guide Page 7.

Overhead 11

If the deposit is:	Then funds will be available:
Cash	1 st business day after the day of deposit.
On-us-check (UStTrust check)	
Local check	
Low risk item	
Wire transfer	Same day as deposit.
Preauthorized credit	
Non-local check	<ul style="list-style-type: none"> \$100 must be available on the 1st business day after the day of deposit. Rest must be available on the 2nd business day after the day of deposit.

UStTrust Availability of Funds Policy

Once again point out that UStTrust’s policy for the availability of funds is more liberal than defined in Regulation CC.

Explain that this means that in most instances UStTrust’s standard policy makes funds available in a shorter period of time than required by Regulation CC.

The details of UStTrust’s standard policy are addressed in the table below. Review this information with the participants.

If the deposit is:	Then funds will be available:
Cash	1 st business day after the day of deposit.
On-us-check (UStTrust check)	
Local check	
Low risk item	
Wire transfer	Same day as deposit.
Preauthorized credit	
Non-local check	<ul style="list-style-type: none"> \$100 must be available on the 1st business day after the day of deposit. Rest must be available on the 2nd business day after the day of deposit.

UStTrust Delays Availability Processing System

Explain to the participants that UStTrust’s systems automatically process deposits and makes funds available according to UStTrust’s standard policy.

However, in certain instances, an exception to UStTrust and/or to the requirements of Regulation CC may be permitted.

Point out that in some cases the “exceptions” will result in expediting the availability of deposited funds while in other instances the availability of funds will be deferred.

Deposits and Movement of Funds

In any case, a special hold ticket is necessary to process a deposit containing a check which is considered to be an exception.

Explain that you will discuss each of these in turn, beginning with low risk deposits.

Remind participants that low risk deposit contains one or more of the following checks:

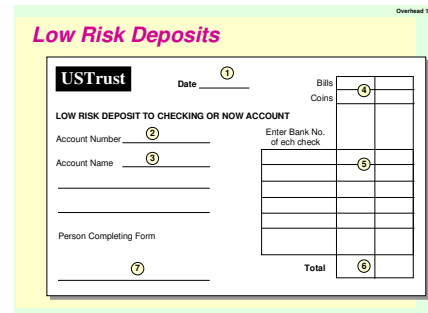
- Official bank checks
- Certified checks
- Checks drawn on the U.S. Treasury
- Postal Money Orders
- Official state checks
- Official local government checks

It is important that the class understand that they are not responsible for identifying low risk checks within a customer's deposit. However, when a customer specifically requests next day availability on a low risk instrument about to be deposited, a Low Risk Deposit Ticket may be completed if:

- The check is being deposited into an account owned by the payee on the check.
- The payee on the check is presenting the deposit in person.

Display Slide 12.

Reference Guide Page 8.



The image shows a 'Low Risk Deposits' form from USTrust. The form is titled 'Low Risk Deposits' in pink text at the top. It includes a USTrust logo and a 'Date' field with a circled 1. Below the logo is a table for 'Bills' and 'Coins' with a circled 4. The main section is 'LOW RISK DEPOSIT TO CHECKING OR NOW ACCOUNT', which includes fields for 'Account Number' (circled 2), 'Account Name' (circled 3), and 'Person Completing Form' (circled 7). To the right of these fields is a table for 'Enter Bank No. of each check' with a circled 5. At the bottom right, there is a 'Total' field with a circled 6. The form is set against a light green background.

Low Risk Deposits

Review how the following information must be entered into the Low Risk Deposit Ticket:

- Today's date.
- USTrust account number to which the deposit is being made.
- Name and address of the account owner(s).
- Amount of cash being deposited.
- Bank number and amounts of each check.
- Total amount.
- Your name.

Deposits and Movement of Funds

**Display Slide
13.**

**Reference
Guide Page 9.**

Overhead 13

UStTrust's Exception Policy:
New Account Hold (Implemented only if bank personnel thinks it necessary)

If the deposit is:	Then funds will be available:
Cash	
Checks drawn on UStTrust	1 st business day after the day of deposit.
Wire transfers	
Local checks	7 th business day after the day of deposit.
Non-local checks	11 th business day after the day of deposit.
Low risk items	Hold in accordance with local and non-local guidelines above.

**New Account
Hold Policy**

Point out that according to Regulation CC, customers with no prior deposit relationship with UStTrust may be subject to delays in the availability of funds deposited into a new account.

UStTrust's policy states that a new account hold may be placed at the discretion of the representative opening the account.

Although, it is important to note that new customers are not generally subject to the new account hold at UStTrust.

If the representative determines that a hold is warranted the following schedule of funds availability is applicable. Review this information.

If the deposit is:	Then funds will be available:
Cash	
Checks drawn on UStTrust	1 st business day after the day of deposit.
Wire transfers	
Local checks	7 th business day after the day of deposit.
Non-local checks	11 th business day after the day of deposit.
Low risk items	Hold in accordance with local and non-local guidelines above.

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14.**

**Reference
Guide Page 7.**

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Completing New Account Notice of Hold:

UStTrust

**NEW ACCOUNT NOTICE OF HOLD
FOR INTERNAL USE ONLY**

ACCOUNT NAME (1) _____ DATE ACCOUNT OPENED (2) _____

ACCOUNT NUMBER (3) _____ DEPOSIT AMOUNT \$ (4) _____

DEPOSIT DATE (5) _____

Please delay the availability of \$ (6) _____ from this deposit and make the funds available for withdrawal on the (7) _____ business day after the day of the deposit.

DEPOSIT BREAKDOWN

INFORMATION

Cash Amount \$ _____

Deposits and Movement of Funds

New Account Notice of Hold

Tell the class that USTrust's policy requires that a New Account Notice of Hold Form be completed for all new account exceptions.

Point out to the class that the top part of the form appears on the Slide. Review the information that must be entered:

1. Customer's name that is on the account for which funds are being held.
2. Full 10 digit account number. Include account type (DDA or SAV).
3. Date account was opened.
4. Total amount of deposit.
5. Transaction date.
6. Portion of deposit for which availability is delayed.
7. The number of days after the date of the deposit that funds will be available for withdrawal. This should be a maximum of 7 business days for low risk items and 11 business days for all other deposits.

Display Slide 15.

Overhead 15

Completing New Account Notice of Hold:

availability of \$ _____ from the _____ business day after the day of the deposit.

