

Behind the Four Pillars: *Is Your AML House Really Rock Solid?*

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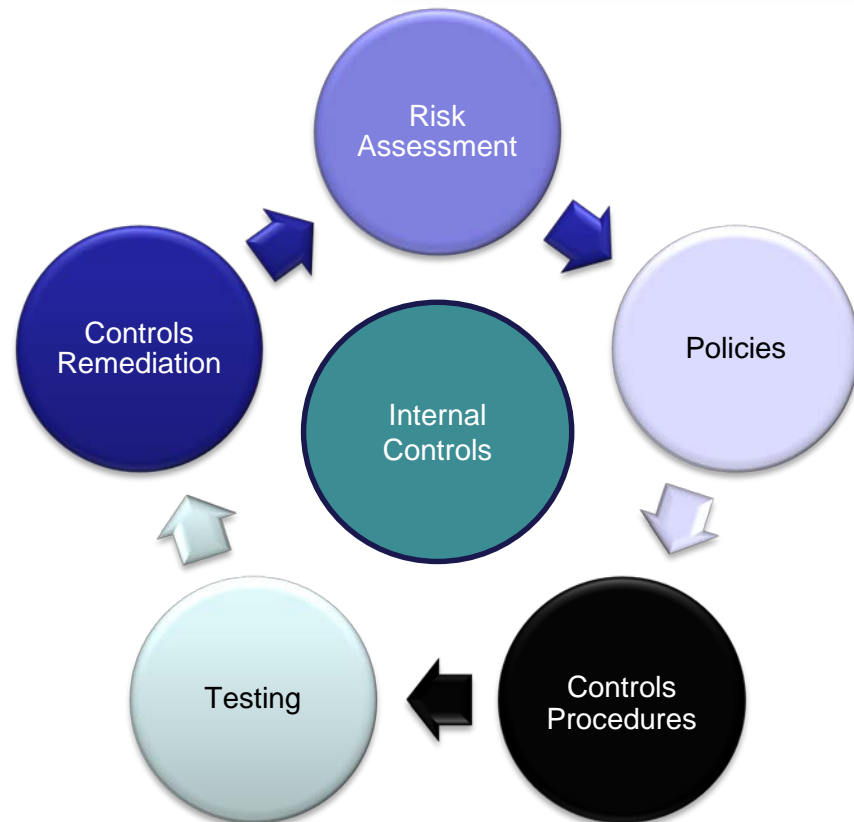
Christi Burge, CAMS Corporate BSA Officer at C&F Bank

