

# *The BSA Examiner*®

A Quarterly Publication from Wayne Barnett Software  
Volume 98, 3rd Quarter 2025

The BSA Examiner is a quarterly newsletter published by Wayne Barnett Software. If you have a question to ask or a story to tell (we promise anonymity), please call us at 469-464-1902.

## Case #1—Fraud in the rescue squad

The Case: A woman was accused of stealing tens of thousands from Etowah County Rescue Squad in Gadsden, Ala. She was arrested on theft and fraud charges. The Gadsden Police Department said the charges are in relation to her work as treasurer for the squad. She was charged with Theft 1st and Fraudulent Use of a Credit/Debit Card.

She began working as treasurer in 2018. The alleged misuse occurred four years later, from May of 2022 to August of 2024. Over \$45,000 is at issue. Authorities accused the woman of misusing the Etowah County Rescue Squad's debit card for personal expenses.

The bank's fraud monitoring team identified suspicious transactions, which were subsequently reported to other members of the Rescue Squad. The woman voluntarily surrendered to authorities following the filing of charges.

Solid team and process saved the rescue squad: While the bank was reviewing their daily reports in the Barnett Suspicious Activity Monitor, the account belonging to the Etowah County Rescue Squad showed unusual transactions. The team followed their normal processes in the Barnett system to drill down into the appropriate transactions and related accounts. With that information, the bank was able to pinpoint the activity that was possibly fraudulent.

They contacted a signer on the account and presented the signer with documentation of the possible fraudulent activity. Once that was provided, a case was launched by the Rescue Squad of Etowah County. The bank was able to utilize the trend tracking and anomaly detection tools in the Wayne Barnett System to spot a pattern of activity that was unexpected. They were able to establish pattern of behavior that interrupted this possible fraud before it affected the rescue squad further.

"We send out information through social media and to our own employees about potential schemes and fraud. In the last year, we've been able to prevent or recover \$300,000 worth of our customers' money."

Catherine Martin  
President

Every week the Barnett team hears about great teams doing consistent work to protect their customers and communities from fraud. It's less common for those to show up in the news. We're support great teams, doing great work, to support local communities.

If you would like to watch, the link to the TV segment is [here](#).



## Case #2—FinCEN Alert on Fuel Theft and Cartel Financing

On May 1<sup>st</sup>, FinCEN issued an Alert (FIN-2025-Alert002) on Fuel theft and Cartel Financing.

Fuel theft—especially of crude oil—has become Mexico’s most significant non-drug illicit revenue source for drug cartels. These organizations use stolen fuel to:

- Fund their broader transnational criminal enterprises.
- Support drug trafficking and money laundering operations.
- Undermine the energy sector's integrity on both sides of the U.S.–Mexico border.

To combat this, FinCEN has issued this alert to inform and mobilize financial institutions to identify and report suspicious financial activity.

### Key Red Flags for Oil Smuggling Schemes

FinCEN outlines several indicators that may point to a business’s involvement in illicit oil smuggling. Here are the main red flags for small U.S.-based oil and natural gas companies, as well as related importers and freight operators:

#### 1. Unusual Profit Margins and Transaction Volume

- A customer is located in southwestern U.S. states.
- They exhibit transactional activity or profit margins that are unusually high for their size and industry norms.
- Their financial activity is disproportionate to their operational footprint or reported revenues.

#### 2. Suspicious Wire Transfer Patterns

- The company receives international and domestic wires for crude oil sales.
- But it sends out wire transfers for "waste oil" or hazardous material purchases, often involving Mexican or U.S.-based entities.
- This mismatch between invoice description and transaction behavior raises red flags.

#### 3. Residential Address Registrations

- The company, acting as the ultimate consignee for waste oil or hazardous materials, is:
  - Registered to a residential address, not a commercial site.
  - Lacking proper infrastructure or permits typically required for such operations.

### Implications for Financial Institutions

FinCEN urges banks and other financial institutions to:

- Enhance due diligence and customer screening, especially for companies operating in Texas, New Mexico, Arizona, and California.
- Report suspicious activity using Suspicious Activity Reports (SARs) with key terms such as “FIN-2025-Alert002” and “crude oil smuggling”.
- Watch for layered transactions, frequent changes in suppliers or customers, and opaque ownership structures.

### Compliance Recommendations

For small energy companies and related sectors:

- Conduct a compliance audit of all wire transfers and customer/vendor relationships.
- Review registrations and ensure business addresses match operational capacity.
- Train staff on recognizing and escalating red flag behaviors.

## Update – Fedwire Funds Service

The Fedwire® Funds Service implemented the ISO® 20022 message format on July 14, 2025. This change impacted how financial institutions send and receive payment messages through the Fedwire system.

### Key Dates:

- **July 14, 2025:** The official implementation date for the new ISO 20022 message format.
- **July 13, 2025:** The last day to send messages in the current format (FAIM).

### What is ISO 20022?

- ISO 20022 is a global, open, and extensible standard for financial messaging.
- It provides a structured and data-rich language for financial transactions, enabling greater interoperability between different systems and institutions.
- The adoption of ISO 20022 is a key step in modernizing payment systems and facilitating real-time payments.

### How did this impact community banks?

The Barnett system analyzes inbound and outgoing wire information in 16 different formats, including

- Fedwire's new ISO20022 format
- The older FAIM format
- 14 other common correspondent bank formats for international and domestic wires

**Inbound wires transitioned smoothly.** From the beginning of the July 15 transition, we saw clear, concise updates and cleanly formatted messages from Fed. The Fed team did a great job! The Fed Transaction Analyzer also underwent a transition for the format change.

**Outbound wires were more challenging.** We saw a significant number of ISO20022 format compliance and conceptual issues from correspondent banks and some first-party transmitters. Response times to resolve these ranged from hours to weeks. Most of these involved conceptual changes between FAIM and ISO20022 formats.

All of them were resolved by mid-August, about 30 days after the transition. There was solid collaboration all around. The wire payments system in the US continues to work smoothly!

If you like the commonsense stories we tell in our newsletters, you'll love our easy-to-use software. We are Wayne Barnett Software. We're not a big company, but our products compare nicely with Verafin, Abrigo and the others. You can contact us at [rrigdon@barnettsoftware.com](mailto:rrigdon@barnettsoftware.com) or 469-464-1902. Thanks for reading our newsletter.