_____ business day after the day of the deposit.

DEPOSIT BREAKDOWN		CHECK INFORMATION	
Cash Amount	\$ _____	Circle One: LOCAL NON-LOCAL	
Lo-Risk Chks	\$ _____	Description of Check(s)	
Local Checks	\$ _____		
Non-Local Chks	\$ _____		
TOTAL DEPOSIT	\$ _____		

FOR ACCTS. PROCESSING ONLY

Employee Name _____ Funds Avail _____

New Account Notice of Hold

8. Itemize each of the components of the deposit.
9. Circle the appropriate selection.
10. Provide the following information for each check that will be placed on hold:
 - Bank on which the check(s) is drawn.
 - Date of each check.
 - Name of the payee(s).
 - Check number(s)

Deposits and Movement of Funds

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Completing New Account Notice of Hold:

TOTAL DEPOSIT \$ _____

FOR ACCTS. PROCESSING ONLY

Employee Name _____ (1)	Date Funds Avail _____
Branch _____ (2)	Expiration Date _____
Phone Number _____ (3)	Input Date _____ By _____
Date Notified Accts Proc _____ (4)	Verified By _____
Contact Person _____ (5)	

Top / White Accts Proc. Second / Yellow Acct. Officer

New Account Notice of Hold

11. Full name of the employee who completed the form.
12. Branch location where the deposit was received.
13. Telephone number with extension of the employee who completed the form.
14. The date on which the employee in Accounts Processing was notified.
15. Name of the employee in the Accounts Processing area who received the completed form.

Display Slide 17.

Reference Guide Page 13.

Overhead 17

**UStTrust's Exception Policy:
Exception Holds Policy**

If the deposit is:	Then funds will be available:
Local checks	7 th business day after the day of deposit.
Non-local checks	11 th business day after the day of deposit.
Low risk items	Hold in accordance with local and non-local guidelines.

Exceptions Hold Policy

Explain that under certain circumstances, Regulation CC allows banks to extend the availability of items. UStTrust refers to these as exception holds.

Exceptions hold can be utilized in these situations:

- History of repeat overdrafts
- Reason to believe the check will be returned
- Emergency condition
- Re-deposited item

UStTrust's policy appears in the table that appears on the Slide. This table also appears here:

Deposits and Movement of Funds

If the deposit is:	Then funds will be available:
Local checks	7 th business day after the day of deposit.
Non-local checks	11 th business day after the day of deposit.
Low risk items	Hold in accordance with local and non-local guidelines.

Display Slide 18.

Reference Guide Page 14.

Notice of Exceptions Hold

Point out that when an exception hold is appropriate, the customer must receive a Notice of Exceptions Hold form. This document informs the customer that the availability of funds is delayed.

Explain that the notice must be given at the time of deposit or mailed no later than the first business day following the day the bank became aware of the exception situation.

Review the information necessary for completing this form:

1. Customer's name that is on the account for which funds are being held.
2. Full 10 digit account number. Include account type (DDA or SAV).
3. Total amount of the deposit.
4. Date of the deposit.
5. Amount of deposit for which availability is delayed.
6. The number of days after the day of deposit that the delayed funds will be available for withdrawal. This will be a maximum of 7 business days for low risk items and 11 business days for all other deposits.
7. Check the appropriate reason.

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Completing Notice of Exceptions Hold:

Deposits and Movement of Funds

Display Slide 19.

Overhead 19

Completing Notice of Exceptions Hold:

If you did not receive this notice at the time of you made the deposit and the check(s) you deposited are paid, we will refund to you any fees for overdrafts/returned checks that result solely from the additional delay we are imposing. To obtain a refund of such fees, please contact:

Branch (8) Employee Name (9) Phone # (10)

Customer Signature (11)

Employee Signature (12)

Today's Date (13)

FOR INTERNAL USE ONLY

DEPOSIT BREAKDOWN		CHECK INFORMATION	
Cash Amount \$		Circle One: LOCAL	NON-LOCAL
Lo-Risk Amt \$		Description of Check(s) (14)	
Local Checks \$			
Non-Local Chks \$			
TOTAL DEPOSIT \$			

Notice of Exceptions Hold

8. Location where the deposit was received and the notice was generated.
9. Full name of the branch employee who completed the form.
10. Telephone number and extension of the branch employee who completed the form.
11. The signature of the person on whose behalf the deposit is being made.
12. The signature of the employee who completed the form.
13. The date on which the form was completed and processed.

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Completing Notice of Exceptions Hold:

FOR INTERNAL USE ONLY

DEPOSIT BREAKDOWN (15)		CHECK INFORMATION	
Cash Amount \$		Circle One: (16) LOCAL	NON-LOCAL
Lo-Risk Amt \$		Description of Check(s) (14)	
Local Checks \$			
Non-Local Chks \$			
TOTAL DEPOSIT \$			

Date Notified Accts Proc. (17)

Contact Person (18)

Date Mailed to Customer (19)

FOR ACCTS. PROCESSING ONLY

Date Funds Avail _____

Expiration Date _____

Input Date _____ By _____

Verified By _____

Top / White Accts Proc. Second / Yellow Acct. Office

Notice of Exceptions Hold

14. Itemize each of the components of the deposit.
15. Circle the appropriate selection.
16. Provide the following information:
17. Bank on which the check is drawn.
18. Date on the check.
19. Name of the payee.
20. The date on which the employee in Accounts Processing was notified.
21. Name of the employee in the Accounts Processing area who received the completed form.
22. The date on which the employee in Accounts Processing

Deposits and Movement of Funds

mailed the form to the customer.

Display Slide 21.

Reference Guide Page 17.

Overhead 21

**UStTrust's Exception Policy:
Case by Case Holds Policy**

If the deposit is:	Then funds will be available:
Local checks	<ul style="list-style-type: none"> \$100 must be available 1st business day after the day of deposit. Remainder must be available 2nd business day after deposit.
Non-local checks	<ul style="list-style-type: none"> \$100 must be available 1st business day after the day of deposit. Remainder must be available 5th business day after deposit.

Case by Case Holds Policy

Point out that because UStTrust makes funds available sooner than is required under Regulation CC, UStTrust may use its discretion to hold availability of funds to the extent allowable by the requirements of Regulation CC.

UStTrust takes this privilege using its Case by Case Holds policy. Review the details of this policy as they appear on the Slide and here:

If the deposit is:	Then funds will be available:
Local checks	<ul style="list-style-type: none"> \$100 must be available 1st business day after the day of deposit. Remainder must be available 2nd business day after deposit.
Non-local checks	<ul style="list-style-type: none"> \$100 must be available 1st business day after the day of deposit. Remainder must be available 5th business day after deposit.

