

## Hot items and Quick Insights from the ABA Money Laundering Enforcement Conference

• Human trafficking showing up more frequently. The issue of the smuggling of people across borders for illicit purposes appears to be on the rise, according to several speakers at the conference, run jointly by the American Bankers Association and the American Bar Association. "Human trafficking," the term used for this practice, "is a euphemism—'s slavery," said William Langford, Jr., senior vice-president and director of global anti-money laundering at JPMorgan Chase.

In the highest-profile reference to the issue at the meeting, David Cohen, Assistant Secretary Of The Treasury For Terrorist Financing, spoke to the growing multi-tasking of criminal organizations.

"We know that these criminal enterprises are more than willing to exploit the institutions they have corrupted—often through bribery or intimidation—and the distribution networks they have developed, for a wide variety of illicit activity. Their expertise in manufacturing, smuggling, and distributing one type of contraband can be easily transferred—and increasingly is transferred—to other types of contraband and illicit activity.

"For example, it has become clear that Mexican criminal groups are no longer simply smuggling drugs. To increase their profits, they have offered up their smuggling routes and financial infrastructure to support such illicit activities as weapons trafficking and human trafficking."

Bankers asked Cohen for additional information about the activities seen in Mexico, but he said that much of what he knew of was confidential.

"My purpose today is to put this on your radar screen," Cohen said.

• Enforcement really does read SARs. As much as many bankers fret that the regulatory reports they make for Bank Secrecy Act and related purposes are not really read by anyone who can turn them into action, many speakers in law enforcement and prosecutorial positions made it clear that someone out there is likely seeing the reports at some point. Not all may be reviewed immediately, but when there is a potential string of activities to be found, or unraveled, the presence of a good trail of reports in the federal record can be a tremendous boon. Several law enforcement speakers noted that agencies frequently have desktop access to Suspicious Activity Reports, and other reports.

Not all reports will be of use to all agencies, pointed out Stefan Casella, chief, Asset Forfeiture and Money Laundering Section, in the U.S. Attorney's Office in the District of Maryland.

Casella noted that his team receives a monthly stack of fresh SARs three inches high. He said that concentration on

those SARs dealing with traditional money-laundering and structuring issues typically made the best use of time for the team.

Casella said situations involving very large amounts of cash held the greatest appeal.

In further comments about the usefulness of SARs, Casella observed that "It is often impossible to tell what the underlying crime was." Often, at the end of an investigation, being able to make a charge of structuring stick, or being able to obtain an order for civil forfeiture, is the best a prosecutor can hope for.

"Structuring is a serious crime," Casella reminded listeners, and frequently the contents of a SAR concerning suspected structuring is sufficient information for a prosecutor to be able to obtain a warrant for arrest or search.

Former FinCEN director William Fox suggested that this was an illustration of how anti-fraud tools can be valuable in detecting terrorist financing. Even some marketing tools could be helpful, said Fox, now Bank of America's senior vice-president and corporate compliance executive for Global AML/OFAC Compliance Administration.

"You [Compliance] really want to stay connected to the other parts of your bank," said Fox.

• Loose lips can sink careers. The filing of Suspicious Activity Reports is supposed to be a confidential process. Marcy Forman, director of intellectual property at ICE (U.S. Immigration Customs Enforcement, Department of Homeland Security), and formerly director of ICE's Office of Investigations, told listeners in October that the U.S. Attorney responsible for Puerto Rico had decided to prosecute a credit union employee on the island for telling a client that the organization had filed a SAR on them. "We don't see a lot of that," said Forman, but it's frequently pursued when it's detected.

• Pooped over PEPs. The issue of "politically exposed persons" stirred some debate on one regulator-moderated panel. The prevailing view among the bankers appeared to be that it was ridiculous for examiners to classify all PEPs—who by definition do not include domestic politicians—as high-risk customers.

"To say that all PEPs are high risk is like doing vascular surgery with a butcher's knife—it just doesn't work," declared BofA's William Fox.

"I endorse the statement that not all PEPs are created equal," said Lester Joseph, principal deputy chief, asset forfeiture and money laundering, U.S. Department of Justice.

• Real-life pays homage to violent art. Federal agent Forman, a frequent speaker at ABA money laundering meetings, told bankers a bit of inside dope on the drug traffickers that Customs Enforcement and other agencies wind up raiding, and, frequently, putting behind bars. Invariably, somewhere in their homes or headquarters, they have pictures or posters from the 1983 crime film, "Scarface," directed by Brian De Palma and starring Al "Say Hello to My Leetle Friend" Pacino in the title role as a Cuban drug lord.

"Scarface is their hero," said Forman. "Every one of them has a photo of him." BJ

[This article was posted on December 3, 2009, on the website of ABA Banking Journal, [www.ababj.com](http://www.ababj.com), and is copyright 2009 by the American Bankers Association.]