Event moderated by Joe Soniat, CAMS, CFE, BSA Officer at Union

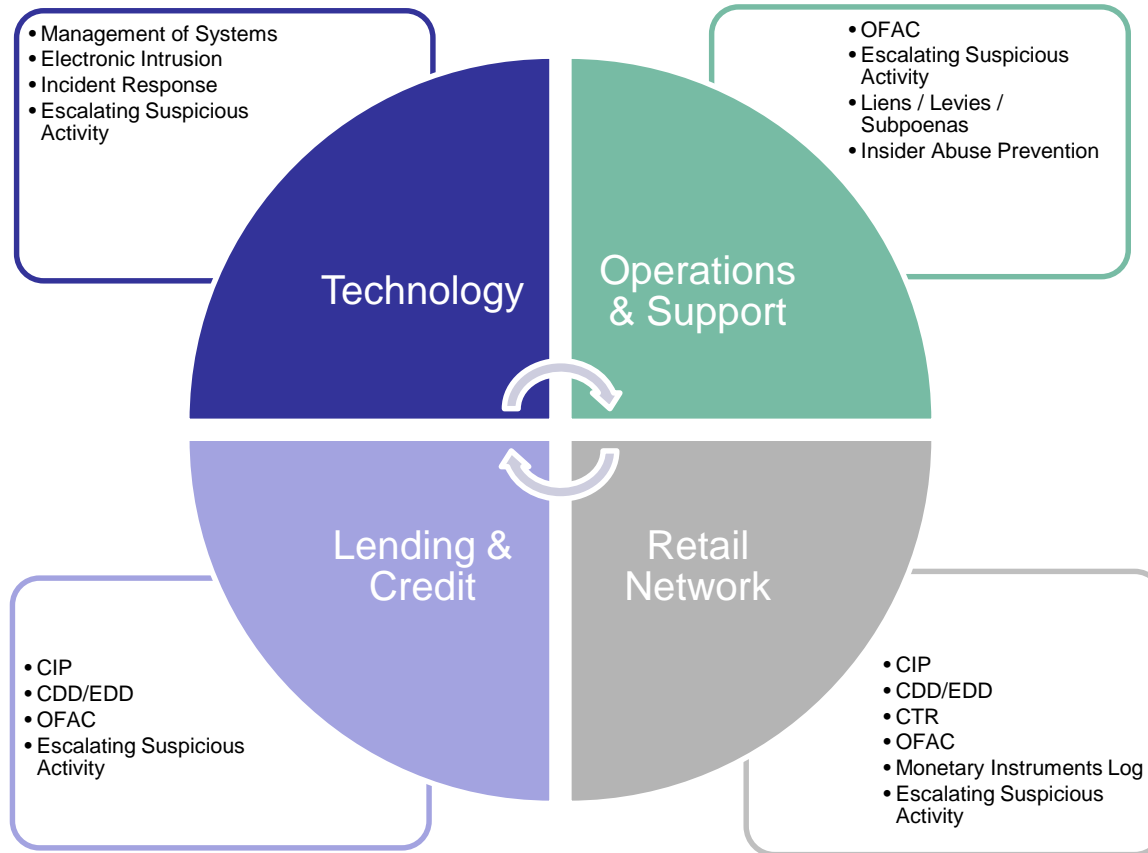
Internal Controls: Protecting Your Foundation

Internal Controls Life Cycle

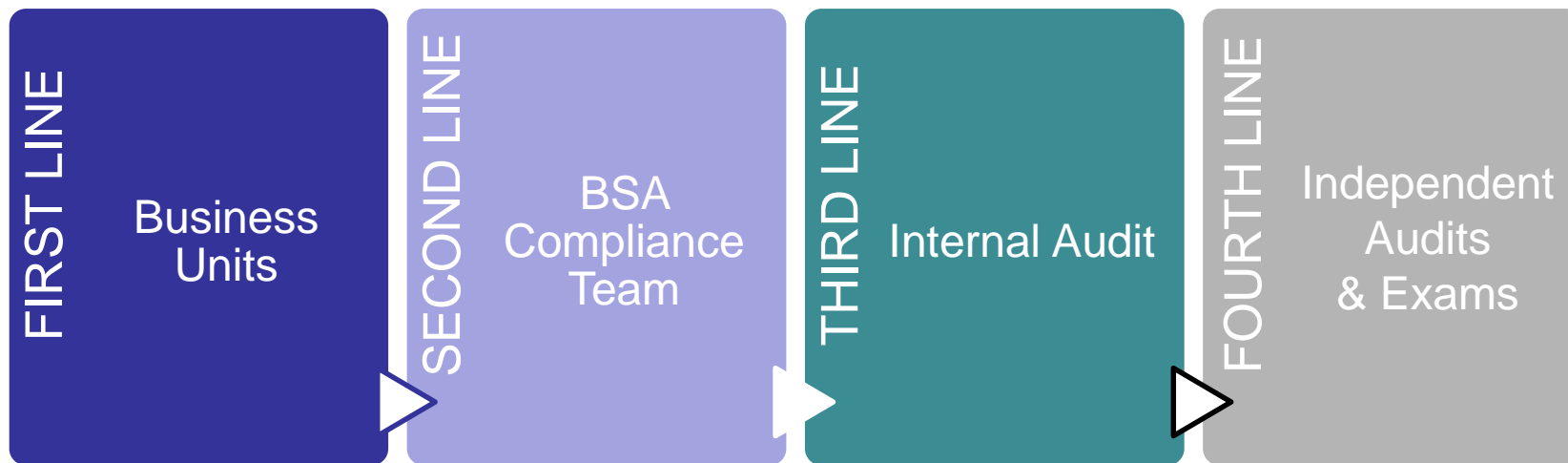
- Data-Driven Risk Assessment
- Sound, Board-Approved Policies
- SMART Procedures
 - Specific
 - Measurable
 - Attainable
 - Relevant
 - Tested
- Periodic Risk-Based Controls Testing
- Remediation Plans



