

NOTHING BUT THE WHOLE WIDE WORLD TO GAIN

Break down the silos in your own head— for yourself, your bank, your country

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On Jakob Dylan's new CD, "Women and Country" (yes, he is Bob Dylan's son and I do purchase music from this century!), the lead track is a great goal for today's AML professional. We have debated for many years, the "silos" that exist within financial institutions regarding a whole host of related financial crime and sanction issues. With this week's papers covering the nuclear summit, hosted by President Obama, and addressing the very real problem of terrorists attempting to access radioactive weapons to the continued challenges of AML compliance in 2010, it remains clear that we need to know and understand issues well beyond typical anti-money laundering topics.

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Avoiding silos in your own head

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All of the global challenges we face continue to revolve around monies being used for criminal purposes. At the same summit, presidential counter-terrorism advisor John Brennan was recently quoted this way:

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"Organized crime and criminal gangs are well aware of the terrorist group's interest in acquiring bomb-making materials, which has led criminals to pursue getting those items for their own profit, and when pressed by reporters about specific intelligence indicating an active threat now, Brennan added, 'I think you can point to a lot of al Qaeda activities and public statements'."

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In addition, last week, David Cohen, Treasury Assistant Secretary for Terrorist Financing, outlined the vast array of issues covered by TFI (Treasury's Office of Terrorism and Financial Intelligence) when he pointed out that the office:

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"... is contributing to work on a new, robust set of sanctions against the Government of Iran; ensuring compliance with the letter and spirit of U.N. Security Council Resolutions regarding North Korea's nuclear program; assisting the courageous Calderon Administration in targeting the financial networks of violent drug trafficking organizations in Mexico; and committing substantial resources to combating illicit finance in Afghanistan and Pakistan, as we work to disrupt the money flows that support al Qaeda, the Taliban and other extremist groups.

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"In short, we are active on many fronts—here at home, and around the world—to foster a well-regulated, transparent and secure financial system, one that is inhospitable to money laundering, terrorist financing and other forms of illicit finance."

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What does all of this mean to the AML professional? All of these issues depend upon money and the financial sector.

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Time for a wide-angle view

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But there's another meaning, too. We need to broaden our horizons. Our commitment to our senior managers, members, or regulators must be to not stop at the BSA/AML water's edge, but to improve our training, awareness, and focus.

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We should be as flexible as the Financial Action Task Force (FATF), when it stated in its most recent mandate announcement that:

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"The FATF will remain at the centre of international efforts to protect the integrity of the financial system and will respond to the significant new threats emerging which are related to, but may fall outside its core activities."

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From a practical standpoint, it all begins with training. I have mentioned, in earlier blog postings, the importance of access to public documents, use of internal and outside training and, of course, the value of understanding enforcement actions on day-to-day AML oversight or compliance.

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Penalties have been assessed for financial institutions that failed to have training updated or tailored to a certain job responsibility. Now the focus could shift to training that is incomplete or too basic.

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Regardless of whether the regulators mention it or not, an AML professional without a solid understanding of sanctions, fraud, corrupt practices ,or just regulatory oversight does a disservice to their institution or agency.

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As we see from the coverage of global issues just this week alone, we all need to expand our horizons.

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Whether you actually combine AML and fraud oversight in an institution or add the Foreign Corrupt Practices Act (FCPA) or sanctions to one's responsibilities, a deeper understanding of the world around us is a worthy goal.

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"Nothing but the whole wide world to gain." That's a quote worth repeating-and remembering.

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Talking to regulators won't kill you

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With the active debate on how the U.S. bank regulatory system will look after this Congress has its say, I saw a statement by Comptroller John Dugan that is so true, regardless of how things turn out:

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"Banks also need to be forthright. There is a natural tendency for banks experiencing difficulties to regard examiners with trepidation and to say as little as possible. I would encourage banks in these circumstances to take exactly the opposite approach-to engage their examiners even more than they might have in good times. Why? Because when problems arise, our examiners need more information, not less, to understand the true dimensions of the bank's problems-rather than assuming the worst."

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As I have said many times, regulatory work (and frankly life in general) is all about communications and relationships.

Please send me your thoughts and comments, or post them below.

About John Byrne, CAMS

Byrne is Executive Vice-President of the Association of Certified Anti-Money Laundering Specialists (ACAMS). 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 joining ACAMS, John was the Global Regulatory Relations Executive at Bank of America. Previous to that, 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@acams.org.