Display Slide 22.

Reference Guide Page 18.

Overhead 22

Completing Notice of Case-By Case Hold:

UStTrust

NOTICE OF CASE-BY-CASE HOLD

ACCOUNT NAME (1) _____ DEPOSIT AMOUNT \$ (2) _____
 ACCOUNT NUMBER (3) _____ DEPOSIT DATE (4) _____

(check one box) save)

We are delaying the availability of \$ (5) _____ from this deposit. These funds will be available for withdrawal on the (6) _____ business day after the day of the deposit.

If you did not receive this notice at the time of you made the deposit and the check(s) you deposited are paid, we will refund to you any fees for overdraft/returned checks that result solely from the additional delay we are imposing. To obtain a refund of such fees, please contact:

Branch (7) _____ Employee Name (8) _____ Phone # (9) _____

Customer Signature _____
 Employee Signature _____
 Today's Date: _____

Deposits and Movement of Funds

Notice of Case by Case Hold

Point out that like all other exceptions, USTrust has a form that must be completed to initiate the exception. The Notice of Case-by-Case Hold form must be used in this situation.

Review the information that must be provided to complete this form:

1. Customer's name that is on the account for which funds are being held.
2. Full 10 digit account number. Include the account type (DDA and SAV).
3. Total amount of the deposit.
4. Date of the deposit.
5. Amount of deposit for which availability is delayed.
6. Number of days after the day of the deposit that the delayed funds will be available for withdrawal. This will be a maximum of 7 business days for low risk items and 11 business days for all other deposits.
7. Location where the deposit was received and the notice was generated.
8. Full name of the Branch employee who completed the form.
9. Telephone number and extension of the Branch employee who completed the form.

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Overhead 23

Completing Notice of Case-By Case Hold:

When a refund of such fees, please contact:

Branch _____ Employee Name _____ Phone # _____

Customer Signature _____ (1)

Employee Signature _____ (2)

Today's Date: _____ (3)

FOR INTERNAL USE ONLY

DEPOSIT BREAKDOWN	CHECK INFORMATION
Cash Amount \$ _____ (4)	Circle One: (5) LOCAL NON-LOCAL
Lo-Risk Amt \$ _____	Description of Check(s) _____ (6)
Local Checks \$ _____	
Non-Local Cks \$ _____	
TOTAL DEPOSIT \$ _____	

Date: _____

FOR ACCTS. PROCESSING ONLY

Deposits and Movement of Funds

Notice of Case by Case Hold

10. Signature of the person on whose behalf the deposit is being made.
11. Signature of the employee who completed the form.
12. Date on which the form was completed and processed.
13. Itemized list containing each of the components of the deposit.
14. Indicate if the check is local or non-local by circling the appropriate selection.
15. Provide the following information:
 - Bank on which the check is drawn.
 - Date on the check.
 - Name of the payee.
 - Check number.

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Overhead 24

Notice of Case by Case Hold

16. Date on which the employee in Accounts Processing was notified.
17. Name of the employee in the Accounts Processing area who received the completed form.
18. Date on which the employee in Accounts Processing mailed the form to the customer.

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Reference Guide Page 21.

Overhead 25

If the deposit is:	Then funds will be available:
Local checks	<ul style="list-style-type: none"> • \$5,000 available 1st business day after the day of deposit. • Remainder available 7th business day after deposit.
Non-local checks	<ul style="list-style-type: none"> • \$5,000 available 1st business day after the day of deposit. • Remainder available 11th business day after deposit.
Low Risk Item	<ul style="list-style-type: none"> • \$5,000 available 1st business day after the day of deposit. • Remainder for local checks - 7th business day after the day of deposit. • Remainder for non-local checks - 11th business day after the day of deposit.

Deposits and Movement of Funds

Large Deposits Exceptions Hold Policy

Explain that an exception hold can be used for large checks. Check deposits greater than \$5,000.00 are subject to a delay in the availability of funds.

Point out that in this situation, the customer must receive a Notice of Exceptions Hold Form.

Remind the class that the steps for completing this form were covered in the earlier.

Review USTrust's Large Deposit Exception Hold Policy for the availability of funds:

If the deposit is:	Then funds will be available:
Local checks	<ul style="list-style-type: none">• \$5,000 available 1st business day after the day of deposit.• Remainder available 7th business day after deposit.
Non-local checks	<ul style="list-style-type: none">• \$5,000 available 1st business day after the day of deposit.• Remainder available 11th business day after deposit.
Low Risk Items	<ul style="list-style-type: none">• \$5,000 available 1st business day after the day of deposit.• Remainder for local checks - 7th business day after the day of deposit.• Remainder for non-local checks - 11th business day after the day of deposit.

Activity

Distribute the handouts for the Regulation CC Exercise. The handout contains three scenarios that the participants should evaluate. You can direct the participants to complete the exercises alone or in teams.

Allow participants 5 to 10 minutes to complete all three scenarios. Then, using the answers on the Instructor Answer Sheet, review each scenario with the participants.

Bank Secrecy Act

*Display Slide
26.*



Transition

Point out to the class that you have completed the review of Regulation CC. Transition to the next topic, the Bank Secrecy Act.

Present the purpose of the Bank Secrecy Act. Explain that the purpose of the Bank Secrecy Act (BSA) is to:

- Discourage illegal acts such as money laundering.
- Provide information on the movement of domestic and foreign currency through financial institutions in the United States.
- Monitor the movement of money into and out of the country through U.S. financial institutions.

Explain that law enforcement agencies in the Federal Government use information gathered through the Bank Secrecy Act to detect criminal activities, tax avoidance, and regulatory violations.

**Display Slide
27.**

**Reference
Guide
Page 4.**

**Requirement of the Bank
Secrecy Act**

- Report to the IRS all cash transactions in excess of \$10,000
- Positively identify individuals requesting such transactions
- Keep records related to such transactions

**Requirements
of the Bank
Secrecy Act**

Review the requirements of the Bank Secrecy Act that are presented on the Slide. Explain that the general requirements are:

- Report all cash transactions in excess of \$10,000 to the IRS within 45 business days. These transactions include:
 - deposits
 - withdrawals
 - exchanges
 - payments
 - multiple transactions in a single business day
 - cash deposits made over a weekend or holiday
- Positively identify customers requesting such transactions. This information must be provided with the report of the transaction.
- Keep records related of transactions which are subject to the requirements of the Bank Secrecy Act.

