

A NOD IS AS GOOD AS A WINK TO A BLIND HORSE

We introduce John Byrne's AML/Financial Crime blog with his nominations for his personal "Hall of Fame" of AML practitioners

A nod is as good as a wink to a blind horse*

Anyone who knows me knows my interest in sports and music is matched only by my love of history.

My intent with this blog will be to constantly challenge all of us in the bank compliance community to recall AML/Financial Crime issues of the past, while staying current and, if I'm creative, to also weave in song references and/or sports analogies along the way. (The headline is my only musical reference in this piece. Do you recognize it?)

While many policy changes have been tried or tested before, it is also true that new approaches to AML challenges will have merit. Combining both the historic view of this difficult area with flexibility to "think out of the box" should be our collective goal.

So to begin, it is important that the next generation of AML professionals take advantage of those still engaged in this interesting area and tap their knowledge and experience. Learn from our successes and failures.

AML/Financial Crime professionals need to recognize that this field (now close to 25 years old) has a robust history with a number of key participants. I recently spoke to the West Coast AML Forum about this history and what follows is my "Hall of Fame" of AML professionals—both public and private (but not in any particular order). I would note that all have done many things to warrant our respect; I am only scratching the service as to why. To wit:

• Ray Kelly—The current Police Commissioner of New York City was the Treasury Undersecretary for Enforcement in the Clinton Administration. After time in that role, Kelly felt a strong need to be "on the ground" and moved to head the US Customs office, actually a lower organizational position in the government. Ray Kelly's public service commitment knows no bounds. (A great new book, *Securing the City* by Christopher Dickey, describes Kelly's career in NY in detail.)

• Robert "Bob" Serino—Longtime Deputy Chief Counsel for the Comptroller's Office, Bob was one of the original government enforcement leaders after the creation of the various money laundering laws in the 80s and 90s. Bob was a tough enforcement lawyer, but recognized that the money laundering regulations needed to be reasonable as they applied to financial institutions. Bob was clearly one of the strongest voices in the 80s and early 90s for balancing the need for new laws with a rational approach to operational mandates.

• Dan Stipano—Worked with Serino and eventually replaced him in the same role. Dan testified immediately after the Riggs Bank debacle and was asked several times by members of the Senate Banking Committee if banks were committed to AML deterrence. Stipano could have easily thrown the industry “under the bus,” but instead said, with tremendous conviction, that the Riggs case was an aberration and that most of the industry had strong policies and procedures.

• Lester “Les” Joseph—Principal Deputy Chief of ML&AF at Justice Department and has spent much of his career with DOJ and has always been accessible to the industry to help us understand enforcement actions and how it may impact bank compliance. A soft-spoken dedicated public servant who never shies away from an AML debate.

• William Langford—JPMorganChase’s Global AML leader who was Bill Fox’s Deputy at FinCEN after an important stint at Treasury during the early days of the PATRIOT Act regulatory debate. William (who will not like being in the Hall of Fame as he is the youngest AML official in this list by a mile) worked tirelessly with law enforcement, the regulators, and the industry on a number of difficult PATRIOT Act challenges, including the early “misuse” (my words) of the section 314 (a) process by the government. Section 314 (a) was established to allow prompt dissemination of information by law enforcement to the industry in order for institutions to check their accountholders and see if there was a match with existing terrorist financing or money laundering investigations. William heard from the industry that the “misuse” was sending basic garden variety fraud investigations through the process and put an end to it. A difficult position to take given the environment.

• Dennis Lormel—Created the FBI’s Terrorist Financing Operations Section (TFOS), Dennis was at the epicenter of activity on and after 9/11. With an unmatched dedication to his mission of providing information and receiving intelligence from within and outside the government, Dennis quickly ensured that the financial sector had the necessary information and typologies of terrorist financing so that there would be system and program changes.

• Rick Small—Now with American Express, Rick was in the middle of the most contentious debate prior to 9/11 on the requirements related to money laundering that threatened to destroy any possibility that the government could work in partnership with the financial sector. A blog reference does not do justice to the history of this debate. Suffice it to say that Rick, then with the Federal Reserve Board, was hung out to dry by the banking industry and his fellow regulators for a “Know Your Customer” regulatory proposal that, I would argue, if allowed to be finalized after industry comment, might have at least made it more difficult to plan and execute the 9/11 attacks. (Maybe some new AML professional could take that proposition on as a research project). Rick handled the venom of the critics in the KYC debate with professionalism that many on the other side lacked.

There are, of course, others that deserve recognition for their AML efforts in education, reporting, legislation, or regulatory policy over the years. Some notables include Ron Noble, Bill Fox, Whitney Adams, Jim Clinger, Peter Djinis, Amy Rudnick, Elise Bean, Stef Cassella, Charlie Intriago, Mike McDonald, and Ezra Levine.

The key for the new AML professional is to remember our roots and understand the history so that when someone or some issue is recalled, you don’t act like a blind horse.

* Title of a 1971 Rod Stewart and the Faces Album.

About John Byrne, CAMS Byrne leads Condor Consulting LLC, a Washington, D.C., area financial services consulting firm specializing in regulatory management, AML, privacy, and a vast array of financial institution compliance related issues. 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 the creation of his firm, John was the Global Regulatory Relations Executive at Bank of America. Previously, 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@thecondorconsultingllc.com. His web page can be found at www.thecondorconsultingllc.com