Welcome!
ACAMS Ireland Chapter Event

“Solving complex KYC challenges”

27th September 2017
Bringing the KYC process into the 21st century
Compliance under pressure

- Increased regulation and political focus
  - AMLD4, AMLD5, GDPR
  - Fines

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**THE IRISH TIMES**

AIB fined €2.3m for breaching money-laundering rules
Regulator: bank failed to ensure suspicious activity reported

**Deutsche Bank**

Deutsche Bank fined $630m over Russia money laundering claims
Authorities in US and UK issue fine after saying bank used offices in Moscow and London to move $10bn out of country

**Bank of Ireland**

Bank of Ireland fined €3.15m for breaches of anti-money laundering laws
BOI has reached a settlement agreement with the Central Bank

**French bank watchdog**

French bank watchdog fines SocGen 5 million euros over anti-money laundering shortcomings

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Reuters Staff
Compliance under pressure

- Management demands
  - Shorten on-boarding time
  - Move to fully digital processes
  - Enter new international markets
  - Deal with more complex corporate structures
Paper Elephant in the Room

Time to move to electronic compliance documents

• But is that even legal under current regulations?
• Isn’t it less secure that certified copies?
• What about privacy and data protection?
Your account number: 904573687
To ask about this bill: call 1850 372 372
Open Mon - Sat, 8am - 8pm

For emergencies or electricity interruptions:
call 1850 372 999
Open 24 hours, 7 days a week
Please have this MPRN number ready

MPRN: 10 305 438 325

Date of issue: 28 Jun 17
Invoice number: 1306620101

Your electricity bill at a glance:

Billing period: 25 Apr 17 to 26 Jun 17, 63 days

Reading type:
Your meter was read

Bill summary:
Your last bill: €114.32
Payments/Transactions: €114.32 cr
Balance brought forward: €0.00
Charges for this period: €115.19

Manage your home

$30 on the dark web
Paperless options

• Corporate KYC documents
  • Download directly from official sources CRO, Companies House, Infogreffe, Handelsregister, Kamer van Koophandel, etc.

• Individual KYC documents
  • Secure upload portal
  • Secure mobile upload app
Advantages

- Electronic documents can be processed automatically
  - Algorithmic authentication of government ID
  - Corporate structure discovery
  - List of ultimate beneficial owners
  - Automated AML checks

- Electronic document management

- Automatic repeat-KYC and AML in set intervals
Good news for compliance teams

• Concentrate on the interesting cases
• Get data and documents faster
• Improve regulatory compliance:
  • Safer than manual processing
  • Automated ongoing KYC
  • GDPR compliance
• Give management what they need
  • Better and faster on-boarding experience
  • Handling of more complex structures
  • Open up new markets
KYC’s corporate structure

Investigated entity

Ultimate beneficial owners
More complex structure

Investigated entity

No UBO > 25%
**Our hosts :)**

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRIPE PAYMENTS EUROPE LIMITED</td>
<td>C/O A&amp;L Goodbody ifsc North Wall Quay, Dublin 1, Ireland</td>
<td>Ready</td>
</tr>
<tr>
<td>STRIPE TECHNOLOGY COMPANY LIMITED</td>
<td>25/28 North Wall Quay, Dublin 1, Ireland</td>
<td>Ready</td>
</tr>
<tr>
<td>STRIPE PAYMENTS INTERNATIONAL HOLDINGS LIMITED</td>
<td>25-28 North Wall Quay Dublin 1</td>
<td>Ready</td>
</tr>
<tr>
<td>JON MICHAEL ZIEGER</td>
<td>20910 Ne Union Hill Road, U.S.A., Washington, 98053, Ireland</td>
<td>Ready</td>
</tr>
<tr>
<td>DAVID SPILLANE</td>
<td>1335 Stanyan Street, San Francisco, Ca, 94114, United States</td>
<td>Ready</td>
</tr>
<tr>
<td>SCOTT ALEXANDER BOOTH</td>
<td>2841 Sacramento St., San Francisco, Ca, 94115, Ireland</td>
<td>Ready</td>
</tr>
<tr>
<td>STRIPE LABORATORIES INC.</td>
<td>1209 Corporation Trust Company Corporation Trust Centre Orange Street, Wilmington, Delaware, 19801, United States</td>
<td>Ready</td>
</tr>
</tbody>
</table>
Thank you

www.knowyourcustomer.com
+353 1 2440669
@KYC_Ltd

Claus Christensen
cchristensen@knowyourcustomer.com
Incorporating KYC into your product

Kate Hotten
Compliance Officer & MLRO, Stripe
5% of new Delaware C-Corporations
shell company
shell company
shell company
U.S. bank account
both way easier to get elsewhere…
Apply for Atlas
Tell us about what you're working on and we'll get back to you within a few days.

Email address  jane.diaz@email.com
Website  mystartup.hn
Country  United States
Business description  What are you building? How would you use Atlas?

