

The Additional Burden of the Bank Security Act on Community Banks in States with Casinos¹

Danielle Lewis
John Candies Professor of Finance
Southeastern Louisiana University

Lonica Wallace
Staff Auditor
Hannis T. Bourgeois, LLP

and

Roshmina Thapa
Corporate Credit Coordinator
Reece USA

Abstract

Deeply embedded compliance costs are difficult to account. We modeled non-interest expenses using all U.S. community banks and found the 2001 USA Patriot Act increased the compliance burdens, but particularly for banks with casinos in their state. Changes in policy pertaining to the Bank Secrecy Act include Congress modernizing the BSA provisions because the rules leave excessive room for interpretation and subjectivity across examiners and courts. Additionally, a publication showing the effectiveness of BSA reporting could benefit bankers and help make compliance more cost efficient.

¹ The authors would like to thank the Conference of State Bank Supervisors for the topic inspiration and Eric Dosch, JoEllen Juhasz and Brittanie Wallace of First Guaranty Bank for their background research.

Introduction

The Bank Secrecy Act (BSA), also known as part of the Anti-Money Laundering (AML) laws, initiated in 1970s (Holst 2019). The act's specific intent was to require "U.S. financial institutions to assist U.S. government agencies to detect and prevent money laundering" and fraud ("Bank Secrecy"). Created with justifiable concerns, the financial burden of the BSA falls on the earnings of the money service business's (MSBs) through significant cost implications from compliance.

The expenses incurred for compliance are material. Requirements include: registering with the Department of the Treasury ("BSA Requirements"), having an "effective anti-money laundering program" (ECFR), filing and maintaining a list of agents within the MSB ("BSA Requirements") having "an independent audit to test programs" (31 U.S. Code), filing suspicious activity reports (SAR) when the transaction appears suspicious according to FinCEN guidelines, and is in the amount of \$2,000 or more, or \$5,000 or more, "for issuers reviewing clearance records" (Money Services), filing currency transaction reports for a "deposit, withdrawal, exchange of currency, or other payment or transfer" over \$10,000 (ECFR), keeping records for up to five years for the transmittal of funds over \$10,000 (ECFR), maintaining records for "purchases of bank checks or drafts, cashier's check, money order or traveler's checks for \$3,000 or more" ("BSA Requirements"), maintaining records for five years for prepaid access transactions ("BSA Requirements"), and foreign MSBs designating a U.S. resident to "function as an agent to accept service of legal process" ("BSA Requirements").

Major changes to the BSA occurred in response to the 9/11 attacks. The amendments provided for the most rigorous regulations throughout the banking industry with the purpose of preventing terrorist activities by focusing on international money laundering. The act also

emphasized inspection of “international transactions or types of accounts that are susceptible to criminal abuse” (“USA Patriot Act”). Amendments to BSA address prepaid access, inclusion of institutions that need to report, sharing agreements, and the most recent new customer due diligence requirements (“BSA Timeline”).

Effective 2018, the CDD Final Rule addressed identification of customers with new requirements to amend the BSA. Requirements include: certain financial institutions, including community banks, to comply with the Customer Due Diligence Rule (FinCEN). The rule requires the identity of the customer and the “beneficial owners of companies opening accounts” to be verified (FinCEN). It also requires that the institution “understand the nature and purpose of customer relationships to develop customer risk profiles” and to continuously monitor suspicious activity (FinCEN).

Other Final Rules expanded types of institutions required to file SARs to address money laundering, including casinos and card clubs (“BSA Timeline”). The 12th Annual Money Laundering Conference, the director of FinCEN directly addressed casino compliance with the BSA (Blanco). Louisiana’s casinos, in conjunction with the State’s community banks, are part of a regulatory system to identify financial crimes.

This paper outlines the BSA and Anti-money laundering compliance structure and subsequently develops a cost model with controls to estimate the cost of compliance due to the BSA. We test whether the cost burdens on banks in states with casinos is greater than states without casinos.

