



AML Programs - Business as usual, or not?

Elizabeth Snyder – Leaders Bank
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BSA Coalition Anti-Money Laundering Conference



Leaders Bank

Founded in 2000

\$674 million assets

58 FTE

2 branches

Commercial bank focused on privately held businesses

Determine Customer/Entity Risk



- What is the customer's line of business (NAICS)?
- Is this a cash intensive business?
- What types of products and services do they offer?
- Who are their customers and where are they located?
- Does the ownership structure permit anonymity?
- Is this customer/entity identified as higher risk in the BSA/AML Exam Manual?
- What services will be utilized? What is the expected activity level?

Commercial Customer Risk Scoring



- NAICS drives inherent risk rating
- Responses from Commercial Customer Due Diligence Questionnaire scored to determine overall risk rating
- NAICS and overall risk rating guide monitoring
 - Low - no scheduled review
 - Moderate - semi annual
 - Moderate high - quarterly
 - High - monthly



Customer _____ Officer _____ Date opened _____

NAICS _____ *You may click on the "Descriptions - Do not change" tab for a list of NAICS codes.*

The NAICS code is:
 Low Risk (01) #N/A _____ High Risk (09) #N/A _____ Code Invalid? **TRUE** **TRUE**

1. Describe your products and services:

2. Do you provide any of the following services to your customers?
Contact the BSA Officer if the customer provides any of these services.
 Check Cashing Lottery Own, Operate, or Service ATMs
 Sell Money Orders Money Transfers

3. Business Type
 Corporation Sole Proprietorship Organization/Non Profit
 Partnership Limited Liability Company Other, please specify _____

Documentation received? Yes No

4. Who are your customers? _____

5. Where are your customers located? Check all that apply.
 Local area Multi state
 State wide International, what countries? _____

6. What year was business established? _____

7. How long have current owners been in control of business? _____

8. Owners US Citizen(s) Resident Alien(s) Nonresident Alien(s) Publicly Traded

9. Facsimile Signature Yes No

10. Number of locations? _____ International offices? Yes No

11. List additional business owned/operated by the owners of this business:

12. What banking services do you expect to use at our financial institution on a monthly basis?

<input type="checkbox"/> Currency deposits	Number _____	Average Amount _____
<input type="checkbox"/> Currency withdrawals	Number _____	Average Amount _____
<input type="checkbox"/> Checks written	Number _____	Average Amount _____
<input type="checkbox"/> Checks deposited (Domestic or Foreign)	Number _____	Average Amount _____
<input type="checkbox"/> NSF	Number _____	Average Amount _____
<input type="checkbox"/> How will deposits be made?	<input type="checkbox"/> ATM <input type="checkbox"/> Night Drop <input type="checkbox"/> Walk In <input type="checkbox"/> Wire <input type="checkbox"/> ACH	
	<input type="checkbox"/> Messenger <input type="checkbox"/> Mail <input type="checkbox"/> Remote Deposit	
<input type="checkbox"/> Currency exchanges (Domestic or Foreign)	Number _____	Average Amount _____
<input type="checkbox"/> Domestic wire services	Number _____	Average Amount _____
<input type="checkbox"/> International wire services	Number _____	Average Amount _____
<input type="checkbox"/> Receipt of ACH transactions	Number _____	Average Amount _____
<input type="checkbox"/> Origination of ACH transactions	Number _____	Average Amount _____
<input type="checkbox"/> Internet banking services	<input type="checkbox"/> Wire <input type="checkbox"/> ACH <input type="checkbox"/> Bill Pay <input type="checkbox"/> Transfers <input type="checkbox"/> Inquiry	
<input type="checkbox"/> Privately-owned ATMs	Number _____	Average \$ Required _____
<input type="checkbox"/> Accept credit cards	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Signature Guarantee	Number _____	Average Amount _____
<input type="checkbox"/> ATM/Debit Card	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Purchase of official checks, traveler's checks, or other negotiable items	Number _____	Average Amount _____

Commercial Customer Risk Scoring



- Customers risk rated low will be reviewed if:
 - Submission of SAR
 - Change in currency transaction pattern
 - Potential suspicious activity
- FIU re-evaluates assigned risk rating during review process, determination made if risk rating should be elevated or decreased
- Mandatory initial and annual site review required for customers meeting certain parameters



Site Review Worksheet

Legal Name of Business: _____

Owner or Controlling Person: _____

Primary Business Street Address: _____

Multiple locations: _____

Type of business: _____

Account Transaction Activity

- Currency deposits in excess of \$5,000
- Withdrawals in excess of \$5,000
- Check deposits of third party checks
- Check deposits of third party Federal Government Checks
- Domestic wire transfers
- Foreign wire transfers
- Use of multiple branches for deposits on same business day
- Armored Car Services

	Yes	No	Site Visit Comments and Observations
Is the business physically located at the address provided by the customer?	<input type="checkbox"/>	<input type="checkbox"/>	
Is the business operating under a trade name not provided by the customer?	<input type="checkbox"/>	<input type="checkbox"/>	
Is the nature of the business as described at account opening?	<input type="checkbox"/>	<input type="checkbox"/>	
Are there also other types of activities/products/services offered by the business that were not identified at account opening?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the activity at the business location appear to support the anticipated volume of cash activity indicated on the Commercial Customer Due Diligence Questionnaire?	<input type="checkbox"/>	<input type="checkbox"/>	
Are there any signs posted that indicate wire transmittal services are offered, such as "Western Union", "MoneyGram" or the like? If so, indicate name of transmittal company.	<input type="checkbox"/>	<input type="checkbox"/>	



	Yes	No	Site Visit Comments and Observations
Does the business sell money orders, traveler's checks and/or stored value cards? Was this identified at time of account opening? Are there any dollar restrictions?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
Will the business cash a check for a customer? Was this identified at time of account opening? Are there any dollar restrictions? What types of checks (payroll, government, 3 rd party, out of state)?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
Is there an ATM on site? Who owns/operates the machine? Is a Leaders account is used to receive credits from the ATM processor and/or withdraw funds to load the machine?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
Does the business offer currency exchange services?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the business act as a money transmitter?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the business accept utility payments?	<input type="checkbox"/>	<input type="checkbox"/>	

Comments:

Conducted by: _____

Date: _____

Monitoring & Fraud Mitigation



Now

Manual

- Large item review & signature verification
- Kite & fraud suspect
- Balance fluctuation
- Velocity limits
- Overdrafts
- Call back procedures
- Past due loans
- Loan watch list

Automated

- Positive pay
- ACH filters
- Velocity limits
- Debit card usage analytics

Customer education

Future

Automated
monitoring solution

Contact Information



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