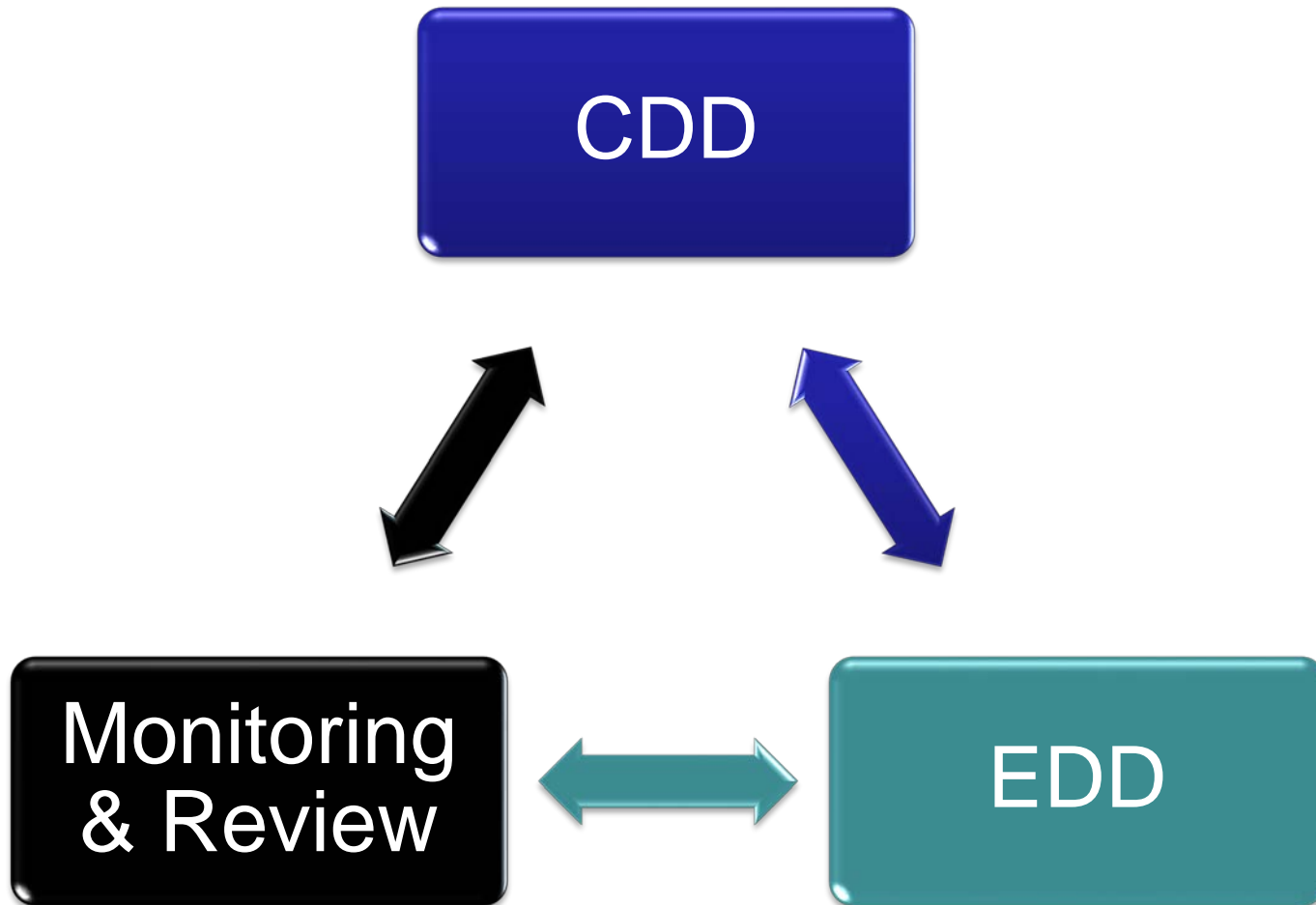
Who Owns the Control?