BSA AND ANTI-MONEY LAUNDERING ACT COMPLIANCE

i. Process, Dedicated Employees, Structure

The goal for a community bank's assessment plan is to mitigate losses related to BSA violations, like terrorist financing and money laundering, by developing necessary policies, procedures, and controls. These mitigating procedures include monitoring their customers' activities, both businesses and consumers, while monitoring products and services that are in existence and expanding the monitoring to new service lines. The process is comprised of reviewing geographic locations they are exposed to, such as high intensity financial crimes areas (HIFCA), and high intensity drug trafficking areas (HIDTA). A community bank also analyzes trends related to suspicious activity reports, currency transaction reports, and fraud.

BSA compliance is a significant endeavor for small community banks to implement. A community bank BSA department is also in charge of their program for training and compliance for FinCEN regulations.

ii. Cost of Compliance

Because of the considerable costs associated with BSA compliance, many community banks outsource to third-party companies. In addition to reducing costs for a community bank, outsourcing contributes feedback on their procedures, diagnostic gaps, and areas that need improvement. They may assess high risk reviews and that are reviewed by the BSA Department. Costs involved for use of third party's services are based on a quarterly fee, and can range between \$5,250 and \$6,000, depending on volume. Community banks may also incur an expense to house their software on a remote server.

Banks are not compensated if they uncover criminal activity. In fact, in 2019, a Louisiana bank was forced to freeze funds in a customer's account due to fraud detection. Table 1 indicates

the types of fraud and the associated losses reported by a medium sized community bank with under \$2 billion in assets as of 2019. The burden of detecting financial crimes is significant, but total losses as a percentage of the total attempted crimes are mitigated from the BSA procedures.

Table 1: Example of 2019 Fraud Types and Associated Losses

	Fraud Type	Reclamations/Restitution	Mobile Fraud	Debit Card/ATM Fraud	Structuring	Elderly Exploitation	Fraud	Money Laundering	Identification/Documentation	Other Suspicious Activities	Cyber Event	Credit Card Chargeoff	TOTALS
Jan-19	\$ Attempt	\$0.00	\$12,087.61	\$68,581.96	\$1,634,243.00		\$76,380.00	\$4,447.00		\$232,548.00		\$1,869.39	\$2,028,287
	\$ Loss	\$170.00		(\$34,143.94)			(\$3,853.75)						(\$1,135.09)
Feb-19	\$ Attempt	\$0.00	\$3,397.61	\$26,966.36	\$246,093.00		\$ 29,344.00	\$20,300.00		\$238,124.00	\$93,710.00		\$657,934.00
	\$ Loss	\$10,353.11		(\$6,478.10)			(\$14,282.19)						(\$10,407.29)
Mar-19	\$ Attempt	\$0.00	\$21,159.05	\$31,236.04	\$949,610.00		\$2,726,538.60	\$626,172.00		\$45,235.00	\$11,100.00		\$4,411,050.00
	\$ Loss	\$211.70	(\$3,565.33)	(\$15,718.28)									(\$19,071.91)
Apr-19	\$ Attempt	\$0.00	\$6,916.94	\$13,966.36	\$584,519.00		\$148,791.86	\$2,509.00		\$21,120.00			\$777,823.00
	\$ Loss	\$98.52		(\$4,729.30)			(\$3,772.86)						(\$8,403.64)
May-19	\$ Attempt	\$0.00	\$7,250.51	\$32,886.98	\$867,873.00		\$458,898.85	\$1,468,796.00	\$934,962.00	\$90,000.00			\$3,860,667.00
	\$ Loss	\$130.00	(\$1,800.51)	(\$20,453.10)			(\$13,173.62)						(\$35,297.73)
Jun-19	\$ Attempt	\$0.00	\$12,028.42	\$46,896.99	\$391,971.00		\$59,577.63	\$79,092.00	\$0.00	\$35,000.00			\$624,566.00
	\$ Loss	\$0.00		(\$23,015.19)			(\$8,370.65)		\$0.00			(\$10.07)	(\$31,395.91)
Jul-19	\$ Attempt	\$0.00	\$8,570.16	\$20,820.41	\$334,113.00		\$257,986.77	\$272,702.00	\$0.00	\$52,218.00	\$0.00	\$0.00	\$946,410.00
	\$ Loss	\$142.00	\$0.00	(\$6,785.92)	\$0.00		(\$9,076.77)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$15,720.47)
Aug-19	\$ Attempt	\$0.00	\$8,222.37	\$33,381.75	\$545,162.00	\$121,406.61	\$11,599.10	\$21,583.96	\$0.00	\$591,539.00	\$0.00	\$0.00	\$1,332,894.00
	\$ Loss	\$637.50	\$0.00	(\$10,246.79)	\$0.00	\$0.00	\$3,625.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$5,984.19)
Sep-19	\$ Attempt	\$0.00	\$15,060.90	\$20,464.23	\$429,522.94	\$0.00	\$43,878.31	\$0.00	\$0.00	\$56,182.00	\$0.00	\$0.00	\$565,108.00
	\$ Loss	\$25.00	\$0.00	(\$3,267.13)	\$0.00	\$0.00	(\$27,464.75)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$30,706.63)
Oct-19	\$ Attempt	\$0.00	\$10,843.03	\$14,806.40	\$363,875.45	\$0.00	\$1,095,262.00	\$74,466.00	\$0.00	\$80,026.00	\$0.00	\$0.00	\$1,639,278.00
	\$ Loss	\$0.00	\$0.00	(\$4,667.38)	\$0.00	\$0.00	(\$2,002.76)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$6,670.14)
Nov-19	\$ Attempt	\$0.00	\$1,458.28	\$31,711.16	\$840,934.00	\$0.00	\$0.00	\$87,000.00	\$0.00	\$83,941.84	\$0.00	\$0.00	\$1,045,045.00
	\$ Loss	\$0.00	\$0.00	(\$8,739.83)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$33,920.84)	\$0.00	(\$172.12)	(\$42,832.79)
Dec-19	\$ Attempt		\$7,451.98	\$30,542.68	\$406,849.00	\$98,000.00	\$160,815.56	\$10,051.00	\$0.00	\$130,641.71	\$0.00	\$0.00	\$844,351.00
	\$ Loss	\$25,263.00	\$0.00	(\$12,861.18)	\$0.00	\$0.00	(\$9,818.27)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,583.50
Total Attempt		\$0.00	\$114,446.86	\$372,261.32	\$7,594,765.39	\$219,406.61	\$5,069,072.68	\$2,667,118.96	\$934,962.00	\$1,656,575.55	\$104,810.00	\$1,869.39	\$18,735,288.00
Total Loss		\$37,030.83	(\$5,365.84)	(\$151,106.14)	\$0.00	\$0.00	(\$88,190.52)	\$0.00	\$0.00	(\$33,920.84)	\$0.00	(\$1,317.28)	(\$242,869.74)

