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# Beneficial Ownership: Tracking the True Owners of Business Accounts

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Beneficial Ownership: Tracking the True Owners of Business Accounts

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### Executive Summary

Bank accounts are a popular place to hide and move illegal funds. Many banks offer private banking or wealth management services, to customers with more than \$1,000,000. That provides premier banking services as well as a confidential, safe, and legal haven. With these services is a heightened money laundering risk. The Federal Financial Institutions Examination Council (FFIEC) of Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Examination Manual specifically states that privacy and confidentiality are important elements of private banking relationships. “Private Banking and Wealth Management services are vulnerable to money laundering schemes that include: private bankers as client advocates; powerful clients including Politically Exposed Persons (PEPs), industrialists, entertainers; culture of confidentiality and use of secrecy jurisdictions or shells companies; private banking culture of lax internal controls; significant profit for the bank.” (Federal Financial Institutions Examination Council FFIEC, April 2014). Banks have operated with the four pillars of an AML/BSA Compliance Program consisting of written policies and procedures, an AML Compliance Officer, independent testing of the institution’s AML program, and employee training. The U.S. Treasury Department’s Financial Crimes Enforcement Network (FinCEN) issued a new rule, the fifth pillar, for banks to identify natural persons behind legal entity customers, the beneficial owners.

This paper will discuss how banks can track the “right” owners and identify the real ultimate beneficial owner. Banks with private banking and wealth management services must hire sharp-witted bankers, employ seasoned AML department employees who have spent a significant amount of time reviewing layered entities, trusts, and foundations, and build a quality assurance

team with professionals who have an immense knowledge about Bank Secrecy Act/Anti-Money Laundering (BSA/AML).

### Beneficial Ownership: Tracking the True Owners of Business Accounts

#### **Introduction**

When a person thinks about Swiss bank accounts, they think, “Murky cash that is being sheltered.” In the movies, it is often played in a scene where a big-money criminal is stashing money or valuables in a secretive Swiss bank account or safe deposit box. Movie plots and paper and digital news always involve imagined and real characters who are avoiding taxes or hiding monies derived from a criminal offense. British anti-corruption campaigner and activist Charmian Gooch explains that “if you’re a corrupt government official, a shady business executive or a criminal operator, you generally need three things. First, a bank that’s willing to do business with you. Second, an attorney, accountant or other facilitator to broker your scheme. And third, a getaway car. Anonymous companies provide the perfect vehicle to move money without being detected” (Gooch, 2013).

Fraudsters, drug cartels, and corrupt politicians use shell corporations or anonymous companies as “pass-through” structures. These corporations allow true owners or “beneficial owners” of corporations to trick the system. Another money laundering vehicle are Hawalas. It is an alternative channel based on honor of a network of money brokers. With advancements in technology, cryptocurrencies are being highly considered as the virtual future of money laundering. These are digital or virtual currencies that are essentially amounts associated with addresses, with unique strings of letters and numbers. There is no Federal Reserve involved, nor banks or physical notes. Without beneficial ownership information, real owners of direct

transactions and corporations are anonymous allowing money launderers to move money creating layers of hiding monies behind shell companies, Hawalas, and cryptocurrencies. This is the challenge for financial institutions and law enforcement agencies because of states and money transfer applications allowing owners to remain anonymous. With the media coverage of Wachovia laundering billions of Mexican drug money and of the Panama Papers, the millions of leaked documents detailing financial and attorney-client information of offshore entities, momentum has increased on transparency and collection of beneficial ownership.

Without ownership information, the real owners of transactions are anonymous allowing money launderers to move money creating layers of hiding behind shell companies and undocumented transactions. Thirty years after the U.S. Congress passed the Bank Secrecy Act of 1970, the anti-money laundering law, the Wolfsberg Global Anti Money Laundering (AML) Principles were issued providing guidance on Private Banking and the need to identify companies and the people behind it. Forty-eight years after the U.S. Congress passed the Bank Secrecy Act of 1970, the U.S. Financial Crimes Enforcement Network (FinCEN) issued a final rule on beneficial ownership information requirements requiring persons opening an account to declare and official certify beneficial owners of a business account.