Lines of Defense



Customer Due Diligence: Beyond Written Procedures



Critical Components of CDD/EDD:

- Documented questionnaire
- Software/Automated Systems
- Ad-Hoc Reports
- Comparison with other entities
- Comparison with questionnaire

Software Application's Role for CDD/EDD

- Automation of Risk Identification and Trending
- Negative News, Integrated Research Tools, SAR Lookback Investigations
 - CDD/EDD for higher risk procedures
- Real Time Integration for Multi-Department Usage
- “Red Flag IQ” (ID) Searches and Scanning
 - Individual Identity Verification
- Beneficial Ownership Analysis/Risk Ratings Derived from Software Platforms
 - Analysis of Owners, Beneficiaries, and Authorized Signers

ID Verification - Audit Trail/History

Red Flag History

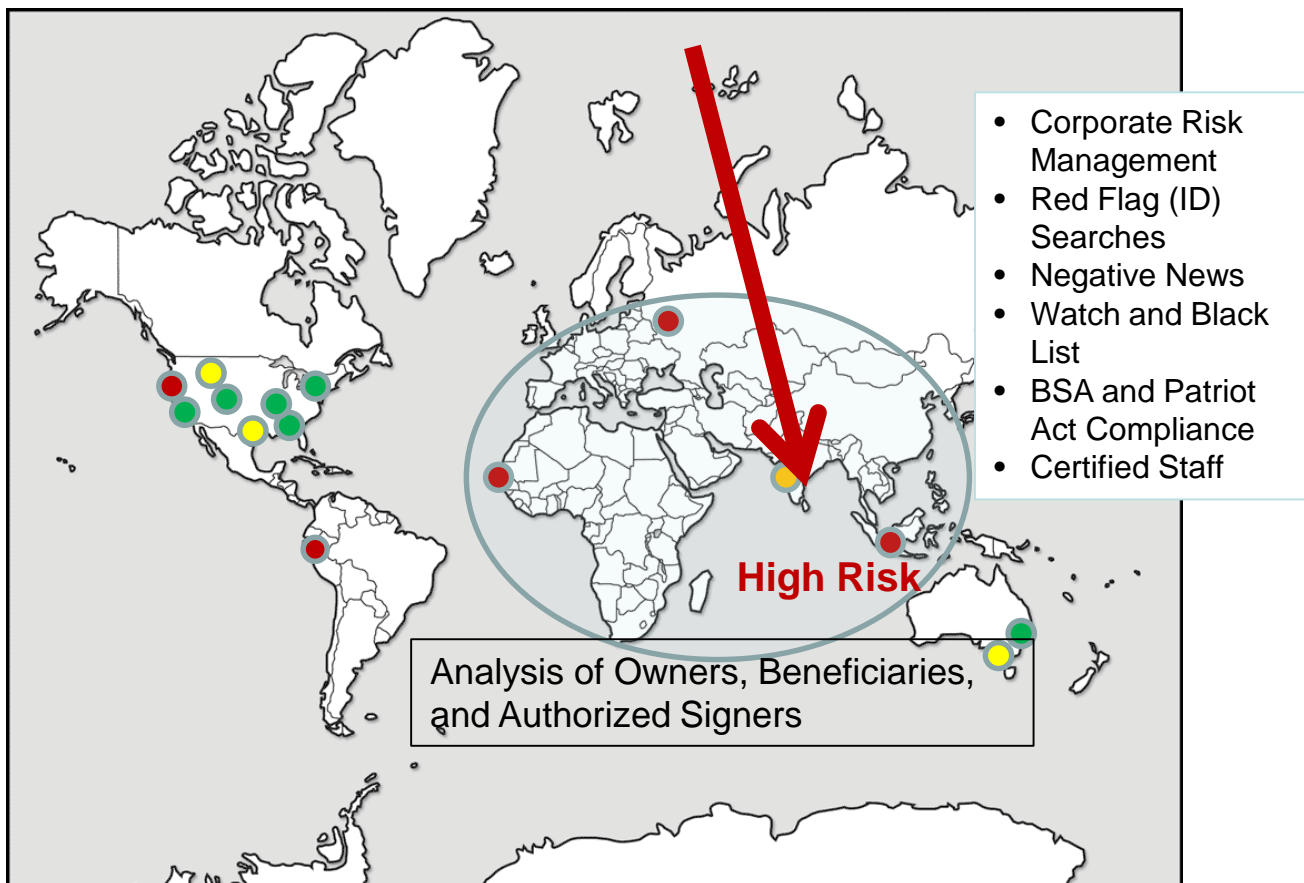
Group: -- Show All -- Sort: Date: Newest Results: 20