December 2019- Added \$17,171.67 Recovered Funds from ACH Fraud loss in Sept 2019 (Brown: Eagle)

Figure 9: 2019 Fraud Types and Associated Losses

The USA Patriot Act of 2001 amended and strengthened the BSA by requiring financial institutions to create anti-money laundering programs (§352) and required identification of customers using correspondent accounts (“USA PATRIOT Act”). The Act encourages cooperation between law enforcement, regulators, and financial institutions (§314)(“USA PATRIOT Act”). After the implementation of the Patriot Act, there were other modifications to clarify parts of the BSA and to enhance due diligence (“BSA Timeline”). The Final Rule for customer due diligence strengthens requirements to improve financial transparency (“CDD Final Rule”). The updated Customer Due Diligence requires MSBs to obtain more information about the customer and continually monitor their transactions to prevent criminals and terrorist from using institutions for money laundering (“CDD Final Rule”).

Kenneth A. Blanco, FinCEN Director, presented at the 12th Annual Las Vegas Anti-Money Laundering Conference to discuss casinos' role in money laundering. Blanco brought up his concerns regarding a gap in reporting by casinos, in particular with regards to Convertible Virtual Currency (CVC) and cyber transactions (Blanco). Although a "culture of compliance" has been encouraged by FinCEN since they released new guidance and an advisory in January 2017, casinos have not been meeting standards (Blanco). Blanco stated in his remarks, "it concerns me when I hear about some compliance budgets being cut by casinos looking to trim costs and retain gamblers." (Blanco). In 2018 in the gaming sector, Louisiana SARs filings decreased by 15%; Blanco remarked that "declines in overall filings...is symptomatic of the decline in overall industry filings." (Blanco). The decrease in the number of filings from casinos could negatively impact banks in casino markets. If money from financial crimes can be laundered successfully in casinos, ultimately the funds may end up in local banks. FinCEN cannot address potential money laundering crimes if no SAR is filed by a casino. In Louisiana, there are 24 casinos, all near community bank branches and 12 casinos just across the state border on the Mississippi Gulf Coast.

