

unions to comply with the rule's requirements to display the official sign. In any event, a credit union will not be considered in violation of § 740.4 unless the credit union fails to display the revised signs after receiving them from NCUA and after a reasonable compliance period for making changes at teller windows, Web sites, and, if applicable, to advertisements. NCUA requests comment on whether a compliance date of 60 days after receiving the signs from NCUA would be a reasonable period for credit unions to come into compliance.

Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact a proposed rule may have on a substantial number of small credit unions (those under ten million dollars in assets). This rule clarifies that share accounts insured by NCUA are backed by the full faith and credit of the United States Government without imposing any additional regulatory burden. This rule would not have a significant economic impact on a substantial number of small credit unions, and, therefore, a regulatory flexibility analysis is not required.

Paperwork Reduction Act

NCUA has determined that the proposed rule would not increase

paperwork requirements under the Paperwork Reduction Act of 1995 and regulations of the Office of Management and Budget.

Executive Order 13132

Executive Order 13132 encourages independent regulatory agencies to consider the impact of their actions on state and local interests. In adherence to fundamental federalism principles, NCUA, an independent regulatory agency as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order. The proposed rule would not have substantial direct effects on the states, on the connection between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. NCUA has determined that this proposed rule does not constitute a policy that has federalism implications for purposes of the executive order.

The Treasury and General Government Appropriations Act, 1999—Assessment of Federal Regulations and Policies on Families

The NCUA has determined that this proposed rule would not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999, Pub. L. 105-277, 112 Stat. 2681 (1998).

Agency Regulatory Goal

NCUA's goal is to promulgate clear and understandable regulations that impose minimal regulatory burden. We request your comments on whether the proposed rule is understandable and minimally intrusive.

List of Subjects in 12 CFR Part 740

Advertisements, Credit unions.

By the National Credit Union Administration Board on June 22, 2006.

Mary F. Rupp,
Secretary of the Board.

For the reasons discussed above, NCUA proposes to amend 12 CFR part 740 as follows:

PART 740—ACCURACY OF ADVERTISING AND NOTICE OF INSURED STATUS

1. The authority citation for part 740 continues to read as follows:
Authority: 12 U.S.C. 1766, 1781, 1789.

2. Section 740.4 is amended by revising the depiction of the official sign in paragraph (b) with the following depiction of the official sign and by adding new paragraph (f) to read as follows:

§ 740.4 Requirements for the official sign.
* * * * *
(b) * * *

Your savings federally insured to at least \$100,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency

* * * * *
(f) An insured credit union that fails to comply with Section 205(a) of the Federal Credit Union Act regarding the official sign, 12 U.S.C. 1785(a), or any requirement in this part is subject to a penalty of up to \$100 per day.

3. Section 740.5(c)(11) is amended by removing "of \$100,000" and adding in its place "insurance amount".
[FR Doc. 06-5742 Filed 6-27-06; 8:45 am]
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NATIONAL CREDIT UNION ADMINISTRATION
12 CFR Part 748

Filing Requirements for Suspicious Activity Reports

AGENCY: National Credit Union Administration (NCUA).

ACTION: Notice of proposed rulemaking (NPR).

SUMMARY: The proposed rule describes in greater detail the requirements for reporting and filing a Suspicious Activity Report (SAR) and addresses prompt notification of the board of directors of SAR filings, the confidentiality of reports, and liability protection. NCUA also proposes to change the heading for this part so it more accurately describes its scope. While retaining cross-references in the rule to the SAR form and instructions, these changes will enhance credit union compliance by providing greater detail in the rule on the thresholds and procedures for filing a SAR.

DATES: Comments must be received on or before August 28, 2006.

ADDRESSES: You may submit comments by any of the following methods (Please send comments by one method only):

- *NCUA Web site:* http://www.ncua.gov/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html. Follow the instructions for submitting comments.
- *E-mail:* Address to regcomments@ncua.gov. Include “[Your name] Comments on Notice of Proposed Rulemaking (Suspicious Activity Report)” in the e-mail subject line.
- *Fax:* (703) 518-6319. Use the subject line described above for e-mail.
- *Mail:* Address to Mary Rupp, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428.

• *Hand Delivery/Courier:* Same as mail address.

FOR FURTHER INFORMATION CONTACT: Linda K. Dent, Staff Attorney, Office of General Counsel, at the above address or telephone (703) 518-6540.

SUPPLEMENTARY INFORMATION: NCUA’s policy is to review regulations periodically to “update, clarify and simplify existing regulations and eliminate redundant and unnecessary provisions.” Interpretive Ruling and Policy Statement (IRPS) 87-2, Developing and Reviewing Government Regulations. NCUA notifies the public about the review, which is conducted on a rolling basis so that a third of its regulations are reviewed each year. The changes in this proposed rule are the result of NCUA review under IRPS 87-2.

