

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 Florida Credit Union for Failures in Managing High-Risk International Financial Activity

Washington, DC – The Financial Crimes Enforcement Network (FinCEN) today assessed a \$300,000 [civil money penalty](#) against North Dade Community Development Federal Credit Union in Miami Gardens, Florida for significant Bank Secrecy Act (BSA) violations. North Dade's anti-money laundering (AML) failures exposed the United States financial system to significant opportunities for money laundering and terrorist financing from known high-risk jurisdictions.

The credit union consented to the assessment and admitted that it willfully violated BSA program, reporting, and recordkeeping requirements. Included within these lapses, the credit union failed to comply with Section 314(a) of the USA PATRIOT Act, a program requiring financial institutions to search their records to locate accounts and transactions of persons that may be involved in terrorism or money laundering.

North Dade, a small credit union with \$4 million in assets and only five employees, contracted with a third-party vendor and money services business (MSB) to provide services and sub-accounts to 56 MSBs located in high-risk jurisdictions far outside its field of membership, including locations in Central America, the Middle East, and Mexico. The revenue generated from these accounts constituted 90% of North Dade's annual revenue. In 2013 alone, the total transaction volume through North Dade by MSBs included \$1.01 billion in outgoing wires and \$984 million in remotely captured deposits.

“When a small institution opens its doors to the world, takes on greater risks than it can manage, and puts profits before AML controls, bad actors are bound to take advantage,” said FinCEN Director Jennifer Shasky Calvery. “This case raises pretty obvious questions that no one seems to have asked. Why would MSBs located all over the world choose a small Florida credit union to conduct close to \$2 billion in transactions? Credit unions pride themselves on close and low-risk relationships with known neighborhood customers. However, North Dade welcomed customers far beyond its field of membership, without adequate policies and procedures to ensure AML compliance.”

Director Shasky Calvery also expressed concern about North Dade's failure to comply with FinCEN's 314(a) program. "It is of great concern that North Dade failed to even review the 314(a) requests it received. These are time sensitive requests that, by their very nature, are intended to further criminal investigations into significant money laundering and terrorist financing activities."

From 2009 through 2014, North Dade had significant deficiencies in all aspects of its AML program, including its internal controls, independent testing, training, and failure to designate an appropriate BSA compliance officer. North Dade also had a systemic failure in meeting its 314(a) obligations. North Dade did not provide any meaningful risk assessment for its size and type of business and blindly relied on a third-party vendor to conduct due diligence for all 56 MSBs, which held sub-accounts at North Dade. Without itself knowing or understanding its customers or risks, North Dade was unable to adequately monitor, detect, or report significant suspicious transactions and other activities taking place through the credit union, including those related to money laundering and drug trafficking. When the credit union did file suspicious activity reports, the reports were often late and insufficient.

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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.