DATA AND MODEL

We use a panel regression to examine 1) if changes to the BSA, via the Patriot Act, materially impacts the burden on community banks over time, and 2) could having a casino nearby place an additional burden on a bank's non-interest expenses. We collected 233,629 observations from Call Report data on U.S. banks up to \$10 billion in assets from 1992 to 2018. Table 2 briefly describes the central tendency and dispersion of the data. Note that there is a material difference between the mean and median for most variables, indicating that the data is

skewed. Because of the skewness, the model's continuous variables are transformed by taking the natural logarithm. This is a convenient means of transforming a skewed variable into a normalized variable. Using the logarithm of one or more variables improves the fit of the model, however, the interpretation of the model's coefficients is altered to represent the percentage change due to the explanatory variable, rather than a unit change.

We develop a non-interest cost function that depends upon the bank size, bank input prices, a time trend, a discrete variable describing when BSA changes due to the Patriot Act occurred, and a discrete variable for the presence of casinos operating in the bank's state.

Non-Interest Expense (Dependent variable)

Non-interest expenses include employee salaries, bonuses and benefits, equipment rental, IT costs and telecommunication, marketing, and professional services. Salaries and benefits consist of gross salaries, wages, bonuses, incentives, health benefits, profit sharing plans, and savings plans of all officers and employees. The "premises and equipment" expenses include all non-interest expenses related to the use of premises including: equipment, furniture and fixtures, ordinary repairs, maintenance contracts, utilities, leasehold improvements, and insurance expense. It is difficult to identify BSA compliance costs with non-interest expenses directly, but by detecting variations in non-interest expenses when there is a change in BSA amendments, and in geographical areas where casinos operate, the model can estimate the discrete variables' impact on non-interest expenses.

Table 2: Summary Statistics of Banks below \$10 Billion in Assets from 1992-2018 (\$ in 1000s)

Variable	Mean	Std. Dev.	5 th Percentile	25 th Percentile	Median	75 th Percentile	95 th Percentile
Net Loans & Leases	203,623	540,308	8,188	26487	62,649	156,540	760,739
Deposits	248,385	600,428	15,153.4	412,777	88,113	204,114	912,873
Equity Capital	32,217	905,120	1,798	4,956	10,537	24,514	114,941
Securities	71,257	214,550	2,005	9,119	21,825	53,636	259,588
Non-Interest Expenses	9,586	30,391	532	1,412	2,994	7,050	34,164
Salaries & Employee Benefits	4,589	12,319	12,319	739	1,562	3,673	16,935
Premises & Equipment Expenses	1,241	3,673	53	175	400	961	4,507
Avg. Wage Per Employee	50	51	25.78	34.75	45.63	60.37	89
Avg. Rent Per Premise	0.7211	0.9389	0.1001	0.1727	0.2568	0.4239	1
Interest Rate	0.0524	0.0292	0.0035	0.0135	0.0282	0.0381	0.0502
Bank Premises and Fixed Assets	4,849	12,509	98	549	1,614	4,311	18,451

Summary Statistics of Banks Below \$10B in Assets from 1992-2018.

Size

The size of the bank is the key determinant of bank costs. In our model, bank size is measured by the size of the loan portfolio and the size of the securities portfolio. Referring to the summary statistics in Table 2, the average loan portfolio size is \$204 million with a standard deviation of \$540 million. The mean value of the securities portfolio is \$71.2 million, with a dispersion of \$214.5 million from the mean.

Input Prices

The cost function controls for three input prices for each bank in the sample: average wage, interest rate paid on deposits, and rents on the building premises. Input prices vary, depending on geographic region and whether the bank is in a metro or rural area. Wages equal salaries and employee benefits divided by the total number of employees. The average bank interest rate paid equals total interest expense divided by total deposits. Average rents paid on building and equipment equals premises and equipment expense divided by Bank premises.

