



**BOARD OF GOVERNORS**  
OF THE  
**FEDERAL RESERVE SYSTEM**  
WASHINGTON, D.C. 20551

DIVISION OF SUPERVISION  
AND REGULATION

**SR 20-19**  
**August 13, 2020**

**TO THE OFFICER IN CHARGE OF SUPERVISION  
AT EACH FEDERAL RESERVE BANK**

**SUBJECT: Joint Statement on Enforcement of Bank Secrecy Act/Anti-Money Laundering  
Requirements**

**Applicability:** This guidance applies to all financial institutions supervised by the Federal Reserve that are subject to the Bank Secrecy Act.

The purpose of this letter is to announce that the general counsels of the Federal Reserve, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency (collectively, the Agencies) issued a joint statement that updates and supersedes the Interagency Statement on Enforcement of Bank Secrecy Act/anti-money laundering (BSA/AML) Requirements issued on July 19, 2007, to further promote a consistent approach to the application of section 8(s) of the Federal Deposit Insurance Act (FDIA) and section 206(q) of the Federal Credit Union Act (FCUA).<sup>1</sup>

This statement expressly does not create new supervisory expectations or standards. Rather, it is intended to further clarify the Agencies' enforcement of the BSA and the conditions that require the issuance of a mandatory cease and desist order under sections 8(s) and 206(q). Whenever the Agencies undertake an enforcement action, whether mandatory under sections 8(s)(3) and 206(q)(3) or otherwise, they will tailor that action to address the deficiencies that are specific to the institution,<sup>2</sup> as identified during the supervisory process.<sup>3</sup>

Sections 8(s) and 206(q) generally require each federal banking agency to issue an order to cease and desist when a supervised institution fails to comply with certain BSA/AML requirements<sup>4</sup>— in particular, the requirement for an institution to establish and maintain a

<sup>1</sup> 12 U.S.C. §§ 1786(q), 1818(s).

<sup>2</sup> The term "institution" refers to banks, as defined in 31 C.F.R. § 1010.100(d), and includes each agent, agency, branch or office within the United States of banks, savings associations, credit unions, and foreign banks.

<sup>3</sup> It should also be noted that BSA/AML enforcement actions can have a significant impact on an institution's ability to engage in certain corporate activities and expansion since the effectiveness of an institution's efforts in combating money laundering are expressly required to be considered by the Agencies when evaluating proposals subject to the Bank Merger Act, 12 U.S.C. § 1828(c)(11), and the Bank Holding Company Act, 12 U.S.C. § 1842(c)(6).

<sup>4</sup> This statement does not address the assessment of civil money penalties for violations of the BSA or its implementing regulations. The Agencies have such authority under their general enforcement statutes. 12 U.S.C. §§ 1786(k)(2) and 1818(i)(2). Likewise, the Financial Crimes Enforcement Network ("FinCEN") has independent authority to assess civil money penalties under the BSA.

BSA/AML compliance program with four components or pillars (internal controls, independent testing, responsible individual, and employee training).

The updated statement provides some additional examples of when a cease and desist order may be issued under the FDIA and addresses how the agencies:

- (1) Incorporate the customer due diligence regulations and recordkeeping requirements issued by the U.S. Department of the Treasury, as part of the internal controls pillar of the supervised institution's BSA/AML compliance program;
- (2) Evaluate individual component or pillar violations that do not rise to the level of a BSA/AML compliance program failure and are outside of the scope of sections 8(s) and 206(q); and
- (3) Evaluate less serious issues or isolated or technical violations or deficiencies as generally outside of the scope of sections 8(s) and 206(q).

This statement also describes the circumstances in which an Agency may use its discretion to issue formal or informal enforcement actions or use other supervisory actions to address BSA-related violations, unsafe or unsound banking practices, or other deficiencies.

Federal Reserve Banks are asked to distribute this letter to the supervised institutions in their districts and to appropriate supervisory staff. In addition, supervised organizations may send questions via the Board's public website.<sup>5</sup>

Michael S. Gibson  
Director

**Attachment:**

- [Joint Statement on Enforcement of Bank Secrecy Act/Anti-Money Laundering Requirements](#)

**Supersedes:**

- SR 07-10, "Interagency Statement on Enforcement of BSA/AML Requirements"

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<sup>5</sup> See, <http://www.federalreserve.gov/apps/contactus/feedback.aspx>