
GRACELAND—FOR MUSIC FANS, TWO DIFFERENT MEANINGS

Filing SARs--still different perspectives?

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I'm here in Johannesburg in the Republic of South Africa for our inaugural AML/CTF conference.

I was struck by the conference brochure description for one of our panels, "Best Practices for Creating Actionable STRs." (For our U.S. readers, STRS are "suspicious transaction reports," the corollary to SARs) I was struck, not because this is a new topic, but because the issues of SAR/STR drafting are so universal in its challenges.

While there appears to be a consensus that "actionable" SARs or STRs are in everyone's best interest, we still quibble with what "actionable" means.

A case in point in a minute, but being in Africa and just reading that Paul Simon is preparing for a 25th anniversary Graceland tour, I know that "Graceland" is the title of his 1985 album of African-inspired music and arguably one of the greatest pieces of music in the past 30 years. Time Magazine called it one the 100 greatest albums of the 20th Century.

I also know that others think only of Elvis Presley's home in Memphis, so two different points of reference.

Back to SARs ... in the Twin Cities

Prior to traveling to South Africa, I was invited to join my ACAMS member colleagues at the launch of the Greater Twin Cities chapter. During the event, we heard from representatives of two federal law enforcement agencies. What was disappointing to the audience of diverse AML professionals in the private and public sector was the mixed messages for SAR filings.

- One representative encouraged filers to write SARs on a "third-grade level," with limited information on the narrative.
- The other asked for comprehensive SARs with certain key words in the narrative to improve search capabilities.

Suffice it to say, getting these messages are not just different perspectives. They do harm to the SAR filing process.

I am hopeful that this was simply an aberration and that there is consensus at least on the importance of detail in SAR/STR filings.

Back to SARs (STRs)... in South Africa

In South Africa, our conference session covered how to include the most relevant information, a discussion on the law enforcement decision-making process and the best way to leverage any feedback to improve STR narratives.

Clearly, limiting the information is not considered an option and, in fact, the South African financial intelligence unit (called the FIC or Financial Intelligence Centre) issued a "guidance note" on suspicious transaction reporting which says, in relevant part:

"The reporter must describe the events which led to the forming of the conclusion that the situation which is reported is suspicious. The reporter must also provide the reasons for forming this conclusion. The more information the reporter provides to explain the basis of the suspicion, the more it will enhance the Centre's ability to analyse the reported information." [Emphasis added.]

In fact, the advisory goes on to emphasize that the "ideal response would be to clearly and completely describe all of the factors or unusual circumstances which led the reporter to a suspicion of proceeds of an unlawful activity, and would provide as many relevant details as possible to support this determination."

Those of you who have followed my musings over the past several years know that I am most concerned about inconsistent guidance, criticism, or advice from both the private and public sector. If there is inconsistency, even if only occasionally, it needs to be addressed as our international colleagues say, "straight away."

Other AML issues from Africa:

Our conference was fortunate to have participant from 12 African countries and, in addition to the sessions on STRs, we heard covered topics well known to US AML audiences, such as risk assessment, sanctions, and corruption.

However, speakers were also very interested in the need for adding "gatekeepers" to AML compliance, blocking funds from on-line gambling and how to work closely with the FIU to improve financial crime detection.

The most compelling discussion for me was a panel I participated in on the ongoing horrific issue of human trafficking.

With a local Senior Criminal Investigator from the Department of Home Security's Homeland Security Investigations directorate and the head of financial crime with a multi-national institution sharing the podium, we covered cases and red flags at length, but the audience indicated that they currently do not look for or report this crime. Recognizing that this is not a requirement is one thing, seeing an entire group of financial crime specialists learning about this topic for the first time, is quite another.

I know we made some converts that day but only time will tell.

Note: I'll be at the ABA/ABA Money Laundering Enforcement Conference next week and will send my "perspective" through ABA Banking Journal and through Twitter, @jbacams2011

- 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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