

March 20, 2020

Vol. XXXVII, No. 10

## **FINCEN: CORONAVIRUS-RELATED ILLICIT FINANCIAL ACTIVITY**

FinCEN has requested financial institutions affected by the Coronavirus Disease 2019 (COVID-19) pandemic to contact FinCEN and their functional regulator as soon as practicable if a COVID-19-affected financial institution has concern about any potential delays in its ability to file required Bank Secrecy Act (BSA) reports. Financial institutions seeking to contact FinCEN should call FinCEN's Regulatory Support Section (RSS) at 1-800-949-2732 and select option 6 or e-mail at [FRC@fincen.gov](mailto:FRC@fincen.gov). FinCEN's RSS will continue to be available to support financial institutions for the duration of the COVID-19 pandemic.

FinCEN also advises financial institutions to remain alert to malicious or fraudulent transactions similar to those that occur in the wake of natural disasters. FinCEN is monitoring public reports and BSA reports of potential illicit behavior connected to COVID-19 and notes the following emerging trends:

1. **Imposter Scams** – Bad actors attempt to solicit donations, steal personal information, or distribute malware by impersonating government agencies (e.g., Centers for Disease Control and Prevention), international organizations (e.g., World Health Organization (WHO)[2]), or healthcare organizations.
2. **Investment Scams** – The U.S. Securities and Exchange Commission (SEC) urged investors to be wary of COVID-19-related investment scams, such as promotions that falsely claim that the products or services of publicly traded companies can prevent, detect, or cure coronavirus.
3. **Product Scams** – The U.S. Federal Trade Commission (FTC) and U.S. Food and Drug Administration (FDA) have issued public statements and warning letters to companies selling unapproved or misbranded products that make false health claims pertaining to COVID-19. Additionally, FinCEN has received reports regarding fraudulent marketing of COVID-19-related supplies, such as certain facemasks.
4. **Insider Trading** – FinCEN has received reports regarding suspected COVID-19-related insider trading.

In addition, FinCEN's advisory, FIN-2017-A007 "Advisory to Financial Institutions Regarding Disaster-Related Fraud" (October 31, 2017) describes other relevant typologies, such as benefits fraud, charities fraud, and cyber-related fraud. For suspected suspicious transactions linked to COVID-19, along with checking the appropriate suspicious activity report-template (SAR-template) box(es) for certain typologies, FinCEN also encourages financial institutions to enter "COVID19" in Field 2 of the SAR-template.

**The foregoing Compliance Update is for informational purposes only and does not constitute legal advice. As a reminder, the NBA general counsel is the attorney for the Nebraska Bankers Association, not its member banks. The general counsel is available to assist members with finding resources to help answer their questions. However, for specific legal advice about specific situations, members must consult and retain their own attorney.**