

Global Compliance & Regulatory Solutions



Banks & Broker Dealers

Anti-Money Laundering

EisnerAmper GCRS professionals have the experience necessary to help financial services firms comply with anti-money laundering (AML) and trade sanctions requirements, including the Bank Secrecy Act (BSA), USA PATRIOT Act, regulations under the Treasury Department's Office of Foreign Assets Control (OFAC) and Financial Crimes Enforcement Network (FinCEN), and related laws in other global jurisdictions. GCRS has extensive knowledge of AML and trade sanctions regulations of the key federal and state regulators and self-regulatory organizations (SROs) that supervise banks, broker-dealers and investment managers in the U.S. and across the globe.

Our team includes Certified Anti-Money Laundering Specialists (CAMS), auditors, financial services specialists, former regulators and compliance officers that have years of experience reviewing, designing, servicing and remediating AML programs for financial services clients.

Our expertise covers three segments of the financial services industry: banks, broker-dealers and investment managers. We have experience servicing both large and small organizations in each of these segments, including advising on requirements from the various regulators and governmental agencies that supervise each of them.





Risks to the Firm

The potential operational, reputational, and financial impacts associated with money laundering activities are greater than ever before. With the heightened awareness of money laundering and terrorist financing activities and the recent exposure of the Panama Papers, regulators have increased scrutiny of financial institutions compliance with related regulations, as well as organizational and personal accountability resulting in record fines.

As a result, financial institutions are under more pressure now than ever to ensure compliance by preventing and detecting money laundering and ensuring appropriate application of sanctions. In the U.S., even with the uncertainty around other aspects of financial regulation given the new administration, there is clear consensus that requirements to prevent financial crimes and terrorism will persist and continue to be a high-priority for governmental agencies.

As such, financial Institutions must implement and maintain robust and effective AML and sanctions compliance programs in order avoid regulatory penalties, civil/criminal liability, damage to corporate reputations and, ultimately, impact to the bottom line.

New Regulations - NYDFS

Effective January 1, 2017, banking entities in New York have additional AML and trade sanctions requirements. Under Part 504 of the New York Superintendent's Regulations, the New York Department of Financial Services (NYDFS) expects the board or a senior officer to be able to sign a board resolution or compliance finding confirming the adequacy of the bank's transaction monitoring and watch list filtering program.

The regulation articulates many conventional AML program requirements (governance, risk assessments, training, etc.) but specifically highlights the fact that regulated institutions are expected to be accountable for their transaction monitoring data as well. Moreover, the board or a senior officer now has the responsibility of confirming the accuracy and integrity of the data used in transaction monitoring and filtering.

Impacts

To effectively support the confirmation to the NYDFS Superintendent as required, the board or senior officer will expect operations and technology teams to verify the integrity of internal and external source data, used in the transaction monitoring and filtering program.