B. Proposed Changes

Suspicious Activity Report

The proposed rule modifies § 748.1(c) by describing more clearly the reportable activity this section covers,

identifying important filing procedures, and highlighting record retention requirements. The proposal includes in the rule other key aspects of the SAR process including the confidentiality of the reports, and safe harbor information, as well as, adds a provision requiring a credit union to keep its board of directors promptly informed of its SAR reporting activity.

While the changes expand the amount of information contained in the rule, they do not increase credit unions’ regulatory burden. The changes are intended to provide fundamental information about the SAR process in a single location to facilitate the ability of credit unions to quickly access reporting and filing requirements. The board notification provision formalizes a common practice and, together with the other proposed changes, provides consistency with the SAR regulations established by the other Federal Financial Institutions Examination Counsel regulators. The changes are not intended to and do not eliminate the need for credit unions to review the instructions accompanying the SAR form and the requirements of 31 CFR part 103.18, which may be necessary to ensure a report is accurately and fully completed.

Heading

NCUA proposes to revise the heading for part 748 to read “Security Program, Report of Suspected Crimes, Suspicious Transactions, Catastrophic Acts and Bank Secrecy Act Compliance.” The amended heading aids users of NCUA Regulations by fully describing the contents of part 748.

Request for Comment

The NCUA Board is interested in receiving comments on the proposed amendments to part 748.

Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact a proposed rule may have on a substantial number of small credit unions (those under \$10 million in assets). This proposed rule modifies the language of a preexisting requirement for federally-insured credit unions to file reports of suspected crimes and suspicious activity. The proposed rule, therefore, will not have a significant economic impact on a substantial number of small credit unions and a regulatory flexibility analysis is not required.

Paperwork Reduction Act

The Office of Management and Budget assigned 3133-0094 as the control number for NCUA’s Form 2362. NCUA has determined that the proposed amendments will not increase paperwork requirements and a paperwork reduction analysis is not required.

Executive Order 13132

Executive Order 13132 encourages independent regulatory agencies to consider the impact of their actions on state and local interests. In adherence to fundamental federalism principles, NCUA, an independent regulatory agency as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order. The proposed rule would not have substantial direct effects on the states, on the connection between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. NCUA has determined that this proposed rule does not constitute a policy that has federalism implications for purposes of the executive order.

The Treasury and General Government Appropriations Act, 1999—Assessment of Federal Regulations and Policies on Families

NCUA has determined that this proposed rule would not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999, Pub. L. 105-277, 112 Stat. 2681 (1998).

List of Subjects in 12 CFR Part 748

Credit unions, Suspicious Activity Report.

By the National Credit Union Administration Board on June 22, 2006.

Mary Rupp,

Secretary of the Board.

For the reasons stated in the preamble, the National Credit Union Administration proposes to amend 12 CFR part 748 as set forth below:

PART 748—SECURITY PROGRAM, REPORT OF SUSPECTED CRIMES, SUSPICIOUS TRANSACTIONS, CATASTROPHIC ACTS AND BANK SECRECY ACT COMPLIANCE

1. The authority citation for part 748 continues to read as follows:

Authority: 12 U.S.C. 1766(a) and 1786(q); 31 U.S.C. 5311.

2. Section 748.1(c) is revised to read as follows:

§ 748.1 Filing of reports.

* * * * *

(c) *Suspicious Activity Report.* A credit union must file a report of any known or suspected crime or any suspicious transaction related to money laundering activity or a violation of the Bank Secrecy Act. For the purposes of this paragraph (c) *credit union* means a federally-insured credit union and *official* means any member of the board of directors or a volunteer committee.

(1) *Reportable activity.* Transaction for purposes of this paragraph means a deposit, withdrawal, transfer between accounts, exchange of currency, loan, extension of credit, purchase or sale of any stock, bond, share certificate, or other monetary instrument or investment security, or any other payment, transfer, or delivery by, through, or to a financial institution, by whatever means effected. A credit union must report any known or suspected crime or any suspicious transaction related to money laundering or other illegal activity, for example, terrorism financing, loan fraud, or embezzlement, or a violation of the Bank Secrecy Act by sending a completed suspicious activity report (SAR) to the Financial Crimes Enforcement Network (FinCEN) in the following circumstances:

(i) *Insider abuse involving any amount.* Whenever the credit union detects any known or suspected federal criminal violations, or pattern of criminal violations, committed or attempted against the credit union or involving a transaction or transactions conducted through the credit union, where the credit union believes it was either an actual or potential victim of a criminal violation, or series of criminal violations, or that the credit union was used to facilitate a criminal transaction, and the credit union has a substantial basis for identifying one of the credit union's officials, employees, or agents as having committed or aided in the commission of the criminal violation, regardless of the amount involved in the violation;