**Display Slide
28.**

**Reference
Guide
Page 4.**

Civil and criminal penalties may be assessed on the bank, individual officers, directors, and employees for violations of the Bank Secrecy Act.

Penalties for Failure to Comply

Explain that both civil and criminal penalties can be assessed to the bank for failure to meet the regulations defined in the Bank Secrecy Act.

Also point out that bank employees personally may be subject to fines and or imprisonment if they fail to properly follow bank policies intended to satisfy the requirements of the Bank Secrecy Act.

Review the civil and criminal violations and penalties that appear on page 4 of the Reference Guide. These include:

Civil violations and penalties:

Violation:	Resulting Fine and Penalties:
Failure to file appropriate reports to the IRS	Fines up to the amount of the transaction that was not properly reported.
Material misstatements regarding a transaction	Fines up to the amount of the transaction that was not properly reported.
Structuring transactions to avoid reporting requirements	Fines up to the amount of the transaction that was not properly reported.
Violations involving foreign accounts	The penalty assessed will be \$25,000 amount of the transaction up to \$100, which ever is the greater amount.
Failure to fulfill record-keeping requirements	\$1,000

Criminal violations and penalties:

Violation:	Resulting Fine:
Failure to file appropriate reports to the IRS	\$10,000 and/or 5 years imprisonment.
Material misstatements regarding a transaction	\$10,000 and/or 5 years imprisonment.
Failure to fulfill record-keeping requirements	\$1,000 and/or one year imprisonment.

**Display Slide
29.**

**Reference
Guide
Page 5.**

**UStTrust Bank
Secrecy Act
Policy**

UStTrust's policy states that:

- In accordance with the Bank Secrecy Act, all cash transactions in excess of \$10,000 must be reported using the Currency Transaction Report - Form 4789.
- This regulation applies to both single and multiple transactions of more than \$10,000 that occur on the same business day.

**UStTrust's Policy Re:
Bank Secrecy Act**



All single and multiple cash transactions in excess of \$10,000 must be reported using the Currency Transaction Report - Form 4789.

**Display Slide
30.**

**Definition of
Cash**

Point out that the Bank Secrecy Act specifically singles out cash transactions. These generally are transactions that are more difficult to trace than those involving an established bank account. Cash is defined as one or a combination of:

- Bills in US currency
- Coins in US currency
- Bills in foreign currency
- Coins in foreign currency

Definition of Cash . . .

- Bills in US currency
- Coins in US currency
- Bills in foreign currency
- Coins in foreign currency




**Display Slide
31.**

Overhead 31

Categories of Cash Transactions

- Cash into the bank
- Cash out of the bank
- Currency exchange



The slide features a yellow background with a light green border. At the top right, it is labeled 'Overhead 31'. The title 'Categories of Cash Transactions' is written in pink. Below the title, there is a bulleted list of three categories: 'Cash into the bank', 'Cash out of the bank', and 'Currency exchange', all in blue text. At the bottom of the slide, there is a stylized illustration of a green dollar bill with black wings, appearing to fly.

**Categories of
Cash
Transactions**

Explain that a cash transaction occurs anytime that cash is received by the bank, or when cash is taken out of the bank by a customer. Point out that there are three categories of cash transactions. These are:

- Cash into the bank
- Cash out of the bank
- Currency exchange

Question

Question:

Ask the participants for specific example transactions that fit in each category.

Answers: *(Make sure that each of these example transactions are mentioned.)*

1. Cash into the bank:
 - cash deposits
 - cash payments on loans/mortgages
 - cash purchases on negotiable items
 - cash received from abroad
 - currency exchanges
2. Cash out of the bank:
 - cash withdrawals
 - cashing checks
 - cash shipped abroad
3. Currency exchange:
 - large bills for small bills
 - small bills for large bills
 - bills for coins
 - coins for bills
 - foreign currency for U.S. currency
 - U.S. currency for foreign currency

**Display Slide
32.**

**Reference
Guide
Page 6.**

Multiple Cash Transactions

- Two or more cash transactions totaling more than \$10,000
- All cash flow in one direction
- Same business day
- Conducted by the same person
- Conducted for the benefit of the same person(s) or entity



Multiple Cash Transactions

Review the definition of multiple cash transactions using the bullet points presented on the Slide.

Explain that multiple transactions which are reportable under the Bank Secrecy Act meet the following criteria:

- Two or more cash transactions totaling more than \$10,000.
- All cash flows in one direction. i.e. all transactions are cash flowing into the bank, or all transactions are cash flowing out of the bank. Note that the categories (Cash in, cash out, and currency exchange) are the same as those reviewed for a single cash transaction.
- Transactions occur on the same business day. Mention that the day in which the transaction is posted is the day on which the transaction occurs from the perspective of the Bank Secrecy Act.

For example, no transactions are posted on Saturdays even though the bank may be open for business. Transactions submitted by customers on a Saturday are not posted until the next business day. If cash transactions totaling more than \$10,000 are submitted to the bank on Saturday and Monday, they are all posted on Monday and must be reported as occurring on the same business day.

Responsibility for Reporting Multiple Cash Transactions

If the cash transactions occur:	Then:
Within a single teller session <i>A <u>single teller transaction</u> consists of all of the transactions received during a single customer visit, or all of the transactions contained in one night deposit bag.</i>	The Teller who accepted the c transactions is responsible for completing the Currency Trans Report - Form 4789.
At different times at the same or different Branch locations	Branch Administration will ider multiple transactions and notify appropriate branch to complet Currency Transaction Report - 4789.

**UStTrust's
Know Your
Customer
Policy**

UStTrust's Know Your Customer policy is established to protect the bank and its employees from individuals and/or businesses who attempt to conduct illegal activities involving the services the bank offers to its customers. The Know Your Customer policy directs all Branch personnel to:

- Screen all signers on new accounts, and additions of signers to existing accounts through the National Check Protection Service (NCPS).
- Identify suspicious practices, observe customer activities via the news media, and note any changes in banking habits.
- Report any suspected illegal activity through your manager to the Bank's Security Officer.
- Maintain vigilance over any customer relationship that has been reported until the Security Officer advises that an appropriate course of action has been taken.

**Display Slide
33.**

**Reference
Guide
Page 8.**



**Reporting Suspicious
Activities . . .**

- Report suspicious activity to Manager or Security Officer.
- Do not assist the customer in avoiding reportable transactions.

**Reporting
Suspicious
Activities**

UStTrust has established a policy which mandates that branch personnel file a Suspicious Activity Report whenever the bank detects “a known or suspected violation of Federal Law or suspicious financial transaction.”

