

[Date]

[Recipient Name]

[Title]

[Institution Name]

[Address Line 1]

[City, State, Zip Code]

RE: Initial Compliance Advisory - Bank Secrecy Act (BSA) / Anti-Money Laundering (AML) Requirements

Dear [Recipient Name],

This letter serves as a formal advisory regarding the regulatory requirements and compliance expectations under the Bank Secrecy Act (BSA) and the USA PATRIOT Act. As a financial institution, it is mandatory to establish and maintain an effective BSA/AML compliance program to mitigate the risk of money laundering and terrorist financing.

To ensure initial compliance, your program must incorporate the following five pillars:

- **Internal Controls:** Development of written policies, procedures, and internal controls designed to ensure ongoing compliance.
- **Designated Compliance Officer:** Appointment of a qualified individual responsible for coordinating and monitoring day-to-day compliance.
- **Training Program:** Implementation of an ongoing employee training program for appropriate personnel.
- **Independent Testing:** Provision for independent testing of compliance to be conducted by institution personnel or an outside party.
- **Customer Due Diligence (CDD):** Appropriate risk-based procedures for conducting ongoing customer due diligence and identifying beneficial owners.

Furthermore, the institution is required to file Currency Transaction Reports (CTRs) for cash transactions exceeding \$10,000 and Suspicious Activity Reports (SARs) for any transactions that appear to violate federal law or lack a clear economic purpose.

Please acknowledge receipt of this advisory. We recommend an immediate review of your current framework to ensure all statutory requirements are met. Failure to comply with BSA regulations may result in significant civil money penalties and regulatory enforcement actions.

If you have any questions regarding these requirements, please contact [Department Name] at [Phone Number].

Sincerely,

[Name]

[Title]

[Regulatory/Compliance Agency Name]