JUST NEVER SHOW THE FEAR THAT'S IN YOUR EYES

Staying on top of key issues

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This week we lost two music icons, Dick Clark and Levon Helm, and that always makes me consider how relevant music is to everyday life--even something as arcane as our industry--AML and financial crime.

The first, Dick Clark, was a constant in offering television audiences in the 50s-80s a snapshot of what was popular and what was moving up in popularity. In a strange way, AML conferences also give you what you know is an issue today and what may test your compliance mettle in the years to come.

The next day we lost Levon Helm, the famous drummer of The Band, known for a unique voice in some of the seminal songs of the 60s and 70s. His vocals on The Weight (noted as one of the 100 best songs by Rolling Stone magazine) and many other songs (including "Stage Fright" and its famous line above) will never be forgotten by music fans. Of course, with the regulators--never show the fear. (Just having a little fun with our government brethren.)

So, in a tribute to both, reducing the fear of what challenges us and noting the most "popular" AML issues facing our community---here are the Top 5 April 2012 Hits, I mean, challenges:

5. Balancing competing priorities--when will it end? Given the unique position of the financial sector in communities and globally, it is not a stretch to say that these institutions are expected to handle everything from community development to cybersecurity. How do you effectively handle AML? Need more than smoke and mirrors--need a comprehensive view of where to focus without forgetting other areas.

4. Expansive duties--I have been in this area for way too long, but clearly a "BSA Officer" has graduated far beyond simply handling cash transactions. Criminals are more sophisticated today, as are the products and delivery channels in use. Going into AML today? Better be prepared to understand pure banking activity and not simply compliance obligations.

3. Sanctions--an area once segregated from the AML division, now it is part and parcel of all AML compliance. The U.S government, as do many of its allies, use sanctions as a national security tool. Need to update your policies and procedures not just to ensure coverage but process. (Regulators say this is "risk-based" but is anything, really?)

2. Enforcement actions--I covered Citibank's consent order in the last blog and it is clear that all of us recognize the importance of understanding the themes of any action and how it may affect your institution. Thought I would add a bit of positive news. ACAMS ran a poll after the Citibank order and the results were encouraging:

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"The Office of the Comptroller of the Currency (OCC)
recently issued a cease-and-desist order against Citibank N.A. that called for
granting the bank's anti-money laundering (AML) compliance department greater
say in business decisions. Specifically, the OCC mandated that the bank's AML
officials have the ‘appropriate' amount of authority to question business plans
and account relationships.

"At your institution, do you feel you have the ‘appropriate'

amount of authority to question business decisions?"

- Yes, I do feel like I have the appropriate amount of authority to question business decisions. 31%

- No, I do not feel like I have the appropriate amount of authority to question business decisions. 26%

- I sometimes feel like I have the appropriate amount of authority to question business decisions. It depends on the situation. 43%

For more, click here.

But here is a cause for optimism that compliance officers do have a voice. Finally, the Number 1 Hit for April 2012 is:

1. Regulatory expectations--while there are laws, regulations, and guidance, understanding what is expected by your examiner is essential.

We have spent a lot of time encouraging communications between compliance and the regulators but expectations can often be gleaned from public policy debate, media coverage, and, of course enforcement actions.

I see regulatory expectations as the Top Hit of April 2012--will it stay there or will another hit move up?

Dick Clark would know, and Levon Helm would say never show fear in your eyes.

- 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 2 years and was responsible for ABA's lobbying, regulatory, and educational efforts on money laundering, other compliance issues. He received the ABA's Distinguished Services Award and was also the first pr 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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