***281 Route 539***

***Cream Ridge, NJ 08514-1519***

***732-284-0094***

***732-377-5471 (Fax)***

*30 June 2014*

Happy Fourth of July!

Thanks to all those who put lives and fortunes on the line to make it happen …

And to those who have and continue to protect it!

New and noteworthy developments in the regulatory landscape …

* **The Ongoing Year**

BNP Paribas settled with the Fed, the DOJ, OFAC, NYSDFS, DANY (District Attorneys Office of New York), its home supervisory authority for almost $9 billion; the settlement included termination of 13 employees and a suspension of USD clearing for specified business lines of BNP, among other things. For me there are a number of disturbing issues in this entire fiasco. I understand that not all jurisdictions agree with US foreign policy and how it affects them – I don’t agree with all of it either – but to violate it so flagrantly in our own house is despicable, all for the sake of money. I also wonder how some very smart people could have made such stupid mistakes; I know one of the thirteen – that person is not a bad person. I know we don’t know the whole story, and we never will, but if New York Staff knew, why didn’t they say something, or leave that environment? Of course, talk is cheap, and I must ask myself if I would have had the courage to do what I suggest others should have done.

Avoid clashed with regulators … visit the *Consulting for Compliance* website and …

*Call Consulting for Compliance for assistance.*

* **OFAC**

OFAC made five changes during the second half of June. The changes incorporated the addition and modification to and the deletion from the SDN list of the names of persons and entities originating in Colombia, Spain, Peru, Costa Rica, Ukraine, Russia, Pakistan, and Yemen under the Narcotics Trafficking, Narcotics Trafficking Kingpin, Global Terrorist, and Ukraine programs. OFAC announced the publication of 2013 Terrorist Assets Report, Sixth Biennial Report of Licensing Activities, and enforcement actions. The big news related to BNP Paribas.

<http://www.treas.gov/offices/enforcement/ofac/actions/index.shtml>

<http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20140630.aspx>

Remember to make sure that your interdiction lists are up-to-date, checked, and tested.

* **Board of Governors**

The Board released enforcement action and terminations of written agreements with US banks and bank holding companies for failures in capital adequacy and control and credit management. The Board published a revised *Consumer Compliance Handbook*; announced that it has extended the deadline for capital plan resubmissions by Citigroup, Inc., HSBC North America Holdings, Inc., RBS Citizens, Inc., and Santander Holdings USA, Inc.  The Board published a notice of a “meeting under expedited procedures” for an enforcement action. (Four days later it made the announcement concerning BNP Paribas). The Board released asset data for FBOs; requested comments for revisions to FFIEC 031 & 041; published an FAQ regarding enhanced prudential standards for FBOs (Reg YY); announced the availability of data that can be used to evaluate the individual systemic footprint of 33 large U.S. bank holding companies; provided links to Basel Coordination Committee (BCC) Bulletins that provide examination guidance relating to the implementation of the advanced approaches risk-based capital rule (advanced approaches rule). Finally, announced the enforcement action against BNP Paribas, together with other agencies and the Autorité de Contrôle et de Prudentiel et de Résolution (ACPR), the home country supervisor of BNP Paribas.

<http://www.federalreserve.gov/whatsnew.htm>

<http://www.federalreserve.gov/boarddocs/supmanual/supervision_cch.htm>

<http://www.federalreserve.gov/newsevents/press/bcreg/20140624a.htm>

<http://www.federalreserve.gov/aboutthefed/boardmeetings/20140626advexp.htm>

<http://www.federalreserve.gov/releases/iba/>

<http://www.federalreserve.gov/apps/foia/dfproposals.aspx#ICP-201406>

<http://www.federalreserve.gov/bankinforeg/topics/faq-enhanced-prudential-standards-fbo.htm>

<http://www.federalreserve.gov/newsevents/press/bcreg/20140626a.htm>

<http://www.federalreserve.gov/bankinforeg/basel/basel-coordination-committee-bulletins.htm>

<http://www.federalreserve.gov/newsevents/press/enforcement/20140630a.htm>

* **Financial Crimes Enforcement Network (FinCEN)**

FinCEN issued no new publications of interest to FBOs during the period.

* **Financial Action Task Force (FATF)**

FATF held its Plenary Session in Paris with the following results: held a meeting with Targeted financial Sanctions Experts; published its list of jurisdictions under counter measures and those which have not made sufficient progress in addressing deficiencies; noted the progress made a by a number of jurisdictions in addressing noted deficiencies; adopted and published several reports and typologies on key topics, including virtual currencies, terrorist financing abuse of the non-profit sector, and Afghan drug trafficking consequences.

<http://www.fatf-gafi.org/documents/news/targeted-financial-sanctions-expert-meeting-2014.html>

<http://www.fatf-gafi.org/documents/news/public-statement-june-2014.html>

<http://www.fatf-gafi.org/documents/news/fatf-compliance-june-2014.html>

<http://www.fatf-gafi.org/documents/news/plenary-outcomes-jun-2014.html>

**Department of Treasury**

Treasury issued no new publications of interest to FBOs during the period.

* **Miscellaneous**

The NY Fed announced revisions to Operating Circular 5; the summary indicates substantial changes to security issues concerning Cybersecurity.

<http://www.newyorkfed.org/banking/circulars/12336.html>

The OCC published its semiannual list of risks facing national banks and federal savings associations and its list of enforcement actions.

<http://www.occ.gov/news-issuances/news-releases/2014/nr-occ-2014-91.html>

<http://www.occ.gov/news-issuances/news-releases/2014/nr-occ-2014-90.html>

FINRA published its monthly listing of disciplinary actions, which included fines against three firms for AML violations.

<http://www.finra.org/Industry/Regulation/Notices/2014/P528908>

The Federal Financial Institutions Examination Council (FFIEC) launched a Web page on cybersecurity ([www.ffiec.gov/cybersecurity.htm](http://www.ffiec.gov/cybersecurity.htm)). The Web page is a central repository for current and future FFIEC-related materials on cybersecurity.

<http://www.ffiec.gov/press/pr062414.htm>

The Securities and Exchange Commission today announced fraud charges against three former senior managers of Regions Bank for intentionally misclassifying loans that should have been recorded as impaired for accounting purposes.  Regions will pay a total of $51 million to resolve parallel actions by the SEC, Federal Reserve Board, and Alabama Department of Banking.

<http://www.sec.gov/News/PressRelease/Detail/PressRelease/1370542168845#.U6woHxbGSQl>

The New York State Department of Financial Services, together with the Department of Justice, the Fed, OFAC, and the District Attorney’s Office of New York, announced the assessment of fines and penalties, including termination of employees, against BNP Paribas. The consent decree bears careful reading.

<http://www.dfs.ny.gov/about/press2014/pr1406301.htm>

<http://www.dfs.ny.gov/about/ea/ea140630.pdf> (pdf)

* **Training Opportunities**

The Institute of International Bankers will host several events of interest to the international banking community.

[www.iib.org](http://www.iib.org)

The Securities Industry and Financial Markets Association (SIFMA) will hold AML-related and Dodd-Frank conferences.

[www.sifma.org](http://www.sifma.org)

The American Bankers Association will sponsor AML related seminars and webinars.

[www.aba.com](http://www.aba.com)

The Association of Certified Anti-Money Laundering Specialists (ACAMS) and Money Laundering.com will also sponsor several AML conferences of varying degrees of interest

[www.ACAMS.org](http://www.ACAMS.org/)

[www.moneylaundering.com](http://www.moneylaundering.com)

If you have any questions, or require more details on any of the above items, please call or email at your convenience.

Bill Schlameuss