

	<i>Y</i>	<i>N</i>	<i>Comments</i>
23. Determine whether management has implemented a high level of internal controls to minimize the risk of money laundering. These controls should include, but not be limited to, the following: <ul style="list-style-type: none"> a. money laundering detection procedures b. identification and monitoring of non-bank financial institutions that are depositors of the institution and that engage in a high volume of cash activity (i.e. money transmitters and check cashing businesses). c. periodic account activity monitoring. d. internal investigations, monitoring and reporting of suspicious transactions. 			

Exemptions

Advisory #5

As of July 1, 2000, new Treasury exemption procedures allowing financial institutions to

exempt transactions of certain businesses from the requirement to report transactions in currency in excess of \$10,000 (Currency Transaction Report (CTR)) became fully effective. After July 1, 2000, only exemptions granted pursuant to the new exemption procedures will be valid.

	<i>Y</i>	<i>N</i>	<i>Comments</i>
24. Has the institution designated any “exempt persons” as defined in the regulations? <i>If no, the examiner should waive the following steps and proceed to the next section of the Work Program. If yes, answer the following questions:</i>			
25. Does the bank have sufficient procedures related to exemptions?			
26. Does the bank have adequate and knowledgeable personnel sufficient to maintain the exemption process?			
27. Does the bank maintain appropriate and sufficient documentation to support each exemption?			

	<i>Y</i>	<i>N</i>	<i>Comments</i>
<p><i>Answer the following questions with respect to each exempt person. If the bank has more than 50 exempt persons, a reasonable sample should be selected.</i></p>			
28. Does the bank take appropriate steps to adequately determine and verify the eligibility of exemptions?			
29. Do all Phase I exemptions meet the established criteria?			
<ul style="list-style-type: none"> a. Bank b. Government Agency c. Listed Business d. Subsidiary of a Listed Business 			
30. Do all Phase II “non-listed business” exemptions meet the established criteria?			
<ul style="list-style-type: none"> a. Maintained a transaction account with the bank for at least 12 months? b. Frequently engaged in currency transactions in excess of \$10,000? c. Is incorporated or organized under US or State law or is registered and is eligible to do business within the US or a State? 			
31. Do all Phase II “payroll customer” exemptions meet the established criteria?			
<ul style="list-style-type: none"> a. Maintained a transaction account with the bank for at least 12 months? b. Operates a firm that regularly withdraws more than \$10,000 in order to pay its US employees in currency? c. Is incorporated or organized under US or State law or is registered and is eligible to do business within the US or a State? 			
32. For each exempt person, has the bank filed a “Designation of Exempt Person” form completely and within 30 days of the first reportable transaction that was exempted?			

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	<i>Y</i>	<i>N</i>	<i>Comments</i>
33. For Phase II exemptions, has the bank filed a "Designation of Exempt Person" biennially by March 15 beginning the second calendar year following the original designation?			
34. Does the bank review and verify each exemption at least annually?			
35. Are the volumes, amounts and frequency of the large currency transactions for each exempt person consistent with what is normal and expected and commensurate with lawful activity?			
36. Does the bank have a system to monitor the currency transactions of exempt persons for suspicious activity?			
37. Is the monitoring system adequate to identify suspicious activity?			
38. Has the bank's internal audit department reviewed the exemption process?			
39. Have there been any outstanding issues involving exemptions and if so, have they been resolved?			