



NORTH CAROLINA CREDIT UNION NETWORK

NORTH CAROLINA CREDIT UNION LEAGUE • CREDIT UNION SERVICE CORPORATION • FIRST CAROLINA CORPORATE CREDIT UNION

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August 9, 2006

Ms. Mary Rupp
Secretary to the Board
National Credit Union Administration
1775 Duke Street
Alexandra, VA 22314-3428

VIA FACSIMILE: 1-703-518-6319

Dear Ms. Rupp:

The North Carolina Credit Union League is pleased to submit comments to the National Credit Union Administration (NCUA) in response to the notice of proposed rulemaking regarding the requirements for reporting and filing Suspicious Activity Reports (SARs). The North Carolina Credit Union League represents 124 state and federal credit unions in North Carolina. This letter reflects comments received directly from 40 credit unions.

In reviewing the proposal we submit comments in the following specific areas:

Notification to the Board of Directors

Although we feel it is important to keep directors abreast of the current environment relating to suspicious activity and the Bank Secrecy Act, we believe that a requirement to notify the board of directors of each SAR filing seems to impose an undo regulatory burden.

Directors carry the ultimate responsibility for oversight of the BSA program and are responsible for understanding the level of risk and activity within the credit union. We recommend that NCUA include guidance that directors be advised of suspicious activity in summary form or in a manner that did not disclose individual SAR filings to directors. We also recommend that the guidance include a clear definition of what is considered prompt notification. We recommend that a summary report of the SARs filed be provided to directors on a regular basis, such as during the regular board of directors meeting. We also recognize that there will be specific situations that warrant immediate action and in those cases more timely notification to the board of directors would be justified.

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Clarification on Requirements to File

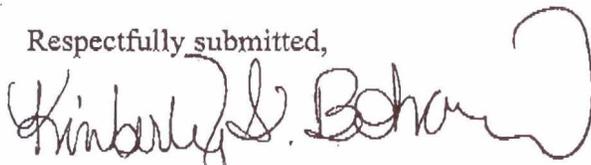
We also recommend that NCUA provide examples of what law enforcement considers suspicious activity, in addition to the guidance that is already provided.

We realize that there is not always a clear cut definition of suspicious activity. However, we believe that clarification in the following areas may be useful:

- How credit unions should handle the reporting of situations in which activity occurs that is unusual for the member, but which is of no value to law enforcement.
- Guidance and clarification on reporting suspicious activity that falls below the current dollar thresholds.
- Additional illustrations on the types of activity that NCUA believes may trigger reporting. This might include recent areas of fraud such as; Canadian Lottery checks, Nigerian scams, and phishing attempts.

The North Carolina Credit Union League appreciates this opportunity to share the views of North Carolina's credit unions on the proposal. Should you like to discuss our comments further, please contact me at 1-800-822-8859 ext. 3256.

Respectfully submitted,



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