When employees detect a suspicious transaction, they should:

- Report the activity to their manager.
- Not assist the customer in the processing of the transaction.

When a suspicious activity has been detected:

- A memorandum and any supporting documentation should be sent to the Security Officer.
- The Security Officer will evaluate the situation and will report the suspicious activity if necessary.

Deposits and Movement of Funds

- Judging whether an act is suspicious requires an amount of subjectivity. Anytime Branch employees have reason to question whether an act is suspicious, they should report the activity to their manager.

**Display Slide
34.**



**Reporting
Suspicious Activities**

- Send memorandum and supporting documentation Security Officer
- Security Officer will report the activity if necessary

**Reporting
Suspicious
Activities**

Point out that when a suspicious activity has been detected,

- A memorandum and any supporting documentation should be sent to the Security Officer.
- The Security Officer will evaluate the situation and will report the suspicious activity if necessary.

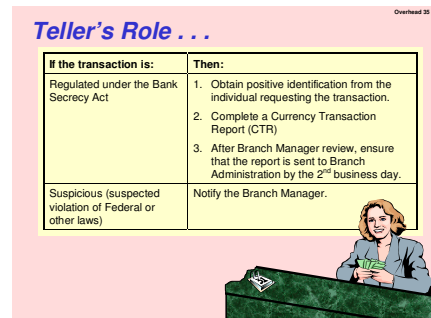
Transition

Transition to a discussion of the responsibilities for implementing the Bank Secrecy Act at USTrust. Mention that the key employees with responsibilities include:

- Tellers
- Branch Manager
- Branch Administration
- Auditing

**Display Slide
35.**

**Reference
Guide
Page 9.**

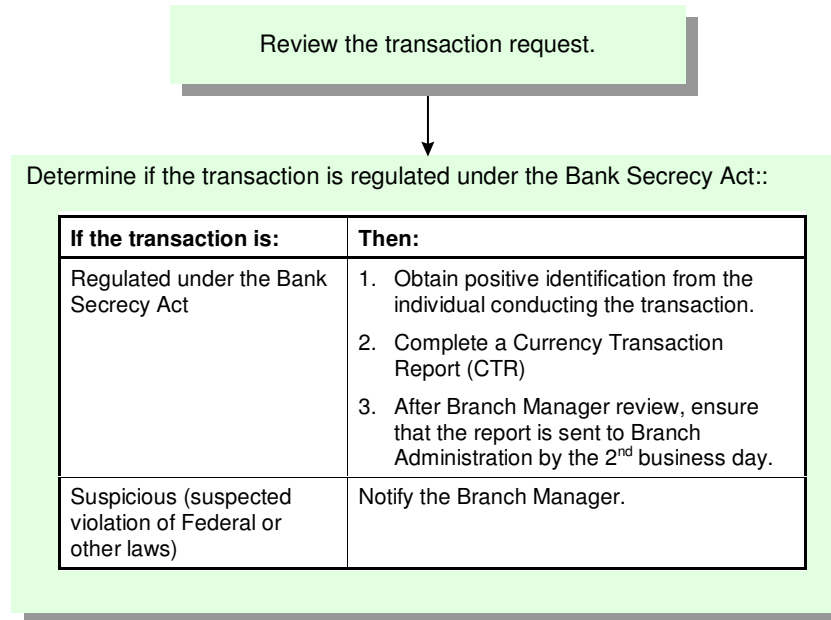


Teller's Role . . .

If the transaction is:	Then:
Regulated under the Bank Secrecy Act	1. Obtain positive identification from the individual requesting the transaction. 2. Complete a Currency Transaction Report (CTR) 3. After Branch Manager review, ensure that the report is sent to Branch Administration by the 2 nd business day.
Suspicious (suspected violation of Federal or other laws)	Notify the Branch Manager.

Teller's Responsibilities

Explain that the job of Bank Teller is critical in the initial identification of transactions that are subject to the requirements of the Bank Secrecy Act. Explain that once they have reviewed a transaction and determined whether it is subject to the reporting requirements of the Bank Secrecy Act there are specific activities to complete. Review the table that follows.



Display Slide 36.



Branch Manager's Responsibilities

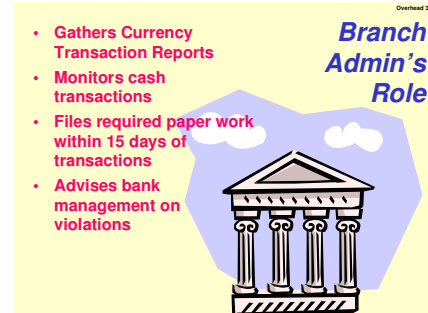
Explain that the Branch Manager or Designate plays an advisory role for customers and other branch employees who have questions. The Branch Manager or Designate also ensures that records are complete and accurate. Branch Managers are specifically responsible to:

- Remain knowledgeable of the regulations defined in the Bank Secrecy Act.
- Review all Currency Transaction Reports filed by the Branch for accuracy and completeness.

Deposits and Movement of Funds

- Initial each Currency Transaction Report filed by the Branch.
- Ensure that CTRs are sent to Branch Administration by the second business day after the transaction occurred.
- Maintain copies of completed CTR forms in the Branch records.
- Report suspicious activities to the Security Officer.
- Ensure that employees are adequately trained and conduct monthly Bank Secrecy Act update training sessions.

Display Slide 37.



Branch Admin's Role

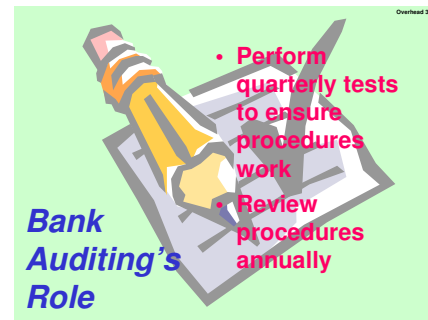
Explain that the role of Branch Administration is to ensure that regulations of the Bank Security Act are monitored and managed throughout all branches. Branch Administration is responsible for observing activities at the account level as well as the transaction level.

In this way, if a person is attempting to avoid reporting by presenting several transactions at different times and at more than one branch, the activity can be detected at the Branch Administration level and the appropriate action can be taken.

The specific responsibilities of Branch Administration include:

- Gather Currency Transaction Reports (4789) from branches.
- Monitor cash transactions by examining daily reports.
- File required paper work on reportable transactions within 15 days of the transaction.
- Advise bank management of Bank Secrecy Act violations.

Display Slide 38.