Discrete Dummy Variables

The primary contribution we make to the bank industry's cost function is the creation of two discrete variables: "BSA changes" due to the Patriot Act, and "Casinos" to identify banks that operated near casino facilities. The Patriot Act was signed in late 2001 but banks implemented the Patriot Act changes to BSA in 2002. Bank institutions are the front lines against money laundering and terrorist financing. Title III of the USA Patriot Act has provisions to detect, deter, and disrupt terrorist financing networks. A discrete variable defining the "Patriot Act changes to BSA era" takes on a zero for years 1992-2002 and a one in years 2003 until 2018. "BSA changes" intend to capture the incremental burden from the money laundering and terrorist financing detection to community banks' non-interest expenses.

The addition of a discrete variable, “Casinos”, is designed to capture the burden that banks bear due to having casinos in their market areas. We hypothesize that bank compliance, related to money laundering laws, disproportionately impacts banks in states with casinos. Financial crimes not detected or reported in casinos may end up being passed on to local banks, disproportionately burdening banks with increased non-interest expenses; specifically, compliance costs. If casinos are passively allowing financial crimes to occur on their premises, this could be infectious to the surrounding banks. Those who are committing the financial crimes may use nearby banks to facilitate money laundering; especially smaller, less sophisticated community banks. There have been instances where casinos were fined for, allegedly, repeatedly violating BSA requirements, and purportedly engaging in willful and repeated AML violations to further their business interest “U.S. Casino and Gaming Industry”).

Finally, the inclusion of a time trend allows us to identify the impact of BSA changes due to the Patriot Act and the presence of casinos in the bank’s market area over time. In other words, BSA changes and casinos do not just impact a bank’s non-interest expense one time, but instead, the model allows for a marginal impact over time.

Table 3: Panel Regression Model: Coefficients and Statistical Significance		
Variable	Coefficient	T-Statistic
Intercept	-2.7499***	-178.3228
Ln Loans	0.7531***	781.7904
Ln Securities	0.1217***	151.9187
Ln Wages	0.2800***	82.7254
Ln Rents	0.0567***	46.6009
Ln Interest	-0.1388***	-78.2216
BSA changes (Patriot Act)	0.0079	1.11984
Casinos	0.2055***	13.1161
Time Trend	-0.0231***	-53.6967
BSA changes * Time Trend	0.0019***	3.5377
Casinos * BSA Changes *Time Trend	0.0003***	12.1963

*Statistical significance at the .0001 level Table 11: Panel Regression Model: Coefficients and Statistical Significance

We estimate banks using Panel regression, a modeling method adapted to panel data.

Table 3 summarizes the model’s coefficients and indicates that the coefficients are statistically significant at the 0.001 (99.9%) level, with the exception of the lone BSA discrete variable.

However, the model shows evidence that the BSA changes statistically increase bank non-interest expenses over time. Specifically, the model shows banks, like a community bank, which are in states with casinos, have an even greater compliance burden due to the BSA changes relative to community banks without casinos.

Table 4: Marginal Effects of BSA				
Year	Time Trend	Incremental % change in Non-Interest Expense from Patriot Act (BSA) with Casinos	Incremental % change in Non-interest Expense from Patriot Act (BSA) without Casinos	Advantage of not having a casino in area (difference)
2003	1	1.02%	0.99%	0.03%
2004	2	1.25%	1.18%	0.07%
2005	3	1.47%	1.37%	0.10%
2006	4	1.70%	1.57%	0.13%
2007	5	1.93%	1.76%	0.17%
2008	6	2.15%	1.95%	0.20%
2009	7	2.38%	2.15%	0.23%
2010	8	2.61%	2.34%	0.27%
2011	9	2.83%	2.53%	0.30%
2012	10	3.06%	2.73%	0.33%
2013	11	3.29%	2.92%	0.37%
2014	12	3.51%	3.11%	0.40%
2015	13	3.74%	3.31%	0.43%
2016	14	3.97%	3.50%	0.47%
2017	15	4.19%	3.69%	0.50%
2018	16	4.42%	3.89%	0.53%

Table 12: Marginal Effect of BSA

$$*\partial \ln C / \partial \text{BSA Change} = 0.0079 + 0.0019 * \text{Time Trend} + 0.0003 * \text{Time Trend} * \text{Casinos}$$