(ii) *Transactions aggregating \$5,000 or more where a suspect can be identified.* Whenever the credit union detects any known or suspected federal criminal violation, or pattern of criminal violations, committed or attempted against the credit union or involving a transaction or transactions conducted through the credit union, and involving or aggregating \$5,000 or more in funds or other assets, where the credit union believes it was either an actual or potential victim of a criminal violation, or series of criminal violations, or that the credit union was used to facilitate a criminal transaction, and the credit

union has a substantial basis for identifying a possible suspect or group of suspects. If it is determined before filing this report that the identified suspect or group of suspects has used an alias, then information regarding the true identity of the suspect or group of suspects, as well as alias identifiers, such as drivers' licenses or social security numbers, addresses and telephone numbers, must be reported;

(iii) *Transactions aggregating \$25,000 or more regardless of potential suspects.* Whenever the credit union detects any known or suspected Federal criminal violation, or pattern of criminal violations, committed or attempted against the credit union or involving a transaction or transactions conducted through the credit union, involving or aggregating \$25,000 or more in funds or other assets, where the credit union believes it was either an actual or potential victim of a criminal violation, or series of criminal violations, or that the credit union was used to facilitate a criminal transaction, even though the credit union has no substantial basis for identifying a possible suspect or group of suspects; or

(iv) *Transactions aggregating \$5,000 or more that involve potential money laundering or violations of the Bank Secrecy Act.* Any transaction conducted or attempted by, at or through the credit union and involving or aggregating \$5,000 or more in funds or other assets, if the credit union knows, suspects, or has reason to suspect:

(A) The transaction involves funds derived from illegal activities or is intended or conducted in order to hide or disguise funds or assets derived from illegal activities (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any federal law or regulation or to avoid any transaction reporting requirement under Federal law;

(B) The transaction is designed to evade any regulations promulgated under the Bank Secrecy Act; or

(C) The transaction has no business or apparent lawful purpose or is not the sort of transaction in which the particular member would normally be expected to engage, and the credit union knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.

(v) *Exceptions.* A credit union is not required to file a SAR for a robbery or burglary committed or attempted that is reported to appropriate law enforcement authorities, or for lost, missing,

counterfeit, or stolen securities and the credit union files a report pursuant to the reporting requirements of 17 CFR 240.17f-1.

(2) *Filing Procedures.* (i) *Timing.* A credit union must file a SAR with FinCEN no later than 30 calendar days from the date the suspicious activity is initially detected, unless there is no identified suspect on the date of detection. If no suspect is identified on the date of detection, a credit union may use an additional 30 calendar days to identify a suspect before filing a SAR. In no case may a credit union take more than 60 days from the date it initially detects a reportable transaction to file a SAR. In situations involving violations requiring immediate attention, such as ongoing money laundering schemes, a credit union must immediately notify, by telephone, an appropriate law enforcement authority and its supervisory authority, in addition to filing a SAR.

(ii) *Content.* A credit union must complete, fully and accurately, SAR form TDF 90-22.47, Suspicious Activity Report (also known as NCUA Form 2362) in accordance with the form's instructions and 31 CFR part 103.18. A copy of the SAR form may be obtained from the credit union resources section of NCUA's Web site, <http://www.ncua.gov>, or the regulatory section of FinCEN's Web site, <http://www.fincen.gov>.

(iii) *Compliance.* Failure to file a SAR as required by the form's instructions and 31 CFR part 103.18 may subject the credit union, its officials, employees, and agents to the assessment of civil money penalties or other administrative actions.

(3) *Retention of Records.* A credit union must maintain a copy of any SAR that it files and the original or business record equivalent of all supporting documentation to the report for a period of five years from the date of the report. Supporting documentation must be identified and maintained by the credit union as such. Supporting documentation is considered a part of the filed report even though it should not be actually filed with the submitted report. A credit union must make all supporting documentation available to appropriate law enforcement authorities and its regulatory supervisory authority upon request.

(4) *Notification to board of directors.*

(i) *Generally.* The management of the credit union must promptly notify its board of directors, or a committee designated by the board of directors to receive such notice, of any SAR filed.

(ii) *Suspect is a director or committee member.* If a credit union files a SAR

and the suspect is a director or member of a committee designated by the board of directors to receive notice of SAR filings, the credit union may not notify the suspect, pursuant to 31 U.S.C. 5318(g)(2), but must notify all directors who are not suspects.

(5) *Confidentiality of reports.* SARs are confidential. Any credit union, including its officials, employees, and agents, subpoenaed or otherwise requested to disclose a SAR or the information in a SAR must decline to produce the SAR or to provide any information that would disclose that a SAR was prepared or filed, citing this part, applicable law, for example, 31 U.S.C. 5318(g), or both, and notify NCUA of the request.