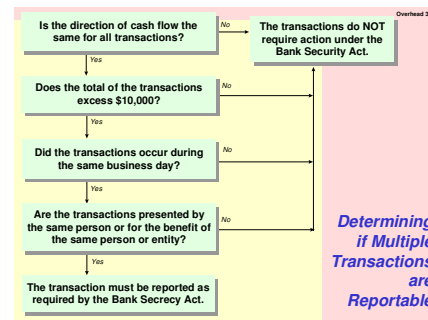
Bank Auditing's Role

Point out that Bank Auditing also plays a role on the organizational level. Auditing is responsible for ensuring that bank policies implement the requirements of the Bank Secrecy Act. To accomplish this, Auditing:

- Performs quarterly tests of transactions to insure that reporting procedures are followed.
- Reviews the procedures of the entire bank annually to ensure that all processes are in compliance with the regulations defined in the Bank Secrecy Act.

Display Slide 39.

Reference Guide Page 11.



Determining if Multiple Transactions are Reportable

Explain to the participants that the diagram on page 1-11 summarizes the steps bank employees take to comply with the Bank Secrecy Act. Review the flow chart.

Display Slide 40.



Cash Sales of negotiable

Negotiable instruments are sometimes used to hide the

Instruments

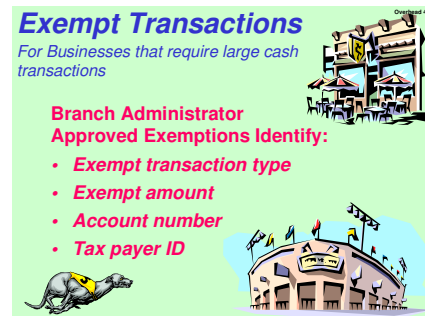
proceeds of illegal activities. This is referred to as money laundering. The purchase of Treasurer's Checks, Money Orders and Travelers' Checks are sometimes used for this purpose.

The bank has established policies to reduce the possibility that money laundering will occur through the cash sales of negotiable instruments. USTrust's policy states that:

- Money Orders and Traveler's Checks between \$3,000 and \$10,000 purchased by the same individual using cash on any single business day must be reported on the Bank Secrecy Act Identification Log form. A copy of this completed form must be sent to Branch Administration daily.
- Treasurer's Checks may never be purchased using cash. Treasurer's Checks can only be processed through an existing USTrust account.

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Reference Guide Page 12.



Exempt Transactions

Exemptions from the Bank Secrecy Act reporting requirements can be granted only by the Branch Administrator.

A bank may exempt certain accounts from Currency Transaction Reporting requirements provided that the bank reasonably concludes that the amounts exempted do not exceed those that are reasonable for the type of business conducted by the customer.

The types of businesses that regularly require large cash transactions which may be considered for an exemption by the Branch Administrator include:

- sports arenas
- race tracks
- vending machines companies
- restaurants
- bars
- hotels
- theaters
- local, state and federal governments
- domestic banks

Deposits and Movement of Funds

- credit unions
- Federal Reserve Banks
- amusement parks

Customers may qualify for an exemption only after the Branch Administrator has researched the type of business to determine if the transaction amounts are reasonable within the context of the lawful conduct of the business. The Account Officer or the Branch Manager may recommend accounts for exemption to the Branch Administrator.

It is a policy at USTrust that exemption lists provided by Branch Administration be available at every Teller station. If exempt approval is given, the specific exemption will be stated in terms of the exempt transaction type, the amount exempt, the account number and the tax payer identification number.

For example:

ABC Inc., account number 881-5303341 has an exempt deposit limit of \$95,000.

Note that the exemption was provided ONLY for deposits. Withdrawals in excess of \$10,000 are not exempt. Also, when deposit amounts exceed the exemption amount the entire deposit amount must be reported.

Activity

Review these examples with the participants.

Example 1:

ABC Grocery Store with account number 881-5303341, has a deposit limit of \$95,000.

Ask the participants which of the following transactions must be reported in this situation:

- Deposit of \$84,350? (No reporting required.)
- Deposit of \$99,550? (Must be reported. Note that the whole transaction must be reported, not just the amount over the exemption amount.)
- Cash withdrawal of \$11,400? (Must be reported. The exemption is for deposits up to \$95,000, not withdrawals.)
- Purchase of Traveler's Checks in the amount of \$15,000 taken from the balance in an account at the bank? (Report is not required because this is not a cash transaction.)

Example 2:

XYZ Raceway with account number 123-987654, has a withdrawal limit of \$75,000.

Ask the participants which of the following cash transactions

Deposits and Movement of Funds

must be reported:

- Cash deposit of \$24,350? (Must be reported. The exemption is for withdrawals only.)
- Withdrawal of \$35,000 in ten, twenty and fifty dollar bills. (No reporting required.)
- Withdrawal of \$82,500. (Must be reported. Note that the whole transaction must be reported, not just the amount over the exemption amount.)

**Display Slide
42.**

**Reference
Guide
Page 13.**

Completing Form 4789:

The image shows a sample of Form 4789, Currency Transaction Report. The form is titled 'Form 4789 Currency Transaction Report' and includes instructions for filers. The top section is highlighted in yellow. The form includes fields for 'Filer', 'Reporting Period', and 'Section A - Person(s) Involved in Transaction(s)'. The form is partially filled out with sample information.

**Completing
Form 4789**

Explain to the participants that Part 1, Section A of the CTR documents information about the person on whose behalf the transaction is conducted.

Note that if there is more than one person on whose behalf the transaction is conducted, a separate Section A must be completed for each person. Mention that on the reverse side of the Form 4789 there are additional copies of Part 1 Section A to be used if needed.

Tell the participants that the IRS provides instructions for completing the Currency Transaction Report. The steps we will review today are documented in your Reference Guide.

Item 1a. Amends Prior Report.— Note that only Branch Administration will use this part of the form. If the Currency Transaction Report (CTR) is being filed to amend a report filed previously, then:

1. Check Item 1a.
2. Staple a copy of the original CTR to the amended one, complete Part III fully and only those other entries which are being amended.

Item 1b. Multiple Persons.—If this transaction is being conducted by more than one person or on behalf of more than one person, check Item 1b. Enter information in Part I for one of the persons and provide information on any other persons

Deposits and Movement of Funds

on the back of the CTR.

Item 1c. Multiple Transactions.—If USTrust has knowledge that there are multiple transactions, check Item 1c.