REQUEST ACCESS

Already have an invite?
You can join immediately with an invitation from an existing Atlas user or a member of the Atlas Network.
Use invite code  →
 Applicant review

Company Details

Name: Rocketship, Inc.

Company Description: The company started 2 years ago with a team of three engineers. Based on our previous startup experience we saw an opportunity to apply artificial intelligence and machine learning to make it easier to connect a team with complementary skills to work on a project. The project is entirely self funded from my previous exit but will likely raise series A once we’ve incorporated in the U.S. and collected feedback from our alpha users.

Product Description: We’re creating a platform that founders, managers, and team leads will use to build teams with complementary skills for their project. The platform uses AI and machine learning to analyze inputs from CVs, LinkedIn, GitHub, AngelList etc. and suggest pairings or teams. We plan to start with outsourced engineering work as that’s where we have the most experience but will slowly extend the platform to facilitate team building and measurement within companies. We plan to charge a $5 monthly subscription for access to the platform and a small percentage fee for each successful match.

Source of Funds: self-funded
Number Of Shares: 1000000
Phone Number: +353 11 458 443
Address: 1 Grand Canal Street Lower
Dublin D 2
Ireland
Website: rocketship.ie
Website Finished: true
Applicant review

- Website (mockups/screenshots)
- Terms of service
- Whois records
- Backlinks
Additional data points

KYC file boosted by:
• Referral source (user or network partner)
• Social profiles
• Website age
• Website registrant
• Keyword scraping of website
• Timestamps of account creation vs. first charge
• Copy/paste behaviour
• Internal and external list screening

Identify existing Stripe accounts with links based on:
• Owner name
• Owner date of birth
• Username (email)
• Device ID
• Browser and server IP address
• URL
• Timestamps of account creation vs. first charge
Company creation

Stripe collects company name, ownership structure and founder roles before creating each new U.S. company.

Once everything is set up, Stripe receives the Certificate of Incorporation directly from the State of Delaware and the EIN directly from the IRS.
Instant bank account

Low-risk applicants → “Instant bank account”

Higher risk applicants → KYC review by partner bank
Stripe <API> Bank
Stripe ↔ Bank

WEEKLY MEETING
LOW TURNOVER SLACK CHANNEL SECURE MAIL FRANDZ
Targeted monitoring

Stripe built targeted alerts based on what we believe to be normal for these start-ups:

- Change of URL
- Charges from different URLs
- Charges from high risk countries
- Charges from financial secrecy havens
- Charges from company owners
- Bank account changes
Holistic customer view

Your business
- Owners
- Incorporation status
- Tax status

Your associates
- Your accelerator: Who’s investing time and/or money into your business venture(s)
- Your community: online Atlas forums

Your U.S. bank account
- Unusual activity
- Suspicious activity
- What’s normal for your account
- Whether you open new U.S. accounts
build your product to organically support your KYC needs
Marketplaces and KYC

Michael Cocoman
International Regulatory Lead, Stripe
Marketplace Economy - Offline
Marketplace Economy - Offline
Marketplace Economy - Offline
Marketplace Economy - Online

- Amazon
- Shopify
- Deliveroo
- OpenTable
- Kickstarter
Online Marketplaces
PSD2 Implications for Marketplaces

Q: Is the Platform in the flow of funds owed by Buyers to Sellers?

A: Yes -- Get a payments license (or exemption) or use a licensed PSP (and stay out of the flow of funds)

*13 January 2018*
Stripe Connect
Who does the KYC?

PSD2 - Marketplace payments are regulated payment services

Q: Who receives payments in marketplace transactions?
A: Seller

∴ Seller must be KYC’ed by whoever provides the regulated payment service

- Platform?
- PSP?
Compliance with Stripe Connect

Stripe KYCs both the Seller and the Platform (as both are onboarded as customers of Stripe) by:

- Verifying identification information
- Screening against sanctions lists
- Keeping KYC records

In addition to KYC, Stripe has compliance obligations as a licensed EMI in the EEA, including transaction monitoring and SAR reporting.
Upcoming European events

19 October 2017
Anti-Financial Crime Symposium - Ireland, Dublin

16 November 2017
Anti-Financial Crime Symposium - Nordics, Copenhagen

27-29 November 2017
CAMS-Audit Advanced Certification Course - London

7 December 2017
KYC / CDD Boot Camp - London

7 February 2018
Anti-Financial Crime Symposium – Cyprus, Nicosia
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7 February 2018
Anti-Financial Crime Symposium – Cyprus, Nicosia
1. From transposition to implementation: law enforcement and regulator perspectives

2. Implementing AFC compliance across a multi-jurisdictional organisation

3. Case study: the anatomy of a financial crime case

4. Practical strategies to mitigate sanctions risks

5. FinTech sector initiatives to stem financial crime

FULL SPEAKER FACULTY AT www.acams.org/anti-financial-crime-symposium-ireland/
NETWORKING FOLLOWS THE TRAINING