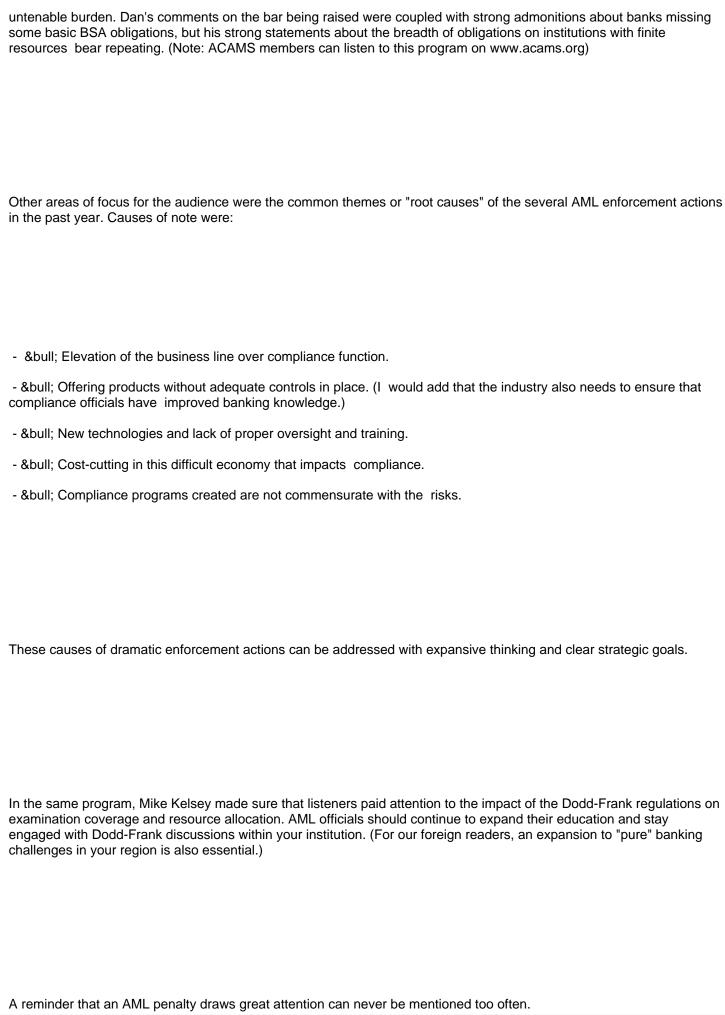
SMURFS ARE BACK BUT IS CASH STILL THE PROPER FOCUS FOR AML?

| What's the best song with "blue" in the title?* |
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| For those of you with young children, you have probably heard them clamor to see the new Smurfs movie on July 29th. (Some of my kids, who are over 18, would rather see "Horrible Bosses," but that's a different conversation.) |
| Smurfs mean something quite different to the AML communitynot little blue men, but the movement of illicit cash in small increments into financial institutions in order to avoid reporting. (Note: I actually have a coffee mug, given to me by some friends from IRS Criminal Investigation Division, which simply says "Don't Smurf on My Turf.") |
| The question in 2011 remainshow essential is detection of "smurfing" to the joined battle against money laundering? |
| Well, I am clearly not objective, having pushed for dramatic changes to the cash reporting obligations for the better part of two decades. My reasoning was simple: Doesn't it make more sense to spend our resources on programs and policies designed to find "suspicious activity," as opposed to tracking cash transactions from Radio Shack? |
| As you know, I lost that fight and "smurfing" or "structuring" is still a very useful tool for money laundering prosecutions. |

Still, with electronic and mobile banking; trade-based money laundering; and products such as remote deposit capture, I

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| wonder if smurfing is not just low hanging fruit |
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| Wait-What? |
| FBI Director Robert S. Mueller has held that post for ten years and the Obama Administration wants to extend this clearly bipartisan choice for two more. But Republicans are potentially planning to hold up this important re-appointment for reasons unrelated to Mueller's effective oversight of this essential counter-terrorism agency. |
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| All I can say is: |
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| "Are you kidding me?" |
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| Have some BSA obligations become a burdensome habit? |
| Last week, I was fortunate to have moderated a panel discussion for my organization, ACAMS, with Dan Stipano from the OCC and Mike Kelsey from Capital One. |
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| Dan, one of the most committed public servants I have ever been honored to work with, pointed out that Bank Secrecy Act (BSA) obligations over the years may have lost sight of their original focus and placed on financial institutions an |



| A continued commitment to a worthy moral cause |
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| We have mentioned the shared goal of attacking human trafficking several times in this space. ACAMS held its second program on this topic and two things struck me: the overall commitment from the financial sector and the grassroots efforts to combat this crime. |
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| Human trafficking is a global crime that knows no boundaries. For example, here is a Midwest organization that is extremely effective: |
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| http://www.stophumantraffickingmo.com/ |
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| If you are able, please consider establishing a similar group in your region. |
| Can we learn from a cartoon? |
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| The Smurfs won't teach us anything about AML but this is a good time to discuss overall AML strategy with our government counterparts. We are not equipped to address every illegal activity but we certainly can, in a unified effort, focus on the most important. |

| Asking us to discuss is a major step toward improving our AML strategy. |
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| * "Blue Sky," of course, by the Allman Brothers Band. (In the spirit of disclosure, one of my beautiful daughters is named after an Allman Brothers song, "Sweet Melissa," so I am not objective.) |
| - 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. |