Items 2, 3, and 4. Individual/Organization Name.—If the person on whose behalf the transaction(s) is conducted is an individual, put that person's last name in Item 2, first name in Item 3 and middle initial in Item 4. If there is no middle initial, leave item 4 BLANK. If the transaction is conducted on behalf of an organization, put its name in Item 2 and leave Items 3 and 4 BLANK.

Item 5. Doing Business As (DBA).—If USTrust has knowledge of a separate "doing business as" name, enter it in Item 5. For example, Johnson Enterprises DBA PJ's Pizzeria.

Item 6. Social Security Number (SSN) or Employer Identification Number (EIN).—Enter the SSN or EIN of the person identified in Item 2. If none, write NONE.

Items 7, 9, 10, 11 and 12. Address.—Enter the permanent street address including zip code of the person identified in Item 2. Use the Post Office's two letter state abbreviation code. A P.O. Box should not be used by itself and may only be used if there is no street address. If a P.O. Box is used, the name of the apartment or suite number, road or route number where the person resides must also be provided. If the address is outside the U.S., provide the street address, city, province, or state, postal code (if known), and the name of the country.

Item 8. Date of Birth.—Enter the date of birth. Six numerals must be inserted for each date. The first two will reflect the month of birth, the second two the calendar day of birth, and the last two numerals the year of birth. Zero (0) should precede any single digit number. For example, if an individual's birth date is April 3, 1948, Item 8 should read 04 03 48.

Item 13. Occupation, Profession, or Business.—Identify fully the occupation, profession or business of the person on whose behalf the transaction(s) was conducted. For example, secretary, shoe salesman, carpenter, attorney, housewife, restaurant, liquor store, etc. Do not use non-specific terms such as merchant, self-employed, businessman, etc.

Item 14. If an Individual, Describe Method Used To Verify.—If an individual conducts the transaction(s) on his/her own behalf, his/her identity must be verified by examination of an acceptable form of identification. Acceptable forms of identification include:

- Driver's license (U.S. or foreign)
- Passport (U.S. or foreign)

Deposits and Movement of Funds

- Military ID
- Alien ID card (green card)
- Disabled Person ID (state issued)
- Official document showing country of origin.
- Official badge or office credentials of federal, state, or local law enforcement or revenue officer. (In this case, be sure to note information about the relevant agency, like an address and EIN.)
- Other ID which contains the individual's name and address which is acceptable for check cashing by a non-depositor.

Certain elderly or disabled patrons may not have typical identification documents such as a passport, a driver's license, or other state issued identification card. Regulations permit USTrust to accept as appropriate identification any of the following, provided that the individual's name and address appear together on at least one.

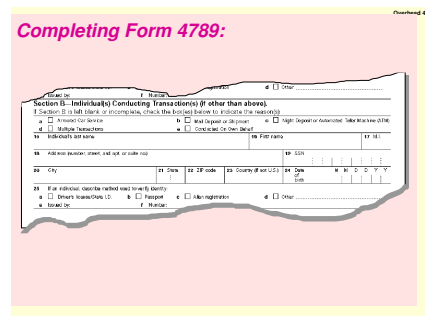
- Social Security card
- Medicare or Medicaid card
- Insurance card
- Voter Registration card
- Utility bill
- Membership card
- Real estate tax bill

Example entry into Item 14.

Check box *a* if a driver's license is used to verify an individual's identity, and enter the state that issued the license and the number in items *e* and *f*. If the transaction is conducted by an individual on behalf of another individual not present, or on behalf of an organization, enter N/A in item 14.

Display Slide 43.

Completing Form 4789:



Completing Form 4789

Explain that Section B is used to document information about the person who has brought the transaction to the bank. This is not always the person on whose behalf the transaction is conducted. Section B must be completed only if the person

Deposits and Movement of Funds

requesting the transaction is not the person on whose behalf the transaction is conducted.

Review the instructions provided by the IRS for completing Part 1 Section B of the Currency Transaction Report. These steps are documented in the Reference Guide and described here:

Section B. Individual(s) Conducting Transaction(s) (if other than the individual or business identified in Section A).— Enter as much information as is available. However, there may be instances in which Items 15-25 may be left BLANK or incomplete.

If Items 15-25 are left BLANK or incomplete, check one or more of the boxes provided to indicate the reason(s).

Example: If multiple transactions in excess of \$10,000 are identified after the transactor has left the bank without being positively identified, check box *d* for Multiple Transactions.

Items 15, 16, and 17. Individual(s) Name.—Complete these items if an individual conducts a transaction(s) on behalf of another person. For example, if John Doe, an employee of XYZ Grocery Store makes a deposit to the store's account, XYZ Grocery Store should be identified in Section A, and John Doe should be identified in Section B.

Items 18, 20, 21, 22, and 23. Address.—Enter the permanent street address including zip code of the individual.

Item 19. SSN.—If the individual has an SSN, enter it in Item 19. If the individual does not have an SSN, enter NONE.

Item 24. Date of Birth.—Enter the individual's date of birth. See the instructions for item 8.

Item 25. If an Individual, Describe Method Used To Verify.—Enter the method by which the individual's identity is verified.

Display Slide 44.

Overhead 44

Completing Form 4789:

PART II Amount and Type of Transaction(s). Check all boxes that apply.		Date	Amount						
		M	D	Y	M	D	C	Y	
25	Cash In				26	Cash Out			
29	Money Order				30	Wire Transfer			
31	Regulation E Business Purchase				32	Debit Card			
33	ATM Withdrawal				34	Currency Exchange			
35	Deposits/Withdrawals				36	Account Membership (Fund)			
	Other (Specify)								

Completing Form 4789

Explain that the next section, PART II - Amount and Type of Transaction(s), is completed to provide information about the type of transaction being reported and the amounts involved in the transaction.

Deposits and Movement of Funds

Review the instructions for completing Part 2 of the Currency Transaction Report. These steps are documented in the Reference Guide and are described here:

Items 26 and 27. Cash In/Cash Out.—In the spaces provided, enter the amount of currency received (Cash In) or disbursed (Cash Out). If foreign currency is exchanged, use the U.S. dollar equivalent on the day of the transaction.

Note: If less than a full dollar amount is involved, increase that figure to the next highest dollar. For example, if the currency totals \$20,000.05, show the total as \$20,001.00.

Item 28. Date of Transaction.—Six numerals must be used to indicate the business day on which the transaction is processed. (See Item 8.)

Item 29. Foreign Currency.—If foreign currency is involved, check Item 29 and identify the country. If multiple foreign currencies are involved, identify the country for which the largest amount is exchanged.

