**High Risk Members**

Higher risk accounts and potentially higher risk accounts are subject to Enhanced Due Diligence (“EDD”). The purpose of performing EDD is to ensure the Credit Union has sufficient information to be able to determine the identity of the account holder and that the Credit Union has a basis for evaluating “normal” account activity for higher risk accounts.

The Compliance Department reviews large currency transaction reports and monetary instrument logs daily. In addition, the Credit Union’s automated monitoring system (PATRIOT) reviews all account activity for potentially suspicious transactions. As part of the Credit Union’s ongoing member due diligence efforts, high risk members (as defined below) that appear on any of the monitoring reports and/or PATRIOT alerts will receive increased scrutiny during the review process. Based on the findings of these reviews, the member can become classified as a high risk member.

Some characteristics that high risk members share may include:

* High volume of cash transactions (cash intensive)
* High volume of electronic activity (mobile, ATM, online banking)
* High volume of international wire and/or ACH transfer activity
* Ongoing patterns of unusual/suspicious account activity over a period of time that is not commensurate with the members stated occupation/business
* High volume of monetary instrument or prepaid card purchases

The mere fact that a member and/or business account holder exhibits any of the high risk characteristics noted above does not in itself automatically constitute a “high risk member” profile or rating for purposes of determining the appropriate level of account monitoring required. Other factors to consider but are not limited to:

* Length of time the member has maintained a relationship with the Credit Union
* Previously filed Suspicious Activity Reports (SAR) or Red Flags submitted.
* Alerts received through PATRIOT (evaluated on a case by case basis)

**Initial Due Diligence Monitoring for Business Account Holders**

All new business accounts require enhanced due diligence at account opening. Therefore, a business account questionnaire (BAQ) is required to be completed with the member during the account opening process. Upon completion, the form is scanned into OnBase.

Monthly the Compliance Department will receive a list of all new business accounts, then the BAQ will be reviewed in Onbase and the account will be risk rated according to PATRIOT. It will then be logged and a review date is set for approximately 90 days. A review of account activity will be compared to the initial risk rating in PATRIOT to determine if the activity is consistent with type of business and with the activity previously stated by the member. When there are apparent/significant inconsistencies between expected transactions documented in the BAQ and actual account activity, compliance staff will be responsible for initiating enhanced due diligence (which may include following up with branch to inquire about the inconsistency). A risk rating is assigned at the conclusion of each review. High risk members are classified as high risk in PATRIOT and are added to the high risk log under reports in the BSA software.

Compliance Specialist

1. As BAQ forms are received, review to ensure the forms are complete and follow up on forms with missing information
2. Review each BAQ and answer the questions in PATRIOT under EDD and set a review date for 90 days after the account opening date
3. Perform the 90 day review and assign a risk rating as appropriate
4. If the risk rating is high, classify the account as high risk in PATRIOT and log the member on the high risk member tracking log for ongoing due diligence

**Ongoing Due Diligence**

Once a member is designated as high risk (both business and consumer accounts), the following ongoing monitoring procedures will be initiated. Ongoing due diligence is performed every six months or as needed.

Compliance Specialist

1. Review all account relationships and corresponding account activity for any suspicious or unusual activity taking into consideration the transaction profile of the member. Be cognizant of any of the following:
	1. Unexplainable increase/decrease in cash
	2. Increase in new transaction types
	3. Unexplainable patters of increased volume of general business or transaction activity
	4. Any other activity inconsistent with the general profile of the business/member
2. Review to ensure all required member documentation is on file, as applicable
	1. Signature cards
	2. Identification (CIP)
	3. Business Information Sheet (BAQ)
	4. Business documentation (CIP)
	5. Business License
3. Determine whether the member should continue to be classified as high risk (any changes to risk rating must be approved by the BSA Officer)
4. If suspicious activity is found, open a case in PATRIOT and attach all supporting documentation for which this decision was made
5. Contact the BSA Officer regarding the newly opened case for further disposition

BSA Officer

1. Approve any changes to risk ratings for high risk members
2. Perform reviews of suspicious activities and determine if a SAR should be filed
3. Prepare and file SARs as appropriate
4. Provide assistance and support to the Compliance Specialist as needed