Money laundering risks are elevated in wealth management and private banking due to the higher amounts of monies and multiple sources of funds of high-net-worth clients. These high-net-worth clients are typically involved in shell companies, which facilitate money laundering.

### **How to Launder Money**

A Cryptocurrency, Hawala, and Shell Company typically serves as a vehicle for business transactions while not having operations or significant assets. It does not have an office or employees, and only exists on paper. It is regularly used to commit fraud and money laundering.

Money Launderers disguise the source of their criminal money to avoid detection. This involves the series of multiple transactions and follows the following three stages:

1. Placement
2. Layering
3. Integration

Placement is the entry of the “dirty” cash into the financial system. Typically, large amounts of cash are placed into the financial system, for instance, “dirty” cash may be co-mingled with a laundromat’s cash deposits. Layering is the second stage of money layering. This entails the movement of funds, and separating the “dirty” money from its source. This may be completed by transferring funds between multiple bank accounts-domestic or international. For example, funds may be moved from one country to another and split into various investment accounts.

Integration is the final stage and the reinstatement into the legitimate economy. As an illustration, the launderer purchases a high-end real estate property.

Gangster films of the 60’s and 70’s often portrayed a small-scale restaurant with a few customers involved in money laundering operations. In reality, any cash intensive business may be used; this may include bars, car dealerships, convenience stores, laundromats, nightclubs, parking lots and structures, pawn shops, strip clubs, etcetera (Temple, 2002).

In the 80's and 90's, Franklin Jurado was a Harvard-educated economist who laundered money for Colombian drug lord Jose Santacruz Londono. He was found guilty of laundering drug money in a case involving \$36 million of cocaine dealing proceeds.

### **Case Study**

Born in Colombia in 1947, Franklin Jurado earned scholarships to study in the U.S. He earned multiple degrees from prestigious and ivy league universities; an undergraduate degree in Economics from Harvard University and a master's degree in International Affairs from Columbia University. Although having an impressive educational background, Jurado was unable to secure high-paying jobs. Soon after, Franklin Jurado returned to Colombia, and ultimately moved to Europe in 1987. Jurado moved into a wealthy neighborhood and stayed in luxury hotels while traveling with expenses typically exceeding \$1,000 per day all being funded by illicit drug proceeds. It was revealed in a court judgment that Jurado was employed by Mr. Garcia, who was operating a money-laundering scheme for Jose Santacruz Londono of the Cali Cartel.

Bills of \$5 and \$10 notes collected from the streets were slipped into U.S. banks, generally totaling less than \$10,000 to avoid currency transaction reporting requirements. However, some were packed in suitcases with as much as \$350,000 that were carried to Colombia by couriers, commercial flights, or private jets. Some monies went to dummy companies where beneficiaries included Londono's mistresses and estranged wife.

While in Europe, Jurado opened bank accounts in Rome, Monaco, Frankfurt, London, Paris, Helsinki, Vienna, and other capitals. "Jurado, through his lawyers, claimed that it was

part of his occupation as investment adviser while authorities claimed it was to launder money by transferring it to Europe and changing legal ownership to a non-Colombian entity and investing funds back to their country of origin (Hagerty, 1992).

In the 2000's, the Mizu Sushi Lounge in Puerto Vallarta, Mexico provided financial support to Mexico's Cartel de Jalisco Nueva Generacion, a drug trafficking ring.

Mizu Sushi Lounge was a popular eatery that generated a fair amount of revenue. This restaurant generated daily cash sales that were then mixed with drug proceeds, and deposited as restaurant income in a bank account. This process allowed for the illicit funds to appear as a legitimate business earnings. Once the money was deposited, it was ultimately used to buy and sell artwork, jewelry, real estate, or transferred to a tax haven. In this case, funds were ultimately traced to providing financial support and being controlled by a Mexico-based drug cartel (Rubinfeld, 2015).

In 2011, the Internal Revenue Service, U.S. Drug Enforcement Agency, and other law enforcement agencies uncovered billions of dollars in cash shipments, traveler's cheques, and wire transfers through Mexican exchanges into Wachovia accounts. It was a senior anti-money laundering officer that initially detected the suspicious transactions relating to casas de cambios-exchange houses-customers in Mexico. There were traveler's cheques in Euros in sequential numbers and deposited larger amounts of money than any typical traveler would need that warranted multiple suspicious activity reports to authorities. The response from Wachovia's centre for Latin American Business was unsupportive. It wasn't until pressure from the U.S. Attorney's Office and media coverage intensified when the bank finally decided to close



relationships with Mexican casas de cambios. By then, the Sinaloa narco-trafficking cartel had purchased a jet and utilized it to transport tons of cocaine valued at millions of dollars.

