

What is the Patriot Act, OFAC, and what is River Valley's role?

The US Patriot Act was enacted in September of 2001 in response to the 9-11 attacks. The Patriot Act requires sanctions against persons/groups that support or associate with foreign terrorists, including:

- Blockage of funds and assets used in financing terrorism
- Denial of financial services to terrorists and terrorist organizations
- Sharing intelligence relating to funding terrorist activities

The Patriot Act directs the Department of Treasury and other federal regulators to issue ongoing regulations to financial institutions as deemed appropriate to combat terrorism.

The Office of Foreign Asset Control (OFAC), a division of the U.S. Treasury, will monitor compliance with all regulations relating to the Patriot Act.

OFAC will administer/enforce laws to impose economic and trade sanctions, to promote national and international security against the following, based on foreign policy and national security goals:

- Targeted foreign countries
- Terrorism sponsoring organizations
- International narcotics traffickers
- Oppressive governments
- International terrorists
- Other specifically designated persons

Another OFAC job is to update and distribute Specially Designated Nationals (SDN) lists as appropriate, and to monitor compliance in conjunction with other federal regulators (ie: NCUA, FDIC, etc.)

What Does River Valley Have To Do To Comply With These Regulations?

River Valley Credit Union's role will be the same as any other financial institution. We are now required to:

- Verify that funds leaving the credit union don't go to anyone on OFAC's SDN list...this includes every check, money order, ACH and wire transfer.
- Every new account opened has to be verified and checked against the SDN list.
- Every existing member will be checked against the SDN list.
- Every existing member will be asked to reverify and confirm current identification.
- Subsequent regulations currently being formulated will require future changes and actions.

This is a daunting task. Initially, this process may slow the time that it takes to complete certain transactions.

PLEASE REMEMBER: RIVER VALLEY CREDIT UNION IS NOT THE ONLY FINANCIAL INSTITUTION THAT WILL BE DOING THIS...ALL BANKS AND CREDIT UNIONS MUST COMPLY WITH THESE REGULATIONS.

Are There Penalties For Non-Compliance?

Each of the laws administered by OFAC has civil penalties and financial fines associated with violations:

- Financial institutions have already been fined millions of dollars for failure to block illicit transfers.
- Corporate and personal fines up to \$1,000,000.00 per incident.
- Civil penalties of \$250,000.00 per incident.
- Possibility of imprisonment.

Will The Patriot Act Change In The Near Future?

The Patriot Act is one of the most sweeping pieces of legislation ever enacted by the U.S. Congress. Interestingly, it is also one of the most malleable laws that we have seen in a generation, which is to say that the current Patriot Act will evolve, and will probably be different within a year. We ask for your patience and understanding while our industry makes every attempt to comply with the Patriot Act.

Where Can I Learn More About The Patriot Act?

You can access further information concerning the Patriot Act by logging on to:
www.ustreas.gov/offices

You can view and print out the SDN list by logging on to:
www.ustreas.gov/offices/enforcement/ofac

You can also print out a copy of the Patriot Act from our website at:
www.rivercu.com