STAND*: AND GET ACTIVE ON AML CHANGES

ABA/ABA conference underscores

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Way back in the 1960s, a diverse band--Sly and Family Stone--was extremely popular for a few short years. One of their hits, "Stand," had a great line:

"You've been sitting much too long."

That reminded me about the need to actually do something.

ABA/ABA Money Laundering Enforcement Conference highlights

ABA Banking Journal's Steve Cocheo and I spent much of this last week using social media (mainly Twitter) to

communicate to the AML community what was transpiring during the 24th Annual ABA/ABA Money Laundering Enforcement Conference. (ABA's Twitter handle for the event is #ABAMLEC.)

A common theme was not only the various challenges with OFAC, financial crime, new products, and delivery channels, but the very public statements by various government leaders offering opportunities to comment (and hopefully participate in) the necessary debate on how to improve the many anti-money laundering laws and regulations created since 1970.

Overview of the ABA/ABA conference

On the first morning of the program we heard from David Cohen, the Under Secretary for Terrorism and Financial Intelligence for the U.S. Department of Treasury, and on the second day from Jennifer Shasky Calvery, the new FinCEN Director, who both announced comprehensive reviews of all laws and regulations.

As someone who has been part of previous "reviews," I know it is both difficult and time-consuming to be able to offer your insight and expect that you will receive a fair hearing.

And I know that some bankers worry that any suggestions could be deemed as criticism and that there may be repercussions for those comments.

I actually don't buy that argument and truly believe that government representatives are looking for advice and counsel, and welcome your insight.

I would suggest that you contact your trade association or government affairs division in your financial institution immediately and offer both operational and compliance feedback on the vast array of laws and regulations that comprise anti-money laundering obligations.

Also, to be effective, discuss these issues with your peers from other organizations. Remember that there is strength in numbers.

It was certainly clear to me that during last week's conference, panelists were actively seeking input. Even speakers at those sessions that covered AML vulnerabilities to products and services were interested in how best to mitigate those risks. The commitment to change (if necessary) appears real. So let us pursue these different channels.

More specifics from speakers

Under Secretary Cohen acknowledged that the industry has devoted substantial capital and human resources to AML compliance. He added that the AML framework needs to be appropriately designed.

I, of course, agree and believe that there is no possible way of ensuring that the framework succeeds without active and formal participation of any reviews with the private sector. Treasury cannot run such a review without us, so we all need to make our voices heard.

FinCEN Director Calvery described the creation of a so-called "Delta Team" that would be enable:

"... industry, regulators, and law enforcement to come together and examine the space between compliance risks and illicit financing risks. The goal is to reduce the variance between the two. To the extent we are successful, we will be building a smarter, more effective, and more cost-efficient system. If we are successful we will have our eyes squarely on the ball, protecting our financial system from illicit finance and combating serious criminal and national security threats."

There will be a notice in the Federal Register of how to apply for this effort and I recommend that you both review and decide who can participate.

Another call for assistance: Exam Council manual

During the conference (by the way, next year will be the 25th year so we hope you will join your peers in 2013), we also heard from the regulatory agencies on a number of issues related to enforcement actions, themes from examinations, and what to expect going forward.

One specific item was also mentioned--the revisions to the FFIEC AML Examination Manual. As all of the agencies are getting prepared for changes, revisions, or deletions, it is imperative that you offer your thoughts to your trade association or institution representatives for this as well.

As Sly once said: "Everybody, Stand Stand Stand!"

Disclaimer: John Byrne's views do not necessarily reflect those of the American Bankers Association.

- 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 Regulatory Relations Executive at Bank of America. Previous to that, he worked for the American Bank Association for 22 years and was responsible for ABA's lobbying, regulatory, and educational efforts money laundering, and other compliance issues. He received the ABA's Distinguished Services Award 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 mailed at jbyrne@acams.org.

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