The popular 2013 film *The Wolf of Wall Street* was bankrolled with a fund owned by the Malaysian government that raised billions of dollars to benefit Malaysian people. Instead, country officials and their associates purchased a jet, hotels, Claude Monet and Vincent Van Gogh artwork and yachts. The fund was created to promote economic development but instead, money were diverted using shell companies with bank accounts in Luxembourg, Singapore, Switzerland, and the U.S. government sought to recover more than \$1 billion in assets tied to this international public corruption.

The scandal surrounding Mossack Fonseca, a Panamanian law firm that provided legal services, shed light on powerful leaders, drug cartels, fraudsters, weapons dealers, mafia clans, and others to cover up wrong doings. Included was a customer Sergei Roldugin, a friend of Russian President Vladimir, who was also godfather to the President's daughter. Records indicated Roldugin was a main player in various networks operated by Putin associates that flowed over \$2 billion through banks and offshore companies.

Roldugin, a cellist claimed that money in his firms were from donors and was being used to buy expensive musical instruments. However, the Panama papers revealed he owned shell companies involved with hundreds of millions of dollars. Roldugin owned International Media Overseas, which received money in 2008 from another offshore company, called Delco. Delco had received payments from firms used by Russian officials and an organized crime group siphoning money from a tax scam (Russia and the Panama Papers; The Lawyer and the Cellist, 2016).

Banks that were dealing with Panama law firm Mossack Fonseca were asked to produce communications and records of transactions between branches and employees of Mossack Fonseca that were used for potential violations of rules and wrongdoings. Foreign banks identified included ABN Amro Group NV, Credit Suisse Group AG, and Deutsche Bank AG.

These cases are examples of how private bankers and banks turn a blind eye to a series of customer activities that suggest suspicious activities. Yet, some banks choose to ignore operational due diligence and warning signs due to profits.

Pretending not to notice suspicious activities has been more difficult. There have been greater domestic penalties for poor AML controls or for concealing AML failures. Internationally, since the 2007 inception of Stolen Asset Recovery Initiative (STAR), which is a partnership between the World Bank Group and the United Nations Office on Drugs and Crimes, mutual assistance between countries have been forcing of criminals to pay back stolen funds. STAR provides advice and assistance to governments to effectively recover stolen assets. Countries have harmonized procedural rules in fighting corruption.

### **Private Banking Services for High-Net-Worth Individuals**

Laundering money requires passing through one or more banks. Bank accounts are a popular place to hide and move illegal funds. Many banks offer private banking or wealth management services, to customers with more than \$1,000,000, that provide premier banking services as well as confidential, safe, and legal havens. Private banking offers perks to the high-net-worth clients by mixing banking, investment management, wealth planning, insurance, and

other financial services. This is an elite level of service; there is no teller line. There is a convenient door-to-door pick-up or drop-off for deposits or withdrawals.

### **Private Banking Client**

A private banking client is assigned a private banker who may work with only a handful of millionaires ensuring a high level of attentiveness to the client and a high level of retention for the private bank. With these services comes a heightened money laundering risk. Not just anyone can come into a private bank and say, “I have millions that I’d like to deposit into your bank.” The bank has to complete a Know Your Customer and Anti-Money Laundering (KYC/AML) worksheet to make sure that the money was obtained from “clean” or legitimate sources and was not derived from “dirty” or illicit criminal activity. The Federal Financial Institutions Examination Council (FFIEC) of Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Examination Manual specifically states that privacy and confidentiality are important elements of private banking relationships. “Private Banking and Wealth Management services are vulnerable to money laundering schemes that include: private bankers as client advocates; powerful clients including Politically Exposed Persons (PEPs), industrialists, entertainers; culture of confidentiality and use of secrecy jurisdictions or shells companies; private banking culture of lax internal controls; significant profit for the bank.” (FFIEC, July 2016).

