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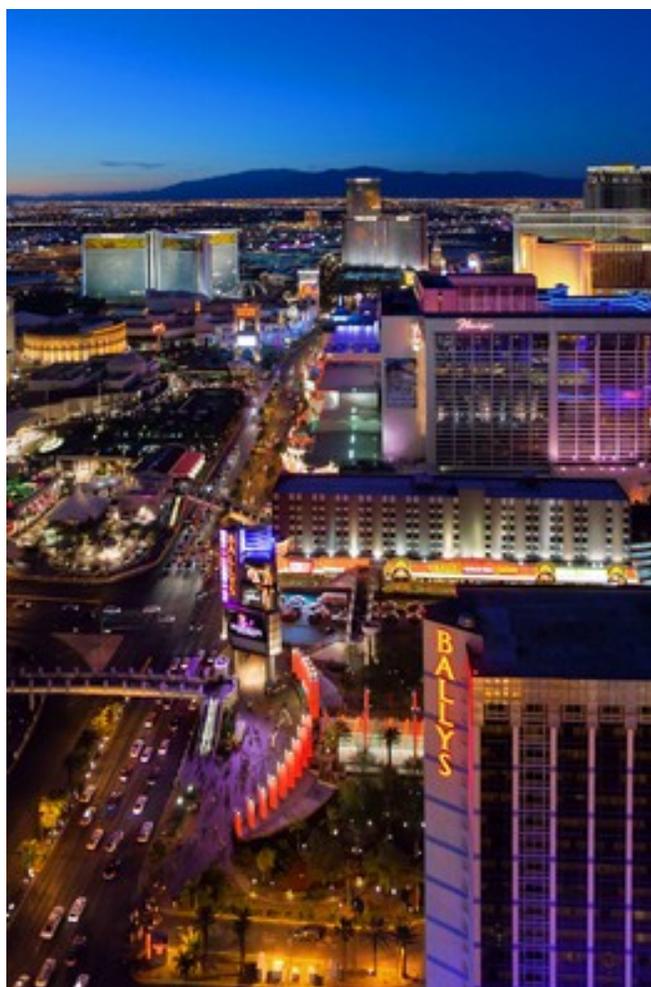
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MORE BUSINESSES ON GUARD AGAINST MONEY LAUNDERING

Compliance Now Concerns Non-Bank Businesses Like Retailers, Marijuana Sellers

By RACHEL LOUISE ENSIGN, Sept. 28, 2014, WallStreet Journal

More than 2,000 anti-money-laundering professionals will gather in Las Vegas starting Monday for one of the top conferences on the topic. Joining the banker-heavy event this year will be staffers from MGM Resorts International, MGM +3.27%supermarket Meijer Inc. and online retailer Amazon.com Inc. AMZN +0.02%

Las Vegas is the venue for an anti-money-laundering conference, but it concerns more than casinos.

It is the latest sign that businesses other than banks are concerned about staying away from dirty money. Banks have paid huge fines in recent years over having inadequate controls to prevent money laundering, and now authorities have signaled that they are focusing on nonbank businesses, too.

That shift can be seen in this week's conference and in the organization running it, the Association of Certified Anti-Money Laundering Specialists, or ACAMS. The group has in recent years also established special groups that focus on industries outside of banking, said John Byrne, the executive vice president of ACAMS. This week's conference even has its first-ever panel on marijuana businesses.

Anti-money-laundering laws, which generally require companies to have adequate internal systems for spotting suspicious activity and reporting it to the government, have applied to businesses outside of banking for years. But experts say that recent penalties and public remarks from regulators have these businesses scrambling to bolster their internal controls.

These penalties include a \$47 million settlement last August with Las Vegas SandsCorp. LVS +4.22% over a money-laundering investigation by U.S. prosecutors. As a part of the settlement, the firm admitted lapses in controls regarding one so-called high roller but said it complied with federal law.

And the Treasury Department's Financial Crimes Enforcement Network penalized a former VIP services manager at a Northern Mariana Islands casino for failing to file anti-money-laundering reports.

"Entities that we might traditionally not consider to be in the same category as banks, such as casinos, insurance companies and brokers, are right to be concerned," said Jonathan E. Lopez, a partner at law firm Orrick Herrington and Sutcliffe LLP and a former top anti-money-laundering prosecutor. "They've flown under the radar for quite some time and both the civil and [law-enforcement] community has turned its attention their way."

Jennifer Shasky Calvey, who oversees anti-money-laundering enforcement for banks and an assortment of nonbank institutions as director of the Treasury Department's Financial Crimes Enforcement Network, has delivered a message about stepped-up enforcement in recent speeches to armored-car operators and casino staffers.

Ms. Shasky told a May conference of armored-car operators that the agency had noticed "significant" problems with reports filed by their businesses and other similar firms.

And in June she reminded a gambling-industry event that "casinos have the same responsibility as more traditional financial institutions to file reports about certain financial transactions."

Meanwhile, some tech companies are launching money-services businesses, which have to abide by anti-money-laundering rules. Facebook Inc. FB -0.33% 's Facebook Payments Inc. is a licensed money-services business, as is Amazon's Amazon Payments Inc. Digital currency firms are generally in this category.

Anti-money-laundering is "moving beyond the banks," said Samuel W. Seymour, a partner at law firm Sullivan & Cromwell LLP. One reason why: "The economy is more complex and the ways of payment are changing."

One sign of an increased focus on compliance is an uptick in the number of so-called suspicious activity reports casinos file to the government. Casinos and card clubs filed about 3,000 of these reports to the government in December 2013, up from 2,400 in April 2013, the first month from which complete data was available. That number still pales in comparison to the number filed by depository institutions like banks, which averaged about 70,000 each month over that same period.

Another sign is the recent proliferation of specialized compliance services that claim to help these companies comply. One example is CoinComply Inc., which helps digital-currency companies comply with anti-money-laundering laws. Managing director Brian Stoeckert, who has a background in bank consulting and is an active ACAMS member, said digital-currency firms are generally considered money-services businesses, which means they have to have certain anti-money-laundering controls in place.

CoinComply clients get training in anti-money-laundering rules and help implementing an electronic system that monitors transactions for suspicious activity, said Mr. Stoeckert.

While marijuana businesses aren't required to implement specific anti-money-laundering systems, banks will likely want to see that a business in this field has strict controls before taking them on as a client, said Jordan Wellington, director of compliance at Vicente Sederberg LLC, which calls itself the "marijuana law firm." As of now, very few banks will take on marijuana businesses as customers, but that will likely change given the business prospects of the cannabis industry, he said.

The question of what controls banks should put in place when taking on marijuana businesses as customers will be the theme of the panel at Monday's ACAMS conference.

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