



Comptroller of the Currency
Administrator of National Banks

2010 Mid Atlantic AML Conference

John Wagner
Director for BSA/AML Compliance
Office of the Comptroller of the Currency

Discussion Topics



❑ Emerging Risk Areas

- Bulk Cash/USD Repatriation
- Remote Deposit Capture

❑ Critical AML Components

- Customer Due Diligence (CIP/CDD/EDD)
- Risk Assessment
- Suspicious Activity Monitoring and Reporting



Bulk Cash / USD Repatriation



- Smuggling of U.S. currency out of the U.S. into foreign financial institutions
- Shipped back to the U.S. thru the foreign financial institution
- Source of funds is generally not known
- Considered VERY high risk activity



Bulk Cash / USD Repatriation

- ❑ Higher Risk Activity
 - 2009 National Drug Threat Assessment
 - ICE Cornerstone Report
- ❑ Correspondent Bank Policies, Procedures, and Regulatory Requirements Applicable.
 - Due Diligence Program (EDD, Assess MLg Risks, Apply Risk-based Procedures and Controls)
- ❑ FinCEN Advisory – 2010-A007
 - New Mexican Reg Changes – prohibition and restrictions on USD transactions



Remote Deposit Capture (RDC)

- ❑ Digitization of Monetary Instruments
- ❑ Risks Include: Fraud, IT Security, AML/OFAC
- ❑ International RDC - Higher Risk Activity
- ❑ Correspondent Bank Policies, Procedures, and Regulatory Requirements are Applicable.
 - Due Diligence Program (EDD, Assess MLg Risks, Apply Risk-based Procedures and Controls).





❑ Critical AML Components

- Customer Due Diligence (CIP/CDD/EDD)
- Risk Assessment
- Suspicious Activity Monitoring and Reporting



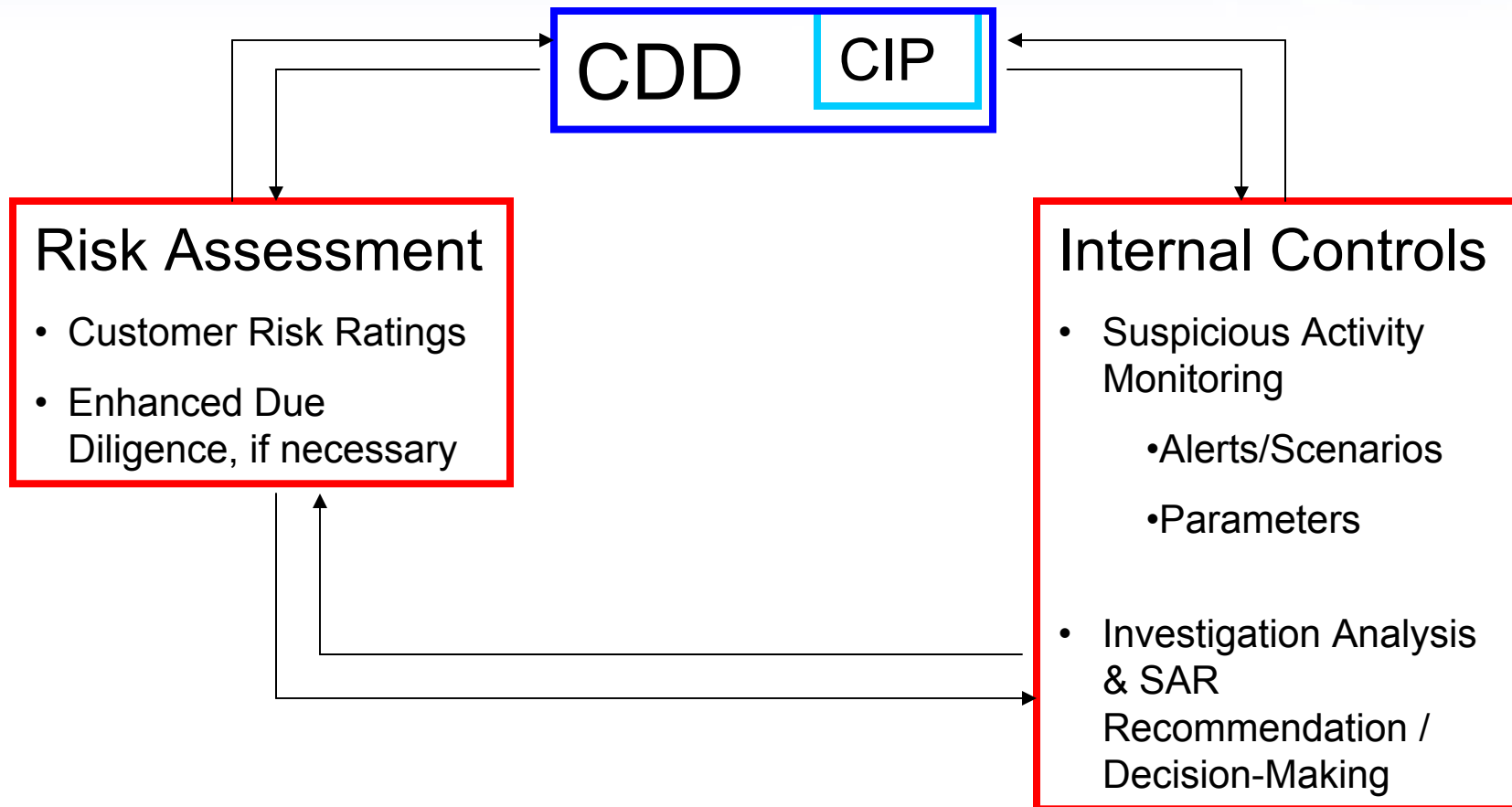
Customer Due Diligence



- ❑ CDD policies, procedures, and processes are cornerstone of a strong BSA Program
 - Key component of risk assessment process
 - Enables customer risk stratification
 - Critical to suspicious activity monitoring and reporting
 - Periodically refreshed on risk basis



Customer Due Diligence



Risk Assessment - Process

- ❑ Step I - Identifying Specific Risk Categories
 - Products and Services
 - Customers and Entities
 - Geographies
- ❑ Step II – Analysis of Specific Risk Categories
 - Purpose of the account
 - Actual or anticipated activity in the account
 - Nature of the customer’s business
 - Customer’s location
 - Types of products and services used by the customer



Risk Assessment - Attributes

- Systematic
- Repeatable
- Identification & Measurement Factors
- Usable Tactical and Strategic Reporting
 - Higher Risk Customer Ratings
 - Line of Business/Products Line Designation



Suspicious Activity Monitoring & Reporting Process





Questions ?

