Alacer helps regional MSB comply with AML regulations

PROBLEM

Regulators identified a number of deficiencies in the AML Compliance Program at a regional MSB (Money Service Business).

SOLUTION

Alacer Group Consultants assessed the MSB's current AML Compliance Program effectiveness in order to readily identify, measure, monitor, control, report and record activity.

RESULTS

New policies, procedures and internal controls were implemented with training and a new review process. The MSB's AML Compliance Program meets regulatory requirements while adding safeguards and risk managements tools.

OVERVIEW

Money Service Businesses include check cashers, currency dealers or exchangers, money transfer services provider, and money order/ traveler checks/stored value products issuer, redeemer and/or seller, primarily to individuals without access to the formal banking sector. With a high volume of cash transactions without customer identification procedures and audit trail, the client was vulnerable to ML/TF abuse with risks such as robbery, employee theft, losing business by complying, sanctions for noncompliance and customer retaliation/legal issues. Like all financial institutions, an MSB must transparently assess their risks and vulnerabilities against money laundering and terrorist financing with an Anti-Money Laundering Compliance Program. The MSB had filed incomplete CTRs/SARs, failed to maintain complete records, did not obtain required information and circumvented reporting by structuring transactions.

CHALLENGES

To correct compliance deficiencies, Alacer Group Consultants assessed the current program's effectiveness to identify, measure, monitor, control, report and record activity. Remediation was accomplished by enhancing all elements of the program including incorporating policies, procedures and internal controls, designating a Compliance Officer, providing education and training of its geographically diverse personnel and establishing an independent review process to monitor and maintain the new AML program. In addition, risk analysis systems were designed to better understand the customer base, reasons for using the service, method of payment, average transaction and typical monthly volume. A CIP/KYC platform was created, registration requirements were fulfilled, a comprehensive list of agents was compiled and a record keeping tool was created to effectively manage cash sales of monetary instruments, funds transfers and currency exchange surpassing individual limits.

RESULTS

Within the designated time-frame, Alacer Group Consultants completed all of the requirements for remediating and improving the MSB's AML Compliance Program to meet regulatory requirements.

Historical client engagement. Results reflect the original case study; outcomes vary.