

# REGULATORY ALERT

**NATIONAL CREDIT UNION ADMINISTRATION  
1775 DUKE STREET, ALEXANDRIA, VA 22314**

**DATE: April 2009 NO: 09-RA- 05**

**TO: Federally Insured Credit Unions**

**SUBJ: Guidance on Filing Suspicious Activity Reports  
Regarding Loan Modification/Foreclosure Rescue Scams**

Dear Board of Directors,

The Financial Crimes Enforcement Network (FinCEN) recently issued an advisory to highlight loan modification/foreclosure rescue scams so that financial institutions may better assist law enforcement when filing Suspicious Activity Reports (SARs).

In the current economic environment, many homeowners are encountering significant difficulty in making their mortgage payments. This difficulty has led to an increasing amount of fraud in the form of loan modification/foreclosure “rescue” schemes. Under the pretense of helping homeowners modify their mortgage obligations, these schemes result in the loss of money, equity, and in many cases, the home itself.

The activities of credit unions may intersect with these rescue scams in the following two ways:

- Persons or entities perpetrating loan modification/foreclosure rescue scams may seek the services of credit unions for the purpose of receiving, depositing or moving funds relating to the scams; and
- Credit unions may become aware of such scams through their interactions with members who have become victims.

Credit unions are reminded of the requirement to implement appropriate risk-based policies, procedures and processes to aid in the identification of potentially suspicious transactions. These processes should include conducting appropriate member due diligence on a risk-assessed basis.

A list of potential indicators of loan modification/foreclosure rescue scams is included in the guidance. In order to assist law enforcement in its efforts to target this type of fraudulent activity, FinCEN requests the term “foreclosure rescue scam” be included in the narrative portions of all relevant SARs filed. FinCEN further requests that the Suspect/Subject Information Section of the SAR include all information available for each party suspected of engaging in this fraudulent activity. This information should include the individual or company name, address, phone number and any other identifying information.

In many cases, the homeowner is a victim of the scam and therefore should not be listed as a suspect unless there is reason to believe the homeowner knowingly participated in the fraudulent activity. When the homeowner is simply a victim of the scam, including all available information in the narrative portion of the SAR about the homeowner and his or her property will assist law enforcement in investigating these potential crimes.

A complete copy of FIN-2009-A005 may be obtained at [http://www.fincen.gov/statutes\\_regs/guidance/pdf/fin-2009-a001.pdf](http://www.fincen.gov/statutes_regs/guidance/pdf/fin-2009-a001.pdf).

If you have any questions regarding this FIN-2009-A005, please contact your district examiner, regional office, or state supervisory authority.

Sincerely,

/s/

Michael E. Fryzel  
Chairman