Table 4 illustrates the incremental difference of having a casino and Patriot Act

compliance responsibilities. In 2003, a bank near a casino had an estimated 1.02% higher non-interest expense from the Patriot Act, whereas a bank with no casino nearby had a 0.99% greater burden from the Patriot Act; a relatively small difference. By 2018, a bank with a casino nearby

faced an estimated 4.42% higher non-interest expense, compared to a 3.89% higher Patriot Act burden for a bank with no casino nearby; a 0.53% disadvantage from being near a casino. In fact, if a community bank resided in a market without casinos, estimated non-interest expenses would be \$44,177,040, while the estimate for their non-interest expenses in 2018, if they were in a region with casinos, is \$55,034,020.

POLICY RECOMMENDATIONS AND CONCLUSIONS

Areas that FinCEN and the regulators could more clearly define is the Customer Due Diligence (CDD) rule. In addition to the CDD rule requiring banks to thoroughly identify individuals who have 25% or more ownership in an entity and are opening an account, FinCEN has an identification rule for the Customer Identification Program (CIP). Under the CDD rule, the identification requirements apply to both new and existing customers. Under the CIP rule, the technical term “customer” does not necessarily encompass those with existing accounts. This causes a disparity between the two rules and adds to confusion. As a result of these rules conflicting, institutions have taken to thorough identification procedures every time an account is renewed or opened, even for existing customers. This lack of clarification could lead to an unproductive redundancy within the institutions who are implementing the rules.

Another policy recommendation is to share example BSA policies and procedures from different institutions based on asset size.” This would ensure that the bank is covering all expectations and that community banks would benefit greatly if model policies and procedures were published.

In the Bank Secrecy Act, the threshold amount for filing a currency transaction report (CTR) is \$10,000 and the threshold for filing a Suspicious Activity Report is \$2,000, or \$5,000

“for issuers reviewing clearance records” (“Money Services”). One of the concerns regarding Suspicious Activity Reporting has to deal with the term “structuring”. Conforming to FinCEN’s definition, “Structuring is the breaking up of transactions for the purpose of evading the Bank Secrecy Act reporting and recordkeeping requirements and, if appropriate thresholds are met, should be reported as a suspicious transaction...” (Langford). The bank’s BSA reporting burden would be lessened if the CTR limit were increased. Since the predominant number of a community bank’s SARs filed is based on structuring, increasing the CTR limit would develop better quality SARs filed that are filed for structuring. To meet the goals of the act, increasing the CTR limit could lead to a greater quality of reported information.

The rules leave excessive room for interpretation and subjectivity, which allow different interpretations across individual examiners, regulatory regions, and courts. These ambiguous rules can put an immense strain on regulatory agencies, and the court system, which could be solved by giving a nation-wide standard.

Insightful responses have come from asking the intermediaries between customers and regulators about how informed they are, concerning the effectiveness of their report submissions. At present, statistics are composed by FinCEN regarding SAR reports from “depository institutions, money service businesses, casinos, and securities industries.” Categories of reasons pertaining to why a SAR was filed is shown in the produced statistics but some of the intermediaries believe that the substance of these reports may hold more value if the red flags that prompt suspicious activity were added by law enforcement and FinCEN working together. These “red flags” could potentially give insight and direction to other institutions when they are tracking suspicious activity and could possibly lead to a more solid case when law enforcement prosecutes offenders.

A publication of national statistics showing how many criminals and terrorists were apprehended because of BSA/AML reporting would be helpful. Although aware that case specifics should be censored, clearly showing the effectiveness resulting from BSA rules and the reporting would be of benefit.

Although the BSA, and subsequent amendments, are important in detecting and preventing money laundering, regulators should look to reduce the costs and burdens associated with compliance for smaller community banks. While effectively protecting the general public from financial crimes, these compliance costs seem to fall on the income statements of the banks who adhere to the policies.

Works Cited

31 U.S. Code § 5318 - Compliance, Exemptions, and Summons Authority. *Legal Information*

Institute, Cornell U Law School, www.law.cornell.edu/uscode/text/31/5318.

“Acquisition of Premier Bancshares, Inc Official.” *Acquisition of Premier Bancshares, Inc*

Official, First Guaranty Bank, 19 June 2017, [www.a community bank.net/investor-relations/2017/08/10/acquisition-officially-approved](http://www.acommunitybank.net/investor-relations/2017/08/10/acquisition-officially-approved).