Scan Date	File / Name	Scan Type	User	Company Name	Memo
7/23/2014 2:14:52 PM	MARTHA SCOTT	Red Flag IQ	marthascott	Martha's Company	Zip Code: 30434, SSN:xxx-xx-xxx1 DL:xxxxxxx Risk Score:

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IQ Risk Score – Low, Medium, High

How Well Do You Know Your Customers?



Training:
Providing the right tools to your
lines of business

Training Initiatives:

- Comprehensive semi-annual training on BSA/AML current initiatives
- New employee documented training
- Annual Board Training focused on current trends and regulatory requirements
- Experts Invited to host seminars
- Address current BSA/AML events/trends
- Constant review of STR submission to determine team members recognition of suspicious events
- Review level of SARs resulting from STR submissions
- Defensive SAR awareness
- Internal Procedure/Policy updates due to regional experiences

Bank Compliance Initiatives

- Customer Fraud Awareness Programs
- Updating New Risk Alerts
 - *Terrorist Financing*
 - *Human Trafficking Corridors*
- Enterprise Risk Management Mitigation Process
 - BSA/AML Scheduled RA is part of ERM and not separated from bank wide risk.
- GLBA and Others updated annually for current customer and regulatory situations

BSA Officer:
Documenting this Basic Requirement

Key Criteria for a BSA Officer Role:

- Appropriate level of authority and resources
- Be knowledgeable of the bank as well as the BSA
- Line of communication to the board
- Time to do his/her job

What is a Regulator's Approach?

- Evaluate the BSA program based on transaction testing, reviews of policies and procedures and reporting (SAR/CTRs, MIS) using the bank's BSA/AML risk profile as a backdrop
- Review board minutes and board materials to understand the BSA officer's access and line of communication to the board
- Assess the independence of the BSAO' position within the bank
- Consider the BSAO' resume, training attended, and title
- Discuss with the BSAO to assess their knowledge of the bank and its products and processes including their practical BSA knowledge
- Consider audit's view of the BSA program
- Study involvement and interaction with the various business lines within the bank

Final Thoughts to Consider

- Reporting structure
- Enterprise education
- Evaluation and monitoring process
- Leveraging data across business lines
- Dual process decisions

Open Dialogue:
We want to hear your feedback