



# **Midwest Anti-Money Laundering and Suspicious Activity Reporting Conference**

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# Introductions



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- FIS - #1 Technology Company serving 14,000 Financial Institutions
- Compliance Coach
  - Regulatory University (Training)
  - Compliance Risk Indicator (Risk Assessments)
- Prime Compliance Suite (AML Solutions)
- Regulatory Advisory Services
  - Big Orange Book (BOB)
  - Webinars, Quick Reference Guides, E-mail/Phone
- Call Reporter (Call Report Software)



# Overview



- Money Service Business (MSB) Definition and Requirements
- Initial and Annual Due Diligence
- Enhanced Due Diligence
- Monitoring MSBs
- SAR Reporting
- MSB BSA Examination Manual
- Previous MSB Experiences
  - Declined MSBs
  - Closed MSBs
  - Previous SAR Activity Reported – Working with Law Enforcement
- Questions



# Money Service Business Definition



- A Business that conducts more than \$1,000 in business with one person in one or more transactions on the same day in one or more of the following services:
  - Currency Dealer or Exchanger
  - Check Casher
  - Issuer of Traveler’s checks, Money orders or Prepaid Access Cards
  - Seller or redeemer of Traveler’s checks, Money orders or Prepaid Access Cards
  - U.S. Postal Service OR
  - Money Transmitter IN ANY AMOUNT
- Primary vs. Secondary MSBs

# Money Service Business Requirements



- Requirements of Compliance Program

- BSA/AML Policies, Procedures and Internal Controls
- Designated Compliance Officer
- Training
- Independent Test



- Note: The Compliance Officer cannot be the same person that conducts the Independent Test

# Initial and Annual Due Diligence



- Identification in accordance with CIP
- Owner Information and Copies of DL
- Confirmation of FinCEN Registration\*
- Confirmation of State License\*
- Copy of Independent Audit and Management's Response\*
- Copy of Title 31 Audit and Management's Response\*
- Copy of Risk Assessment\*



\* Best Practice – Obtain Annually

# Initial and Annual Due Diligence



- Adequate BSA/AML Compliance Program
- Signed BSA/AML Certification\* and Compliance Program Questionnaire\*
- Employee Hiring Practices
- Money Transfer Agent Status
- Annual Financial Report and Tax Returns\*
- On-site visit (Initial and Annual\* thereafter)
- Run Owners through Check which includes OFAC

\* Best Practice – Obtain Annually

# Enhanced Due Diligence



- Most Important Key – Know MSB Customers
- Assess the Risk of the MSB:
  - How long has the MSB been in business?
  - Is the MSB Registered with FinCEN as required?
  - Is the MSB located in a HIDTA or HIFCA?
  - Is the MSB an agent of a well known MSB?
  - Does the MSB have an adequate Compliance Program?
  - Does the MSB have an adequate Independent Test?
  - Have SARs been filed on the MSB or their customers?
  - Have any Subpoena's been received related to the MSB?
  - Does the MSB exchange foreign currency?

# Monitoring MSBs



- Customer Due Diligence
  - Review Large Checks Deposited
  - Review Cash
  - Review Wire / Money Order Account(s)
  - Review Utility and Debit Card Account(s)
  - Review ATM Account(s)
- Enhanced Due Diligence
  - Conduct review of commercial customers
  - Perform analysis of services provided
  - Conduct detailed on-site visit

# SAR Reporting



- File SARs on transactions conducted by MSB customer's customer
- Have a file of investigations and SARs not filed
- Give the punch line in the first sentence of the SAR
- Law enforcement



# MSB Examination Manual



- Ensures that examinations are consistent and examiners are using the same guidelines
- Contains examinations procedures for CTRs, SARs, recordkeeping, AML Compliance Program – similar to Bank BSA Exam Manual
- Appendices contain helpful information
  - Sample Risk Matrix (Appendix C)
  - Sample interview questions (Appendix G)
  - Chart of recordkeeping requirements (Appendix I)
  - Records commonly found at MSBs (Appendix J)

# Previous MSB Experiences



- Examples of MSBs not approved and why
- Secondary MSBs
- Examples of closed MSB accounts and why
- Suspicious Activity Examples
- Working with Law Enforcement
- MSB Risk Assessment – Not required but encouraged

Thank You



Questions?