Blanco, Kenneth A. “Prepared Remarks of FinCEN Director Kenneth A. Blanco, Delivered at the 12th Annual Las Vegas Anti-Money Laundering Conference.” *Prepared Remarks of*

FinCEN Director Kenneth A. Blanco, Delivered at the 12th Annual Las Vegas Anti-Money Laundering Conference | *FinCEN.gov*, 13 Aug. 2019,

www.fincen.gov/news/speeches/prepared-remarks-fincen-director-kenneth-blanco-delivered-12th-annual-las-vegas-anti.

“BSA Timeline.” *BSA Timeline* | *FinCEN.gov*, FinCEN, www.fincen.gov/resources/statutes-regulations/bank-secrecy-act/bsa-timeline.

“CDD Final Rule.” *CDD Final Rule* | *FinCEN.gov*, www.fincen.gov/resources/statutes-and-regulations/cdd-final-rule.

Dosch, Eric J. Personal Interview. 05 May 2020.

Duchmann, Holly. “Banking on Medical Marijuana in Louisiana Is Challenging

Business.” *Baton Rouge Business Report*, 8 Nov. 2019,

www.businessreport.com/business/banking-medical-marijuana-louisiana-business.

“ECFR - Code of Federal Regulations.” *Electronic Code of Federal Regulations (ECFR)*, 27 Feb.

2020, www.ecfr.gov/cgi-bin/text-

idx?SID=9bd185e43e8c6b2ef75acbb2e228806d&mc=true&node=se31.3.1022_1210&rg
n=div8.

“Federal Deposit Insurance Corporation.” FDIC,

www.fdic.gov/regulations/examinations/bsa/sources3.html.

“FinCEN Reminds Financial Institutions That the CDD Rule Becomes Effective

Today.” FinCEN Reminds Financial Institutions That the CDD Rule Becomes Effective

Today | FinCEN.gov, www.fincen.gov/news/news-releases/fincen-reminds-financial-institutions-cdd-rule-becomes-effective-today.

“First Guaranty Bancshares, Inc. And Union Bancshares, Incorporated Agree to Merge.” (2019,

August 05). Retrieved April 18, 2020, from [https://www.a community](https://www.acommunity)

[bank.net/news/news-detail/2019/08/05/first-guaranty-bancshares-inc.-and-union-bancshares-incorporated-agree-to-merge](https://www.bank.net/news/news-detail/2019/08/05/first-guaranty-bancshares-inc.-and-union-bancshares-incorporated-agree-to-merge)

Hayes, Adam. “What You Should Know About Bank Capital.” *Investopedia*, Investopedia, 12

Mar. 2020, www.investopedia.com/terms/b/bank-capital.asp.

Holst, Arthur. “Bank Secrecy Act.” *Encyclopædia Britannica*, Encyclopædia Britannica, Inc., 26

Feb. 2019, www.britannica.com/event/Bank-Secrecy-Act.

Juhasz, JoEllen K. Personal Interview. 28 January 2020.

Langford, William D. “Suspicious Activity Reporting (Structuring).” Suspicious Activity

Reporting (Structuring) | FinCEN.gov, FinCEN, 15 July 2005,

www.fincen.gov/resources/statutes-regulations/administrative-rulings/suspicious-activity-reporting-structuring.

“Money Services Business (MSB) Suspicious Activity Reporting.” Money Services Business (MSB) Suspicious Activity Reporting | FinCEN.gov, www.fincen.gov/money-services-business-msb-suspicious-activity-reporting.

“The U.S. Casino and Gaming Industry: AML/BSA Regulation and Enforcement.” *The National Law Review*, 16 July 2018, www.natlawreview.com/article/us-casino-and-gaming-industry-amlbsa-regulation-and-enforcement.

“USA Patriot Act.” Office of the Director of National Intelligence, www.dni.gov/index.php/who-we-are/organizations/ise/ise-archive/ise-additional-resources/2116-usa-patriot-act.

“USA PATRIOT Act.” *USA PATRIOT Act* | FinCEN.gov, www.fincen.gov/resources/statutes-regulations/usa-patriot-act.