

WHY CAN'T WE BE FRIENDS? WE CAN!

Far from mosque debates and Koran controversies, cooperation can be found

* * *

I had the pleasure this week of participating in the first anti-money-laundering conference of the season, the Sixth Annual Terrorism Financing and Money Laundering Forum in Cary, N.C., held by SAS. The conference draws a blend of private-and public-sector representatives. Sessions covered such essential issues as the cross-border threat; the potential for the convergence of financial crimes with fraud, terrorist financing, and money laundering; and what is happening with the horrific crime of human trafficking.

However, the conference was not special because of the topics; it was important because the speakers emphasized the necessity of working together to achieve the same goals—a sentiment that seems lacking when one looks at the political atmosphere.

Whether it is the lack of civility in Washington, with both parties refusing to actually tackle national and international challenges together, or insane people enjoying the unfortunate media spotlight for proposing to burn the Koran on 9/11, you have to wonder where there is cohesion or partnerships.

Well, you need only look to law enforcement and the banking industry to see the affirmative answer to the title above (ironically by a rock group called War). Sharing trends and best practices seems to work with these two important groups and you only have to pay attention to take advantage of the expertise that is frequently in evidence at conferences such as the one held this week.

What did we learn?

During discussions on AML and fraud, both panelists and attendees considered the issues associated with the "convergence of financial crime," and I was interested to discover that, in spite of much ink and many electrons devoted to the subject, not many banks had moved toward a centralization of both disciplines within the same institution. (Note: ACAMS is sponsoring a survey with Ernst & Young to assess the state of these two areas and I will have the results in a future blog. Those who would like to respond can find the survey [here](#).)

Other presenters at the program shared with the audience that bank management will not react well to scare tactics regarding AML-related civil or criminal fines as a means to gain additional compliance resources.

So, while there was no advice regarding how to report such enforcement actions as a training tool to senior management, simply repeating compliance headlines will not suffice.

My own suggestion has always been to draw some connection between the actions underlying the offense with your own institution. For example, if the fines revolve around internal control deficiencies, ask the questions: How are our controls measured and assessed)?

A financial institution representative made the dramatic statement that AML was not a top priority in many banks. He made this claim given the obvious increase in other banking obligations, in the wake of the Dodd-Frank Act. However, he added that, if that is so, the AML and compliance staff in the bank should still find ways to leverage other areas of

increased resources to improve AML detection.

SARs: A debate over specificity

However, the most valuable comment offered was a statement about SARs made by a representative of the U.S. Attorneys Office from the Eastern District of North Carolina. Attendees were told that it was not as important for a Suspicious Activity Report filer to accurately indicate the crime potentially being committed as it was to provide prosecutors with a narrative that "tells a story" of the action. Why? It helps prosecutors explain crimes to juries.

Other government panelists agreed, but also advocated a much clearer explanation of the myriad of crimes listed on a SAR, so that a bank would be able to train its employees on the distinctions between the vast array of financial crimes, cybercrimes, and money- laundering offenses.

All government panelists did make sure to thank the industry for their diligence in providing timely and accurate reports and the industry responded with compliments on government successes in this area.

Nine years later

I write this as we have observed the ninth anniversary of the events of Sept. 11, 2001.

Yes, it is frustrating to read about the lack of effective technologies to ease communications between fire fighters and police, the divisive debate on the mosque in the vicinity of Ground Zero, and the political attacks from all sides on who is tougher on terrorists (a false argument if you ask me).

Yet it is heartening to note that federal and state law enforcement and the financial sector work well together and do not engage in pointing fingers or other childish activities so common with policymakers.

I, for one, am proud to be in the AML community, as we don't need to ask our law enforcement counterparts, the 70's question, "Why can't we be friends?" We are partners, peers and yes, to a large degree, friends.

You can get word about these columns the week they are posted by subscribing to ABA Banking Journal Report e-letter. It's free and takes only a minute to sign up for [Click here](#)

- 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.

-

- FORMER LAUNDERER'S DUE DILIGENCE TIPS ON TAP: Banking lawyer-turned-launderer-turned-consultant Ken Rijock warns bankers never to reveal reasons when turning down prospective customers. Read his tips given at ABA's 2010 Regulatory Compliance Conference

- 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](#).