

Year in Review

2015 BSA/AML/SANCTIONS
ACAMS Greater Philadelphia Chapter
December 29, 2015



2015 in Summary...

Say this about 2015: It was never dull for financial professionals.

And next year looks to be just as chaotic with possible changes in Iran sanctions, the normalization of relations with Cuba and, of course, the never-ending battle against terrorism and cybercrime.

Key Challenges and Themes

- Culture of Compliance – *Tone at the Top; Compliance has become a Cost Center*
- Sanctions compliance and expanded/enhanced sanctions directives – *SSI changes*
- AML and Trade Finance Risk – *Trade Finance is beginning to boom!*
- Cyber Security – *Identity theft; adding IP addresses in SAR's!*
- Human Trafficking – *Transactions from nail salons at unusual hours; slave and sex labour with individuals from abroad or in US!!*
- Marijuana related businesses – *Push between State and Federal Level issues; de-risking businesses involved ; Cole Memo*
- Fin Tech Firms – *Trying to get up to speed on Compliance!!*
- CDD – *Proposed rule by FinCEN in response to FATF concerns with beneficial ownership forthcoming...*
- Terrorist Financing – *ISIS issues continue to surge!*

NY Proposal on Personal Accountability

- Transaction monitoring and filtering programs
- Suspicious activities monitoring
- Watch list filtering –including OFAC or other Sanctions; PEPs & internal lists
- “Certifying Senior Officer” means chief compliance officer or functional equivalent
- F.I. subject to all applicable penalties
- “A Certifying Senior Officer who files an incorrect or false Annual Certification may also be subject to criminal penalties for such filing.”
- 45-Day comment period and then effective FY April 1, 2017
(April 15, 2016)

Important Sources

Culture, FIN-2014-A007:

https://www.fincen.gov/statutes_regs/guidance/pdf/FIN-2014-A007.pdf

BSA for marijuana-related businesses:

https://www.fincen.gov/statutes_regs/guidance/pdf/FIN-2014-G001.pdf

Sources

OFAC

Sectoral Sanctions: https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/ssi_list.aspx

Cyber Crime Sanctions: <https://www.treasury.gov/resource-center/sanctions/Programs/pages/cyber.aspx>

Sources

Terrorist Financing FATF Report to G20. November 2015.

Available at <http://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-financing-actions-taken-byFATF.pdf>

Emerging Terrorist Financing Risks. FATF. October 2015.

Available at http://www.fatfgafi.org/publications/methodsandtrends/documents/emerging-terrorist-financing_risks.html

Financing of ISIL. FATF Report. February 2015.

Available at <http://www.fatfgafi.org/media/fatf/documents/reports/Financing-of-the-terrorist-organisation-ISIL.pdf>

The Financial Action Task Force leads renewed global effort to counter terrorist financing. December 2015.

Available at <http://www.fatf-gafi.org/publications/fatfgeneral/documents/fatf-leads-renewed-global-effort-to-counter-terrorist-financing.html>

US & Russia to present joint anti-terror finance UNSC resolution. December 2015.

Available at <https://www.rt.com/news/325173-terror-finance-resolution-draft/>



Takeaways

Effective AML programs proactively embrace a “best-practice” approach toward following both the letter and spirit of the law while simultaneously moving toward a leading-edge and innovative stance on interpretation of AML regulations and guidance

Takeaways

Since terrorists succeed by moving money, men, material and messages, any CFT strategy in 2016 will need to take into account the use of social media for indoctrination, radicalization, training, facilitation, etc, by expanding the scope of material support to cover money, men, material and quite importantly messages in addition to the current focus on Foreign Terrorist Fighters and their potential misuse of banks and other financial channels

Questions

