
WHAT HAPPENS IN VEGAS“-SHOULD ACTUALLY LEAVE VEGAS

John brings back highlights from ACAMS' Las Vegas conference

First of a two-part series reporting on fall AML/BSA conferences

I just returned from the Eighth Annual ACAMS * International Anti-Money Laundering Conference in Las Vegas. The event, once again, made me appreciate the part of the financial services industry that we are in.

The anti-money-laundering community (regulators, law enforcement, and the financial sector) has always been a closed-knit group, willing to share information, work together, and debate in a professional manner. Those of us involved in the area since the beginning have always understood this fact, even if other parts of the industry did not.

Seeing old friends, meeting new entrants into the field (a number of whom, I might add, who are clearly future AML hall of famers) and receiving advice on ever-changing trends and issues, is an essential element to overall AML training. Those in the industry or government who fail to see the value in developing relationships and improving AML detection from on-site events such as this remind me of the Steely Dan song, "Only a Fool Would Say That."

Last week at the conference we heard from several speakers, from both the government and the private sector on how to remain prepared for AML challenges. I will leave to others the reporting on the program in extensive detail, but I've provided some highlights below.

Government speakers' views

Here are some interesting government nuggets:

- Warning shots from FDIC. FDIC's Debra Novak cautioned that the agency is concerned that BSA is getting less attention than it should from some institutions. She added that they are still seeing some violations on independent testing (a theme shared by many regulators).

- Review monitoring systems. Jonathan Polk, from the Federal Reserve Bank of New York, indicated that he hasn't seen big gaps in AML programs, but did suggest a review of monitoring and other systems to adjust those

tools so to limit the number of alerts that must be worked by banks. That theme—efficiency in reporting suspicious transactions—was shared by many in the private and public sector.

[Editor's Note: A special report on this topic, "26 ways to get the best out of BSA technology," including commentary by John Byrne, appears in the October ABA Banking Journal. The digital edition of the magazine will be posted in mid-October.]

- FINCEN's "spin." FINCEN's Jamal El-Hindi, associate director for regulatory policy and programs, outlined a number of major initiatives that have been finalized in 2009, but jokingly bemoaned the fact that the "casino guidance" developed by his agency is due shortly but not in time for a Las Vegas unveiling.

- Beware post-merger falldown. A number of government representatives did stress the importance of AML training and recommended that after a merger or acquisition, it was important to review the existing training since it may no longer be adequate.

- Outsource BSA hat? There was also an interesting exchange concerning outsourcing with a government conference registrant asking colleagues from the floor whether it was permissible for a bank to outsource the BSA Officer position. While I personally think this is a bad idea, there was no official consensus on the panel.

- FINRA fundamentals. The representative of the Financial Regulatory Authority, Sheila Haney, stressed the importance of reviewing their website (www.finra.org) to determine if broker-dealers have been barred for AML violations. She also emphasized that FINRA is still focused on BSA exams. Also, the AML small-firm template is being updated.

Private sector viewpoints

From the private sector there were a number of interesting presentations and discussions during roundtables. The combination of US and international speakers often made for interesting information sharing.

- Merging AML and anti-fraud functions. Peter Hazlewood from DBS Bank covered the theme that all of us grapple with—integrating AML and Fraud prevention. Peter used a clever phrase—"territorial thinking"—to describe the age-old battle between AML and Corporate Security that has prevented the merger of these two disciplines. Hazlewood recommended several procedural changes to move toward the integration of these two areas, such as an uncomplicated suspicious activity escalation process; a single clearinghouse for issues; and one case management program for the enterprise.

[Editor's note: This is the subject of the forthcoming ABA Banking Journal November issue "Compliance Clinic" column. Commentary from John Byrne is included.]

• Terrorist financing. Jimmy Gurule, former Treasury Under Secretary of Enforcement, made the point that we are returning to a time when criminal activity such as terrorism is being funded by narco-dollars. Gurule, now a Notre Dame Law School professor (which I won't hold against him as a Marquette alum who loves when we beat ND in basketball) pointed out some fascinating facts. Here's an example: 93% of the opium in the world comes from Afghanistan and that the Taliban is able to conveniently ignore religious tenets against drug dealing by protecting opium fields for a fee. The fee funds terrorism.

• Internet gambling regulatory compliance. While not an AML issue per se, this is important because AML officials will most likely be tasked with compliance responsibilities (Note: There is a last minute push by an actual bi-partisan group in Congress to delay the effective date of that regulation, so stay tuned).

Parting thoughts

All in all, the value of networking coupled with the cooperative training done by the government and the industry makes it clear that we all benefit by working together.

So those in Vegas are hopefully bringing their new found knowledge back to their offices. For more information, see www.acams.org

* Association of Certified Anti-Money Laundering Specialists

My next posting will cover the ABA/ABA Money Laundering Enforcement Conference.

About John Byrne, CAMS

Byrne leads Condor Consulting LLC, a Washington, D.C., area financial services consulting firm specializing in regulatory management, AML, privacy, and a vast array of financial institution compliance related issues. He has written extensively on AML issues for 25 years and has appeared on television and testified before many congressional committees on AML-related policy issues. Prior to the creation of his firm, John was the Global Regulatory Relations Executive at Bank of America. Previously, he worked for the American Bankers Association for 22 years and was responsible for ABA's lobbying, regulatory, and educational efforts on money laundering, and other compliance issues. He received the ABA's Distinguished Services Award and was also the first private sector recipient of the "Director's Medal for Exceptional Service" from the Treasury Department's Financial Crimes Enforcement Network (FinCEN). Byrne can be e-mailed at jbyrne@thecondorconsultingllc.com. His web page can be found at www.thecondorconsultingllc.com

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