

UNITED STATES DEPARTMENT OF THE TREASURY



P.O. Box 39 · Vienna, VA 22183-0039 · www.fincen.gov

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For more information, please contact FinCEN's Office of Public Affairs at (703) 905-3770

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CONTACT: Steve Hudak

703-905-3770

FinCEN Penalizes Bronx Credit Union for Failures to Manage High-Risk International Financial Activity

Washington, DC – The Financial Crimes Enforcement Network (FinCEN) today assessed a \$500,000 [civil money penalty](#) against Bethex Federal Credit Union, Bronx, New York for significant violations of anti-money laundering (AML) regulations.

Bethex was a federally chartered, low-income designated, community development credit union. In December 2015, the National Credit Union Administration liquidated Bethex, determining the credit union was insolvent with no prospects of returning to viable operations on its own. FinCEN's penalty is a claim against any assets that remain after the completion of Bethex's liquidation. The penalty will not affect the National Credit Union Share Insurance Fund or any other credit union.

Since 2002, Bethex's AML program maintained internal controls specific for low to moderate-income clientele within its designated field of membership in New York City. In 2011, Bethex began providing banking services to many wholesale, commercial money services businesses (MSBs). Many of these MSBs were located in high-risk jurisdictions outside New York and engaged in high-risk activity, including wiring millions of dollars per month to countries at risk for money laundering. When Bethex began to service these MSBs, it did not take steps to update its AML programs. As a result, Bethex was unable to adequately monitor, detect, and report suspicious activity or mitigate the associated risks, leaving the credit union particularly vulnerable to money laundering.

Among other violations, Bethex failed to timely detect and report suspicious activity to FinCEN and did not file any Suspicious Activity Reports (SARs) from 2008 through 2011. In 2013, as a result of a mandated review of previous transactions, it late-filed 28 SARs. The majority of the suspicious activity involved high-volume, large amount transfers outside of Bethex's expected customer base by MSBs capable of exploiting Bethex's AML weaknesses. Most of those SARs were inadequate and contained short, vague narratives encompassing a broad summary of multiple and unrelated instances of suspicious activity. For example, one SAR covered over

\$906 million in total aggregate of suspicious transactions, but provided little information useful to law enforcement investigators.

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FinCEN's mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.