

â€œDrove from Paris to the Amsterdam Hiltonâ€•: Europe Looks at AML

European voices from New Scotland Yard to

Liechtenstein underscore AML issues

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- Just returned from the famous Amsterdam Hilton (the lyrics above come from the "Ballad of John and Yoko" —some of you will have to ask your parents) where ACAMS held its Sixth Annual AML/CTF Conference. The speakers covered a litany of topics, but there was special emphasis on topics that, in the past, did not typically relate to the AML/BSA Officer.

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- If you have read my previous musings, you know I am a strong advocate of keeping current with AML-related issues, both out of necessity, and because we need to stay a step ahead of the criminal. The presenters confirmed our industry's need to expand our coverage in the areas of bribery, corruption, emerging fraud, sanctions, and tax evasion.

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- Here are some highlights:

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- • Terrorism on a shoestring. A dramatic presentation by Grahame White, of New Scotland Yard's National Terrorist Financial Investigation Unit, showed the value of "better quality intelligence." White showed the audience a brief training video with actors using actual transcripts of a Al Qaeda scheme that was intercepted.

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- The video is being provided to financial institutions and drives home, once again, how few dollars are needed to commit acts of terrorism.

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- • PEP talk. A lively discussion on politically exposed persons (PEPS) reminded attendees of the impact of certain PEPs in their countries, such as Imelda Marcos' stealing \$10 billion and Nigeria's General Sanni Abacha, who copped a not too paltry \$5 billion. The panelists offered compliance tips on performing due diligence on PEPs and their close associates, with no consensus on the age-old issue-is it "Once a PEP, always a PEP?"

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- • Beneficial thoughts on beneficial ownership. Speakers reminded us of other challenges, such as Ireland's recent acceptance of the European Union's Third Money Laundering Directive and the implementation challenges. It was interesting to hear experts opine on the problems with the Directive as it relates to "beneficial ownership," a topic on the U.S. radar in 2010. Several presenters bemoaned the lack of public registries to verify ownership. This is not dissimilar to the financial industry concern here in the U.S. that several states have ineffective information gathering systems for issuing licenses and articles of incorporation. Speakers offered that regulators and policymakers sometimes don't understand the distinction between beneficial owners and controllers of an account. He added that many in both the private and public sector simply do not understand company structures.

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- One speaker reported that the Financial Action Task Force is being lobbied to "mandate" that governments require public registries. However, the speaker would not offer a prediction as to a potential outcome. (Note: there will be a study on the effect of the European Third Directive sometime this year.)
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- • U.K. bribery law's long arm. David Clark, an ACAMS Advisory Board member and head of Financial Crime Intelligence & Analysis at Barclays Wealth, brought the group up to speed on the United Kingdom's anti-bribery law. The law currently lacks guidance and could have extraterritorial reach on financial institutions engaged in UK banking.
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- An excellent phrase from one of the speakers, when discussing corruption: "transparency changes corruption." Certainly a concept that helps improve most potentially fraudulent situations.
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- • AML as a tax evasion detector. One of the most interesting panels concerned understanding how the AML department may have a role in detecting and preventing tax evasion. While we may not support this concept, it was certainly important to hear from practitioners in the criminal and civil tax fields. The major focus was the UBS case. However, the key for the audience was the advice the speakers gave us. Despite the lack of tax evasion as a predicate offense under the U.S. money laundering statutes, they suggested:
 - • Tax evasion should be on our minds.
 - • It should be included in risk assessments.
 - • Review your monitoring systems.
 - • Increase the potential tax-evasion profile in a financial institution's training programs.
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- Whether we agree or not, tax evasion is a very important area in which to review and stay current.
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- • Growing international scope. A sense of the bigger picture came from the Deputy Director of the Financial Intelligence Unit (FIU) of Liechtenstein, Rene Brulhart. He led a discussion on international government efforts to ensure partnerships with the financial industry and how attention worldwide is focused on reforming financial institutions in the wake of economic challenges. Director Brulhart added that there are concerns about tax havens and the obvious international debate regarding access to tax information.
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- Exposure to speakers like these emphasizes that AML is a broad and moving target that needs private and public sector cooperation to keep us ahead of this every changing curve.
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- Alert on Unlawful Gambling Enforcement Act
 - ABA, ACAMS, and other groups are tracking the issue, but it seems that the compliance issues with the joint rule on the Unlawful Gambling Enforcement Act have surprised and confused the industry and potentially the regulators. I urge everyone to review the May 20, 2010 overview of the examination procedures. (An earlier blog addressed this issue in more detail.)
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- There is one line in the song above that is relevant to all of us, as we grapple with these many challenges—THINK!

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

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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.

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- HELPFUL LINKS: 2010 American Bankers Association/American Bar Association Money Laundering Enforcement Conference: This longtime favorite of the compliance fraternity returns in 2010 with a new, up-to-the-minute program, live, in the nation's capital. The conference is set for Oct. 17-19 at the Washington Marriot Wardman Park Hotel, Washington, D.C. For further information, [click here](#).