

REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: January 2005

NO.: 05-RA-02

TO: All Credit Unions

SUBJECT: Suspicious Activity Reports on OFAC blocked transactions

Dear Board of Directors:

The purpose of this Regulatory Alert is to notify you of the December 2004 publication of interpretive guidance by the Financial Crimes Enforcement Network (FinCEN). This guidance clarifies when a suspicious activity report should be filed on a transaction that is blocked due to the SDN list published by the Office of Foreign Assets Control (OFAC).

As discussed in the guidance, a suspicious activity report should be filed if:

- the transaction would be reportable under FinCEN's suspicious activity reporting rules even if there were no OFAC match;
- the financial institution is in possession of information not included on the blocking report filed with OFAC; or
- if a report has been filed with OFAC and the facts and circumstances surrounding the OFAC match are independently suspicious.

In other circumstances, FinCEN considers filing the mandatory blocking report with OFAC to be sufficient notification and a separate SAR is not required. This guidance updates guidance provided in the November 2003 edition of FinCEN's SAR Activity Review. A copy of the December 2004 interpretive guidance may be found on FinCEN's Web site, <http://www.fincen.gov/sarguidanceofac.pdf>.

If you have questions, please contact FinCEN.

Sincerely,

/s/

JoAnn Johnson
Chairman