

ALL TOGETHER NOW*

When you meet BSA/AML officials, speak up!

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If you have been reading these postings for a bit, you know the emphasis I place on peer networking and communication with the government. Also, as I mentioned last time, the February announcement by the Financial Action Task Force (FATF) warrants our attention.

Both themes were evident in the past several weeks as I participated in several programs that offered opportunities for input, questions, and comments in a number of important AML and related areas. We must take advantage of speakers who ask for questions and peers looking to share ideas and best practices.

If you don't understand how something affects your institution or clients and you don't ask--you have no one to blame but yourself.

Child-trafficking takes center stage

The Puerto Rican Bankers Association held its ninth annual symposium on anti-money laundering last month and the presenters, both local and from the states, stressed the importance of training. And they were also quick to acknowledge the strides made by financial institutions in Puerto Rico on AML compliance.

However, a clear theme was the need for those same AML professionals to quickly grasp the breadth of AML obligations in such areas as anti-corruption, sanctions, and other areas.

A particularly compelling presentation was a brief view into "child trafficking" by Dr. Cesar Rey of the Ricky Martin Foundation. Bankers were moved by these horrific crimes and discussed ways of assisting, as they have with the broader human trafficking issues noted by the U.S. Department of Homeland Security.

I was pleased to be able to moderate a panel at the conference with Hector Colon of Homeland Security Investigations (HSI) who also commended the industry for its ongoing work in this area. Hector also made it clear that he and the HSI staff are always available to discuss this issue, other types of money laundering and SAR filing challenges.

[Note: Because of the tremendous efforts in this area and the strong partnership with the private sector, ACAMS is presenting our first "Private-Public Sector Service Award to HSI and JP Morgan Chase for their human trafficking prevention commitment. Read a recent story from ABA Banking Journal, out of the ABA/ABA Money Laundering Enforcement Conference, about human trafficking and steps taken by JP Morgan Chase.]

Other bits of compliance news from the conference that should be considered when AML professionals get together or seek guidance from their regulators:

- • A dramatic increase in bulk cash smuggling--mainly because financial institutions have been so effective in reporting and detecting money laundering in other ways.

- • The need to improve transaction monitoring.

- • Glaring weaknesses in some institutions' risk assessment.

Turning up the heat from FATF's recommendations

A theme in several recent programs was the FATF recommendation (mentioned in my last posting) that jurisdictions should enact requirements to ensure timely access to adequate and accurate information on the "beneficial ownership" of legal persons.

This issue is now front and center with the FinCEN advanced notice of proposed rulemaking (ANPR) on explicit customer due diligence (CDD) and the beneficial owner issue mentioned above.

Of course, the FinCEN ANPR and the FATF recommendations are distinct and any comments to FinCEN should not rely on the FATF language but should answer the questions posed by the Treasury bureau.

FATF also revised "Recommendation 1" to encourage countries to use a "risk-based approach" to ensure that all AML and terrorist financing prevention measures are "commensurate with the risks identified."

This approach has been lauded as a "big win" for the industry. But it will only be so if the risk-based approach scheme is actually followed by regulators and others.

Industry programs and presenters raise points that the AML community should work together to address. While many questions were asked at the recent meetings, more remain.

Remember, you do have many successes to be proud of.

But you must stay focused on public and private comments from government representatives. If those in charge don't hear from you, whose fault is that?

"All Together Now"

* Lennon/McCartney from the Yellow Submarine album (1969).

- 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 10 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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