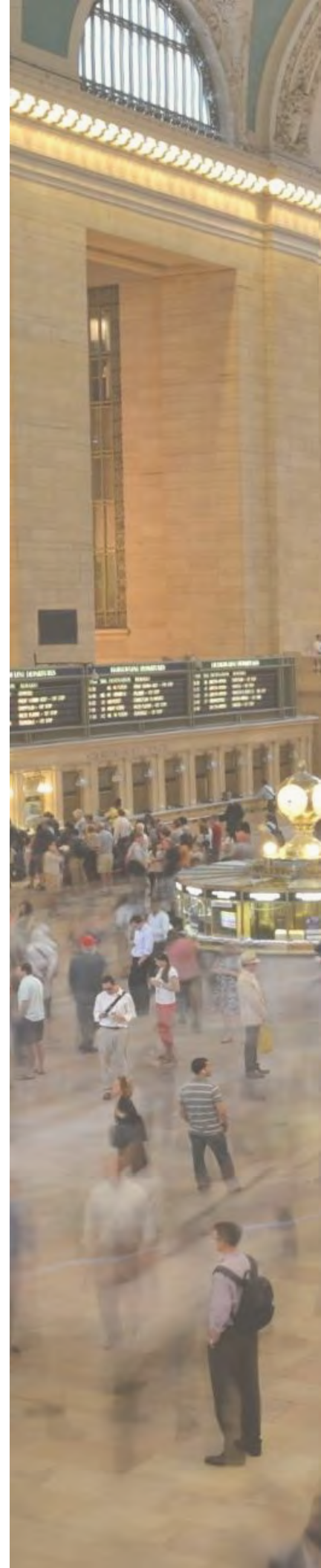
How We Can Help

EisnerAmper GCRS can help design and implement a program that will provide the board and/or senior officers with a high level of comfort when submitting their annual board resolution or compliance finding to the NYDFS .

Transaction and Customer Data: Our team has many years of experience assessing data control environments, identifying critical gaps, and implementing practical solutions to address any material deficiencies. We can help develop the framework to accurately identify all data sources, assign ownership, validate the integrity of the data, and support the data loading and extraction processes..

Compliance Attestation: We have helped many of our clients design and implement the attestation framework required to validate the accuracy of the transaction monitoring and filtering program.

Independent Assessment: EisnerAmper provides independent audits of the operational and technological controls for many multi-national banks. Our audit teams can provide an independent assessment of the transaction monitoring and filtering program.





New Regulations - FinCEN

Effective May 11, 2018, FinCEN expands and enhances existing customer due diligence (“CDD”) requirements for banks in two significant ways:

1. Addition of a “Fifth Pillar” to the AML Program

This new element requires banks to implement a risk-based procedures for conducting ongoing CDD to “(a) understand the nature and purpose of the customer relationships; and (b) conduct ongoing monitoring to identify and report suspicious transactions and on a risk basis, to maintain and update customer information.”

The addition of the “fifth pillar” places a greater spotlight on banks’ surveillance and monitoring capabilities. FinCEN views the CDD requirements as an “explicit codification of existing expectations,” where banks must update customer information upon the discovery of new information affecting the customer’s risk profile. Therefore, banks must continuously evaluate certain aspects of their monitoring processes including, but not limited to, their risk appetite and trigger thresholds.

2. Expanded Definition of Beneficial Owner

Banks must identify, verify, and record the identity of beneficial owners (i.e., natural persons behind) of its legal entity customers at the time of opening a new account(s), with exceptions.

The FinCEN Rule defines beneficial owners consists of two prongs: (1) each natural person who directly or indirectly owns 25% or more of the equity interests of the legal entity customer (“ownership prong”); and a natural person with significant responsibility to control, direct, or manage a legal entity customer (i.e., CFO, CEO, managing partner) (“control prong”). In short, FinCEN expects that banks know their customers and are able to identify and mitigate related AML risk.

Our Capabilities

GCRS has many years of experience designing, remediating and advising on the core elements of any AML program. The team can assist banks and broker-dealers with all jurisdictional-specific AML requirements, including:

Program Design & Remediation

Policy & Management Oversight

- Developing and Deploying a Governance Model
- Policy Drafting
- Risk Model Development
- Program Risk Assessments
- Employee Training

AML Operational Procedures

- Design and Remediation of Detective and Preventative Controls
- Client Onboarding, KYC/Customer Due Diligence (Identification & Verification)
- Enhanced Due Diligence for Select Accounts, Including Politically Exposed Persons and Correspondent Banking for Foreign Financial Institutions
- Transaction Monitoring and Filtering for Suspicious Activities, Red Flags and Sanctions
- Escalation Procedures
- Reporting Obligations, including Suspicious Activity Reporting (SAR) and Currency Transaction Reporting (CTR)

KYC/CIP/CDD Remediation

- Look Backs & Transaction Reviews

Technology Expertise

EisnerAmper GCRS has hands-on implementation and production support experience with various AML technology platforms, including:

- FIS™ Prime® Compliance Suite
- Oracle Financial Services Anti Money Laundering (Mantas) Technology
- NICE Actimize Technology
- LexisNexis® Bridger Insight® XG
- FircoSoft

Independent Testing & Risk Assessments

EisnerAmper GCRS can provide truly independent assessments and testing of all aspects of your AML Compliance program. Whether it's to meet annual regulatory requirements, the result of an enforcement action, or simply a periodic review to of AML compliance procedures, we utilize our firm's world-class audit capabilities and proven risk assessment methodologies to help banks and broker-dealers identify and reduce AML risks.



