

## SOMETHING IN THE AIR\*: OR, STARVE A RAT TODAY

World turmoil brings AML's importance into crystal-clear focus

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The world's turmoil always has a financial angle.

While some have incorrectly suggested that anti-money-laundering issues are not nearly as important as virtually every other banking issues (Dodd-Frank et al), we know that compliance challenges remain. In fact, word is beginning to spread about a return to regulatory oversight that parallels the era when fines and penalties were abundant. Like everything in life, the answer is somewhere in the middle.

New obligations are daunting, of course, but the need for robust AML and related programs is still with us, particularly because governments are teetering in Libya, Tunisia, and Egypt and departing (or soon to be) rulers will be trying to hide their money. It would be folly for me to suggest I have any insight as to the causes (beyond the obvious) of these events or what it may mean for the future but for AML experts it means stay focused because "there's something in the air."

With this turmoil comes a return to revitalizing your PEP (politically exposed persons) due diligence, sanctions filters, and overall understanding of corruption, bribery, and related laws. As with the human-trafficking tragedies mentioned in previous blogs, AML professionals, in government or the private sector, have an opportunity to go beyond mere compliance and aid citizens in countries who for too long have lacked basic freedoms. The common theme, hitting the corrupt where it hurts financially, is a strong tool which counts on financial institution due diligence prowess to succeed.

For example, the US Treasury Department announced a freezing of \$30 billion of Libyan assets held in the United States and urged global financial institutions, in response to the United Nations Security Council resolution, to also freeze assets so as to both deprive Muammar Qadhafi of those funds and to protect the monies for the Libyan people.

Sanctions compliance is not new but it is certainly an effective weapon against drug traffickers, terrorists, and dictators. In fact, FinCEN issued an advisory concerning the Libyan situation, reminding bankers about their obligations regarding senior foreign political figures.

While I will not understate the compliance challenges, there is something to be said for helping punish and hold accountable, tyrants such as Qadhafi.

Recognition for a public servant

While on the sanctions topic, I would be remiss if I failed to acknowledge the departure of a committed public servant.

Stuart Levey left his post as Under Secretary for Terrorism and Financial Intelligence at the Treasury Department on Feb. 28th and David Cohen is now the Acting Under Secretary. Levey had been in the role since 2004 and served two different Presidents of different parties.

Levey was a strong proponent of sanctions, particularly against Iran, but his leadership extended to addressing terrorism and other horrific crimes on a global level. While I did not know him well, he was always professional with the financial sector, understood the complexities of compliance challenges, and, unlike other government leaders, did not seek the limelight.

Stuart Levey quietly left last week without fanfare. He certainly proved himself as a leader in this difficult area and was a true public servant.

#### Other acknowledgements in AML

Another AML professional has moved on from the government and now works in the private sector (with JP Morgan Chase). Nina Nichols was the lead for the Federal Reserve Board on AML and was a practical voice on complicated compliance issues. Her move to the private sector will enhance the financial sector.

Finally, my daughter Rachele, working in AML at a major international financial institution, has just received her CAMS (certified anti-money laundering specialist) designation after successfully completing the examination. It is very exciting to have another Byrne in the field we all strongly support and enjoy.

\* From a Pete Townsend-produced one-hit wonder group, "Thunderclap Newman," and appeared on the "Almost Famous" soundtrack in 2000.

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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](mailto:jbyrne@acams.org).

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