

WE'RE ALL LOOKING [AND] SOMETIMES WE FIND *

Human trafficking and other AML/BSA challenges underscore need for teamwork

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Returning from yet another out-of-town AML program, it struck me that AML professionals, wherever they are located, have the same questions and challenges.

Whether from financial institutions in Puerto Rico (where the conference was located) or from entities in the Caribbean islands (where a number of attendees traveled from), the audience wanted to know:

- How to prevent business lines from pushing products into the marketplace without an effective risk analysis

- Why countries that are considered high risk that do business with the United States, doesn't result in the same rating for the U.S. (This was certainly a question we do not hear in the States, but it is clearly valid.)

- The age-old question of what constitutes effective AML training?

Experts tackle human trafficking, bankers' legal knowledge

My group, ACAMS, and the Puerto Rico Bankers Association held the "Caribbean AML/CTF/Financial Crime Conference: A Practical Approach" last week and the speakers addressed both US and regional issues, offering the audience new and well-known sources of information to fulfill their compliance challenges.

It is clear that compliance professionals need direction and advice from practitioners. Some nuggets from the presentations:

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Awareness is key. Meryl Lutsky, chief of the money laundering unit of the N.Y. State Attorney General's Office (and ACAMS 2010 award recipient), described several recent financial crime schemes in Puerto Rico and stressed the importance of working closely with law enforcement and prosecutors. Lutsky was asked how broad a banker's knowledge needs to be regarding the over 200 predicate offenses of the federal money laundering law. She responded by reminding attendees that no one expects bankers to be up to speed on every crime, but did urge them to be aware if something doesn't look right.

• Anticipate the next moves. Staying ahead of scams as a financial institution remains one of the AML fraternity's challenges.

Art Middlemiss, a former prosecutor who is now a J.P. Morgan Chase AML professional, stressed the need for a "risk analysis framework" that identifies the nature and extent of risk; the nature and extent of firm exposure; and changes needed in the control framework in order to manage risk.

A good case in point is human trafficking. Middlemiss emphasized the need to develop "typologies" as a means to focus limited resources. As I have mentioned before, his company has been an industry leader in identifying and addressing the horrific crime of human trafficking.

In this area, Middlemiss offered an example of a created typology on "sex trafficking" which found that internet classified advertising often requires a nominal fee for the placement of ads of an adult nature and that certain key words are used to entice clients. With this information, a bank is able to mine debit card data for repeated low dollar payments and report such activity to law enforcement.

Partnerships: Is it correct labeling, if private sector is left out?

As I have mentioned in several blogs, the only effective way to combat crime is through private-public partnerships. While I applaud the Justice Department's recent announcement on further addressing human trafficking, I am puzzled why it remains so incomplete.

Attorney General Eric Holder recently said:

"On the Tenth Anniversary of the Trafficking Victims Protection Act last fall, I committed that the Justice Department would be launching a Human Trafficking Enhanced Enforcement Initiative to take our counter-trafficking enforcement efforts to the next level by building on the most effective tool in our anti-trafficking arsenal: partnerships."

Shouldn't that be with financial institutions that can provide information, such as that mentioned above?

* Steve Winwood from 2009's "Nine Lives."

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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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