AML risk is heightened with private clients. The FFIEC Examination Manual specifically states that privacy and confidentiality are important elements of private banking relationships. Customers may choose a financial institution to manage their assets, and also seek a confidential, safe and legal haven. “Thus, Private Banking services can be vulnerable to money laundering schemes. Vulnerabilities include:

- Private bankers as client advocates
- Powerful clients include Politically Exposed Persons (PEPs), industrialists, and entertainers
- Culture of confidentiality and the use of secrecy jurisdictions or shell companies
- Private banking culture of lax internal controls
- Competitive nature of the business
- Significant profit for the bank”<sup>1</sup>

Banks have operated four pillars of an AML/BSA Compliance Program consisting of written policies and procedures, an AML Compliance Officer, independent testing of the institution’s AML program, and employee training. Recently, FinCEN established a new pillar, for banks to identify owners and beneficiaries of legal entities and its bank accounts. This means that persons controlling and benefitting from legal entity accounts must be named.

To ensure banks are accepting clean money, global banks, international authorities, and the United States increased their focus on enforcing AML regulations. As part of this effort, governmental and non-governmental organizations implemented Know-Your-Customer requirements and principles for private banking. As part of this effort, FinCEN issued a new rule on May 5, 2016, on Customer Due Diligence (CDD) requirements for Financial Institutions. Procedures must be set in place for financial institutions to identify and verify a legal entity’s beneficial owner(s) at the time a new account is opened. Below are some examples:

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<sup>1</sup> [https://www.ffiec.gov/bsa\\_aml\\_infobase/pages\\_manual/OLM\\_081.htm](https://www.ffiec.gov/bsa_aml_infobase/pages_manual/OLM_081.htm)

- If an entity has four owners, each owning 25%, then information under the ownership prong must be collected.
- If an entity has multiple owners with none owning 25% or more, then information under the ownership prong is not required.

For trust accounts, the trustee shall be named as the beneficial owner.

A person with a significant managerial control may include:

- Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- Managing Member
- President
- Treasurer

The “Beneficial Ownership Rule” of the AML/BSA Compliance is important because often times, wealthy clients-especially those that are rich and famous-use trusts and shell companies to protect their identity. This is done to decrease taxes, protect fortunes from future ex-spouses and finance actual foreign corporations. But, there are also illegal purposes for trusts and shell companies including tax evasion, hiding drug cartels, terrorist, and mobsters.

To help fight financial crimes, banks have implemented a certification regarding beneficial owners of legal entity customers. The person opening a bank account is required to disclose individuals who own or control a legal entity. Personal information that must be provided

include name, address, date of birth, a social security number or taxpayer identification number, and an official document certifying the holder's identity, for example, a passport.

While charging for private banking services can generate a massive income, failure to adhere to BSA/AML requirements can result in sanctions and fines, loss of business, litigation expenses, asset seizures, and loss of charter for the bank.

Banks can track the "right" owners and identify the real ultimate beneficial owner. Banks with private banking and wealth management services must hire savvy bankers, build a quality assurance team with professionals who have an immense knowledge about BSA/AML and seasoned AML department employees with a significant amount of experience reviewing layered entities, trusts, and foundations. Banks must implement a review of the quality and completeness of the beneficial ownership due diligence.

Banks can "track" the right owners and identify the real beneficial owner(s) and mitigate risks associated with high-net-worth and private banking clients.

### **The Private Bankers**

Private bankers manage the money and oversee the financial transactions of high-net-worth clients. Private bankers work in the specialized banking division and offer personalized financial services. Before opening accounts for customers, private bankers have to ask potential clients personal questions because of reputational and compliance risk consequences. Therefore, any effective communication between the bank and the client begins with the private banker.

Of course, fraudsters and money launderers will seem to speak with a natural gift of saying the right thing at the right time. Bankers must have learned the power of words, vocabulary, as

well as nonverbal communication of eyes, arms, and speaking positions all while providing a high level of customer service. These communication signs can help a banker create a customer portfolio that can be used to offer additional services while satisfying BSA/AML requirements.

During the account opening process, a private banker has to identify the client's nature of wealth and business; purpose of account(s); anticipated account activities; customer's corporate structure, and geographic location and jurisdictions. These questions can help a private banker determine the true individual(s) with beneficial ownership or control of the legal entity associated with the account opening.