Items 30-33.—Check the appropriate item(s) to identify the following type of transaction(s):

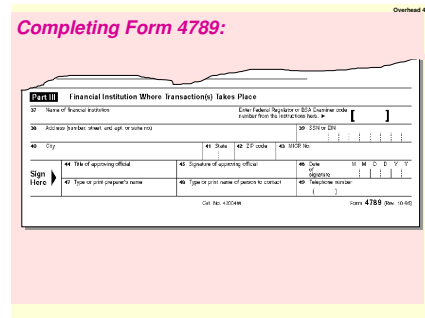
- 30. Wire Transfer(s)
- 31. Negotiable Instrument(s) Purchased
- 32. Negotiable Instrument(s) Cashed
- 33. Currency Exchange(s)

Item 34. Deposits/Withdrawals.—Check this item to identify deposits to or withdrawals from accounts, e.g., demand deposit accounts, savings accounts, time deposits, mutual fund accounts or any other account. Enter the account number(s) in item 35.

Item 35. Account Numbers Affected (if any).— Enter the account numbers of any USTrust accounts affected by the transaction(s). If necessary, use additional sheets of paper to indicate all of the affected accounts.

Item 36. Other (specify).—If a transaction is not identified in Items 30–34, check Item 36 and provide an additional description. For example, a person presents a check to purchase “foreign currency”.

**Display Slide
45.**



**Completing
Form 4789**

Point out that the last section of the Currency Transaction Report, Part 3 - Financial Institution Where Transaction Takes Place, is used to document information about the financial institution where the transaction(s) was processed.

Review the instructions for completing Part 3 of the Currency Transaction Report. These steps are documented in the Reference Guide and are described here:

Item 37. Name of Financial Institution and Identity of Federal Regulator or BSA Examiner.— Always enter “UStTrust” and the Federal Regulator code “2”.

Items 38, 40, 41, and 42. Address.—Enter the street address, city, state, and ZIP code of the financial institution where the transaction occurred. If there are multiple transactions, provide information on the office or branch where any one of the transactions has occurred.

Item 39. EIN or SSN.—Enter UStTrust’s EIN which is 04-2255113.

Item 43. MICR Number.— Enter UStTrust’s Magnetic Ink Character Recognition (MICR) number which is 011001331.

Items 44 and 45. Title and Signature of Approving Official.— The official who reviews and approves the CTR must indicate his/her title and sign the CTR.

Item 46. Date the Form Was Signed.—The approving official must enter the date the CTR is signed.

Item 47. Preparer’s Name.—Type or print the full name of the individual preparing the CTR. The preparer and the approving official may not necessarily be the same individual.

Items 48 and 49. Contact Person/Telephone Number.—Type or print the name and telephone number of an individual to contact concerning questions about the CTR.

Activity

Deposits and Movement of Funds

Distribute the handouts for the Bank Secrecy Act Exercise. The handout contains scenarios for the participants to evaluate. You can direct the participants to complete the exercises alone or in teams.

Allow participants about 10 minutes to complete this exercise. Then, using the answers on the Instructor Answer Sheet, review each scenario with the participants.

Office of Foreign Assets Control

**Display Slide
46.**



Topics

Point out that you have completed the presenting the Bank Secrecy Act. The last topic in this training session is the Office of Foreign Asset Control.

**Display Slide
47.**

**Reference
Guide
Page 3.**



Office of Foreign Assets Control (OFAC)

Explain that the Office of Foreign Assets Control (OFAC) is a part of the United States Treasury Department. It is responsible for administering laws that impose sanctions on foreign countries, organizations and/or individuals which are regarded as hostile toward the United States.

This includes administering and enforcing economic and trade sanctions against targeted foreign countries, terrorism-sponsoring organizations and international narcotics traffickers, based on U.S. foreign policy and national security goals.

OFAC has the authority to:

- Impose controls on transactions
- Freeze foreign assets under U.S. jurisdiction.

Explain that banks are required to comply with these sanctions. Failure to do so subjects banks, as well as their individual employees, to both civil and criminal penalties.

**Display Slide
48.**



Specially Designated Nationals (SDNs)

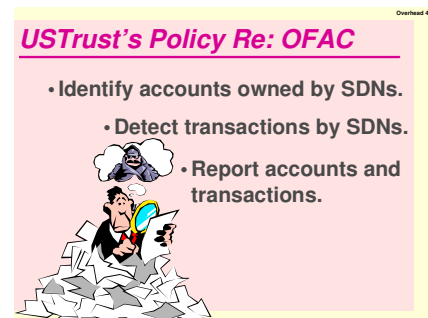
Explain that the Office of Foreign Assets Control provides information to banks regarding individuals and businesses that are subject to these regulations. The Office of Foreign Assets Control refers to these people as “Specially Designated Nationals” or SDNs.

Specially Designated Nationals are people or entities that are associated with certain countries who have been identified by the Office of Foreign Assets Control as sanctioned parties, and as such:

- Their assets held in financial institutions in the United States must be frozen.
- Their accounts and records of transactions must be reported to the Office of Foreign Assets Control within 10 days of being detected at the bank.

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**Reference
Guide
Page 4.**



**USTrust's
OFAC Policy**

Review USTrust's policy relating to OFAC. USTrust's has in place a Foreign Assets Control Program that is intended to:

- Identify accounts owned by Specially Designated Nationals.
- Detect transactions by Specially Designated Nationals.
- Report accounts and transactions conducted by Specially Designated Nationals who are associated with sanctioned countries.

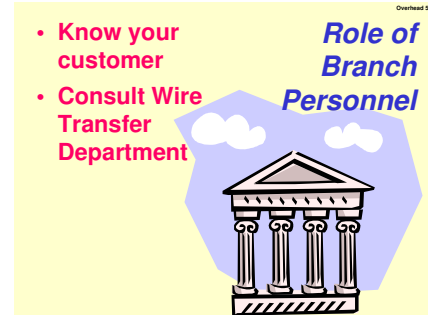
Deposits and Movement of Funds

Point out that this policy affects the day to day operations of two groups more so than others. These include:

- Domestic and International wire departments
- Branch Administration

Software programs are in place at the Wire Transfer Department to identify accounts and/or transactions of individuals, entities or countries on the OFAC list of Specially Designated Nationals.

Display Slide 50.



Role of Branch Personnel

Point out to participants that the role for Branch personnel is minimal. The Foreign Asset Control Program requires that Branch personnel:

- Know their customers
- Consult the wire transfer department if you have any questions or suspicions relative to the regulations defined by the Office of Foreign Assets Control.