(6) *Safe Harbor.* Any credit union, including its officials, employees, and agents, that makes a report of suspected or known criminal violations and suspicious activities to law enforcement and financial institution supervisory authorities, including supporting documentation, are protected from liability for any disclosure in the report, or for failure to disclose the existence of the report, or both, to the full extent provided by 31 U.S.C. 5318(g)(3). This protection applies if the report is filed pursuant to this part or is filed on a voluntary basis.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2006-23739; Directorate Identifier 2005-NM-240-AD]

RIN 2120-AA64

Airworthiness Directives; Empresa Brasileira de Aeronautica S.A. (EMBRAER) Model EMB-145, -145ER, -145MR, -145LR, -145XR, -145MP, and -145EP Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Proposed rule; withdrawal.

SUMMARY: The FAA withdraws a notice of proposed rulemaking (NPRM) that proposed a new airworthiness directive (AD) for certain EMBRAER Model EMB-145, -145ER, -145MR, -145LR, -145XR, -145MP, and -145EP airplanes. The proposed AD would have required modifying the routing of wire harness W407 near the fire extinguishing tube in the area of each engine, and installing

new supports for related wiring. Since the proposed AD was issued, we have received new data indicating that the identified unsafe condition does not exist. Accordingly, the proposed AD is withdrawn.

ADDRESSES: You may examine the AD docket on the Internet at <http://dms.dot.gov>, or in person at the Docket Management Facility office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The Docket Management Facility office (telephone (800) 647-5227) is located on the plaza level of the Nassif Building at the U.S. Department of Transportation, 400 Seventh Street SW., Room PL-401, Washington, DC. This docket number is FAA-2006-23739; the directorate identifier for this docket is 2005-NM-240-AD.

FOR FURTHER INFORMATION CONTACT: Todd Thompson, Aerospace Engineer, International Branch, ANM-116, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055-4056; telephone (425) 227-1175; fax (425) 227-1149.

SUPPLEMENTARY INFORMATION:

Discussion

We proposed to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) with a notice of proposed rulemaking (NPRM) for a new AD for certain EMBRAER Model EMB-145, -145ER, -145MR, -145LR, -145XR, -145MP, and -145EP airplanes. That NPRM was published in the **Federal Register** on February 2, 2006 (71 FR 5626). The NPRM would have required modifying the routing of wire harness W407 near the fire extinguishing tube in the area of each engine, and installing new supports for related wiring. The NPRM resulted from reports of chafing of wire harness W407 against the supports and nacelle structure in the engine area. The proposed actions were intended to prevent such chafing, which could result in an engine shutting down during flight.

Actions Since NPRM Was Issued

Since we issued the NPRM, the airplane manufacturer, EMBRAER, has provided additional information concerning the unsafe condition identified in the NPRM. EMBRAER Service Bulletin 145-71-0008, Change 01, dated July 24, 2001 (which was referenced as the appropriate source of service information for accomplishing the proposed actions), addressed chafing of wire harness W407 on the left- and right-hand engines. However, EMBRAER subsequently indicates that the objective of that service bulletin was

not considered to be a means to avoid in-flight shutdown (IFSD) and, in fact, wire harness W407 is not engine control related. The harness is related to the engine lip anti-ice system, starter control valve, engine fire detection system, and engine bleed air extraction systems. None of these systems are possible contributors to an uncommanded IFSD. In addition, reported IFSD events in the EMB-145 fleet related to chafing of a different harness—the engine control harness—are associated with the engine manufacturer-provided harness, which is not the subject of EMBRAER Service Bulletin 145-71-0008.

EMBRAER states that chafing (among other things) of the engine control system harness can cause internal failure of the full authority digital engine control (FADEC), which leads to a fuel shutoff valve closure command. However, in May 2001, EMBRAER introduced FADEC internal modifications for airplanes in production to prevent an inadvertent IFSD. Also, for FADECs manufactured before May 2001, Rolls-Royce, the engine manufacturer, developed an external adapter with the same design objectives as those of EMBRAER's internal modifications. These adapters have already been sent to operators to install in their affected airplanes. EMBRAER adds that the engine inspection tasks from the airplane maintenance program have been revised and improved, as well as the engine harness inspection and installation tasks in the aircraft maintenance manual (AMM).

FAA's Conclusions

Upon further consideration, we have determined that the unsafe condition identified in the NPRM does not exist. Accordingly, the NPRM is withdrawn.

We have coordinated this action with the Departamento de Aviação Civil (DAC), which is the airworthiness authority for Brazil. The DAC indicates it is considering cancelling its related airworthiness directive, 2005-10-05, which was effective November 17, 2005.

Withdrawal of the NPRM does not preclude the FAA from issuing another related action or commit the FAA to any course of action in the future.

Regulatory Impact

Since this action only withdraws an NPRM, it is neither a proposed nor a final rule and therefore is not covered under Executive Order 12866, the Regulatory Flexibility Act, or DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979).