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*31 July 2014*

New and noteworthy developments in the regulatory landscape …

* **The Ongoing Year**

It has taken more than two years and town hall type meetings across the country with financial institutions and interested parties, but Treasury finally issued a Notice of Proposed Rulemaking for Customer Due Diligence (CDD) with a special focus on Beneficial Owners. The regulators admit to this being a “soft underbelly” of AML/CFT enforcement, so this represents a big step forward. Oddly, while the NPRM states “…(t)he proposed amendments would add a new requirement that these entities (FIs) know and verify the identities of the real people (also known as beneficial owners) who own, control, and profit from the companies they service,” it goes on to state “…(i)n other words, the requirement focuses on verifying the identity of the beneficial owners, but does not require the verification of their status as beneficial owners.” Huh? No further comment.

Get ahead of the curve … visit the *Consulting for Compliance* website and …

*Call Consulting for Compliance for assistance.*

* **OFAC**

OFAC made four changes during the second half of July. The changes incorporated the addition and modification to and the deletion from the SDN list of the names of persons and entities and vessels originating in Colombia, Democratic Republic of North Korea, Ukraine, Russia, Greece, Iran, and Liberia under the Narcotics Trafficking Kingpin, DRNK, Iran, and Ukraine programs. OFAC also announced enforcement actions against three companies, including Bank of America for $16 million. It also announced the extension of the Joint Plan relating to Iran, and FAQ regarding Ukraine.

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

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 issued SR 14-07, Loan Coverage Requirements for Safety and Soundness Examinations of Community Banks.

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

<http://www.federalreserve.gov/bankinforeg/srletters/sr1407.htm>

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

FinCEN issued an enforcement action against a check casher based in Georgia for repeated BSA violations, as well as issuing its first SAR Stats edition, which succeeds the SARs by the Number publication.

<http://www.fincen.gov/news_room/rp/files/SAR01/SAR_Stats_proof_2.pdf> (PDF)

<http://www.fincen.gov/whatsnew.html>

<http://www.fincen.gov/news_room/nr/html/20140715.html>

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

FATF published a report, which aims to raise awareness about the financial flows related to the Afghan opiate trade. Afghanistan is the world leader in the production and trafficking of opiates.

<http://www.fatf-gafi.org/documents/news/financial-flows-afghan-opiates.html>

**Department of Treasury**

Treasury announced the extension of the Joint Plan regarding Iran and its nuclear development. Treasury also announced the Notice of Proposed Rulemaking concerning Customer Due Diligence (CDD) and obtaining information about beneficial owners. There is a 60-day comment period for the NPRM.

<http://www.treasury.gov/resource-center/sanctions/Programs/pages/iran.aspx>

<http://www.treasury.gov/press-center/press-releases/Pages/jl2595.aspx>

* **Miscellaneous**

The OCC published an enforcement action against a Wisconsin bank for $500,000 for lapses in its BSA program. It also published an notice of proposed rulemaking to adjust the timing of the annual stress testing cycle and to clarify the method used to calculate regulatory capital in the stress tests; a bulletin describing the unique characteristics of mutual federal savings associations (mutuals) and the considerations the Office of the Comptroller of the Currency (OCC) factors into its risk-based supervision process; issued the “Municipal Securities Rulemaking Board Rules” booklet of the *Comptroller’s Handbook*.

<http://www.occ.gov/static/enforcement-actions/ea2014-094.pdf> (PDF)

<http://www.occ.gov/news-issuances/bulletins/2014/bulletin-2014-35.html>

<http://www.occ.gov/news-issuances/news-releases/2014/nr-occ-2014-104.html>

<http://www.occ.gov/news-issuances/bulletins/2014/bulletin-2014-36.html>

<http://www.occ.gov/news-issuances/bulletins/2014/bulletin-2014-33.html>

The Department of Justice has entered into an agreement with Lloyds Banking Group plc for Lloyds to pay an $86 million penalty for manipulation of submissions for the London InterBank Offered Rate (LIBOR), a leading global benchmark interest rate.

<http://www.justice.gov/opa/pr/2014/July/14-crm-786.html>

The FDIC issued an institution letter clarifying its supervisory approach to institutions establishing account relationships with third-party payment processors (TPPPs), as part of its regular safety and soundness examination activities.

<http://www.fdic.gov/news/news/financial/2014/fil14041.html>

New York Department of Financial Services issued for public comment a proposed “BitLicense” regulatory framework for New York virtual currency businesses.

<http://www.dfs.ny.gov/about/press2014/pr1407171.html>

The Egmont Group of FIUs issued a statement from its Plenary Session in Lima, Peru.

<http://www.egmontgroup.org/news-and-events/news/2014/6/6/co-chairs-statement-22nd-egmont-group-plenary-2014>

* **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