FOR WHAT IT'S WORTH *

Trends and issues in AML from the MENA region, plus general musings

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I have just returned from the ACAMS 3rd Annual AML and Financial Crime Conference--MENA, held in Dubai, UAE. MENA stands for Middle East and North Africa.

What struck me was how similar the challenges facing AML professionals are no matter where they are located. This may seem obvious to new participants in the money laundering prevention arena, but for old folks (or veterans to be kind) like me, the global "unity" of AML challenges is a fascinating change.

More importantly, the common issues facing all of us should enable compliance officers, investigators, and government representatives to work together in seeking solutions.

What people are talking about

The conference focused on PEPs (politically exposed persons), mobile banking, risk assessments, sanctions, and corruption--all issues that are discussed at U.S. conferences and seminars. The regional experts presenting bemoaned

the "lip service" paid by regulators to the risk-based approach endorsed by the Financial Action Task Force (FATF) and the challenge of complying with sanctions that often conflict with normal banking relationships.

There were certainly some issues where the points of emphasis were different than in the United States. For example, alternative remittance systems, such as hawalas, are very common in the MENA region, not as much an issue in this country.

Other common trends in the MENA region were:

• High cash deposits

• Incoming deposits from high risk off-shore jurisdictions

• Activities due to political turmoil in the region

• Dealings with suspected front companies

• Attempts to circumvent U.N. sanctions

However, I was equally impressed with the source material cited by the presenters as tools for improving a financial institution's due diligence and risk assessment. The use of the U.S. State Department's 2012 Money Laundering Report was embraced by AML professionals in the region as essential to risk assessment. Some examples include the risks dealing with Egypt due to trade based money laundering, tax evasion, and misappropriation of funds from the Egyptian state. Another is the smuggling of contraband in countries such as Yemen and diamond trade fraud in Lebanon.

Risks of working with a trade giant

Panelists also discussed risks with certain trade partners such as China. The presenters outlined, again from the State Department report, some of the clear risks of working with China including:

• Corruption

• Human trafficking

• Counterfeit goods

• Smuggling

• Economic crimes

If you are interested in more information from the MENA conference, feel free to contact me at the email address below.

Meanwhile ...

ABA/ACAMS joining together for 2013 preview

To assist the AML community with the vast array of challenges sure to arrive this year, ACAMS is joining ABA for a February 7th phone briefing with AML experts from large and small financial institutions. Please save the date and we would be happy to address any questions you may have.

While you can send questions in during the program, I would be happy (as the moderator) to receive questions before the 7th and use during the program. Again, my e-mail and contact information are below.

(Somewhat) random thoughts and questions

There are a few things on my mind as we prepare for the year.

• With the nomination of Mary Jo White to the Securities and Exchange Commission, should we expect more prosecutions and less opportunities for so-called "no-admission settlements"?

• Will the current media focus gain traction? (That is, that AML fines and penalties are not sufficient without prison time for some.)

• Cyber attacks on banks seem to be on the rise---should AML professionals increase their awareness of that issue?

• How will a new CDD rule work without a change in state incorporation laws? (Not well, I predict.)

• Will sanctions continue at the same pace as the last several years?

• Will there be honest dialogue on the risk-based approach?

In praise of the blue bird of informedness

Let me put in a plug for Twitter. I was certainly not an early adapter, and complained about the inability to express a coherent thought in 140 characters. It is still true that a short comment misses nuance and context but Twitter's ability to send links to papers and articles is actually a tremendous tool to stay abreast of developments quickly and efficiently.

I use Twitter and do send AML related communications for the most part but the value is enhanced by following others in the compliance field and with news organizations. Don't feel you have to send messages or "tweets." You can simply follow others.

Try it.

* "For What It's Worth," a Stephen Stills penned tune while he was with Buffalo Springfield.

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 Ba 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 Av 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). Byrn can be e-mailed at jbyrne@acams.org.

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