Selected AML Qualifications

Our team has significant experience delivering high-quality results for clients, including the following:

Organization	Challenge	Approach	Results
 European Private Wealth Bank	Regulatory Order As a result of an order from the OCC, the firm was required to remediate high net worth client files.	KYC Remediation Deployed a “look-back” project team to review and collect required information for more than 10,000 client files.	Regulatory Response Successfully updated files with client information, as required to comply with the firm’s AML policy. Reported results to the OCC.
 European Private Wealth Manager	AML Risk Private wealth branch offices were not aligned to the firm’s AML compliance framework.	Controls Assessment Reviewed account opening process, identified AML policy gaps and updated branch account opening procedures.	AML Policy Alignment Branches were aligned to the firm’s global account opening standards and managers were trained to monitor controls.
 Broker-Dealer of Japanese Bank	AML Risk The firm was unable to confirm if the existing controls accurately identified high-risk clients.	Risk Assessment Reviewed a sample of high-risk customer profiles and determined whether the level of due diligence was appropriate applied.	Risk Validation Assessment confirmed that the current controls did not accurately categorize the clients and identify the related risk.
 Large Chinese Commercial Bank	AML Training A large Chinese bank sought training on U.S. AML and OFAC requirements for the bank’s managers and executives from both U.S. and home entities.	Develop Training Materials Created and delivered training content applicable to bank’s business describing the BSA, PATRIOT Act and key regulations, which was translated into Chinese.	Understanding of AML Rules Bank employees, both within and outside the U.S., gained a better understanding of AML requirements for U.S. banks.
 U.S. Broker-Dealer of Chinese Bank	Annual AML Review The U.S. broker-dealer subsidiary of a large global Chinese bank required an independent review of its AML program as part of the annual FINRA requirement.	Conducted Independent Review Conducted compliance and AML policy and procedure reviews and control assessments in-line with regulatory requirements.	Independent Review Report Noted all deficiencies and provided recommendations for remediation.
 U.S. Branch of Indian Bank	Annual AML Review U.S. bank branches for three large global Indian banks required an independent review of their AML programs as part of the annual FRB and NYSDFS requirement.	Conducted Independent Review Conducted AML/BSA/OFAC risk assessment, policy, procedure, and control design and operational effectiveness reviews in-line with regulatory requirements and industry best practices	Independent Review Report Vetted all deficiencies and provided recommendations and support for remediation
 Broker-Dealer of U.S. Financial Services Firm	AML Risk The firm was required to establish and perform an AML risk assessment for multiple business lines pursuant to the BSA.	Risk Assessment and Validation Created an AML risk register for capital markets, insurance and retirement plan businesses, and rated each risk through discussions with business heads.	Policy Alignment Amended AML policies based on identified risks, independent testing, and internal examination of broker-dealer.
 Broker-Dealer of U.S. Insurance Company	Annual AML Review The U.S. broker-dealer subsidiary of a large U.S. insurance company required an independent review of its AML program as part of the annual FINRA requirement.	Conducted Independent Review Conducted AML/BSA/OFAC risk assessment, policy, procedure, and control design and operational effectiveness reviews in-line with regulatory requirements and industry best practices.	Independent Review Report Vetted all deficiencies and provided recommendations and support for remediation.

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About

EisnerAmper LLP is a premier full-service audit, accounting, tax and advisory firm with 1,300 professionals, including more than 180 partners located across the globe.

EisnerAmper GCRS is a consultancy practice designed to complement EisnerAmper's family of services by providing new and existing clients with direct access to trusted and experienced regulatory, compliance and consulting experts around the globe.

EisnerAmper LLP is a member firm of Allinial Global, a network of independent accounting and consulting firms, which provides clients with additional worldwide access to a wealth of integrated resources.



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