In May 2016, FinCEN issued final rules regarding beneficial ownership. Financial institutions must establish guidelines to identify persons that directly or indirectly own 25% or more of a legal entity customer. While setting the guidelines and policies of each financial institution is determined by the BSA/Compliance Departments, the obtaining of the information is with the banker and client interaction. Given that high-net-worth clients can have various holdings, interests, and platforms that they own or be owned by others, the private banker must be meticulous and complete the Know Your Customer policies with regard to every detail.

Every contact with the client must be framed properly. Private bankers must know how to ask certain questions and know how to judge reactions to questions asked. Private bankers must also have a tactic for asking good follow-up questions. For instance, a receipt may be asked for transactions involving expensive pieces of art or bank statements from other bank accounts may also be asked for to prove matured funds for purchases.

Banks with Private Banking and Wealth Management Services must hire and retain savvy bankers that will not be a risk to the financial institution. Willful violations of the BSA includes criminal fines of up to \$250,000 or five years in prison, or both for an individual. A willful violation committed with other criminal activity may be fined totaling \$500,000 or ten years in prison or both.

If the violation occurs while breaking another law or committing other criminal activity, the fine increases up to \$500,000 or ten years in prison or both. Violations of certain BSA provisions or special measures can make an institution subject to a criminal money penalty up to the greater of \$1million or twice the value of the transaction. In addition to civil and criminal penalty actions, an individual may be removed from banking.

Financial institutions must instill a culture of learning involving seasoned AML department employees to maintain savvy bankers. Training must be scheduled semiannually addressing employee accountability, policies, procedures, as well as new rules and regulations, specific risks and different forms of money laundering, examples of suspicious activities, and penalties for noncompliance. For example,

A savvy private banker should have recognized the large volumes of transactional activities to various companies involving Franklin Jurado or the suspicious cash transactions flowing through Mizu Sushi Lounge bank account. A formal training and development program targeted to the private banking role keeps its employees and the company competitive and ahead of potential AML challenges.

### **Seasoned AML Department Employees**



The AML Department team is an organization responsible for the development, performance, and the administration of the overall BSA Compliance Program. AML Department Employees need specific skills including:

- Technical skills for use of software programs;
- Analytical skills for the insightful and rational thinkers;
- Communication skills to convey clear and accurate written and verbal communications;
- Ability to work with a team and members of other departments.

There has to be the understanding of the objective of other departments, for example, the sales department. There also has to be the open communication of explaining problems and collaboratively working on necessary solutions and closing a customer account if necessary due to questionable activity. Time management skills are needed to finish work within a reasonable amount of time or within federally set due dates.

Employees who have been seasoned AML professionals have a solid knowledge base, a considerable knowledge of the Bank Secrecy Act and understand robust internal controls that focus on mitigating AML risks. They will also have a greater awareness of red flags involving financial transactions for business processes and will know how to respond if they find abnormal, unusual or suspicious activity.

A seasoned AML department must keep up with the regulatory frameworks, risks assessing the institution, continually developing and updating robust internal controls and fully understanding money laundering and how it can affect the institution. Experienced employees

must be able to continually process customer due diligence, discuss higher-risk situations and customers, discuss money laundering red flags or suspicious activity, detect and report requirements under BSA and discuss case studies. For example, frequent wire transfer credits into a business account further funding multiple transfers to related internal and external bank accounts for no apparent or logical reason may require further investigation and ultimately filing of a Suspicious Activity Report (SAR).

A systematic and tactical approach utilizing collected information includes the:

- Verification of the sender or receiver transaction information; thereby, examining name, address, relationship, and purpose.
- Review of the client's expected activity or profile would further determine whether transactions warrant a justification or case.
- Search of internet resources such as Google to verify name, addresses, person to person connection as well as document events relatable to the subject.

Current and seasoned employees have to continually monitor every phase of the AML program while adhering to company standards, and meeting target dates. Every phase of the program will have to be broken up by employees into tasks and attainable goals and issues that need to be relayed to leaders.

Practical experience may be required for several roles due to money laundering changing rapidly and the complexities of cases. There has to be an understanding of methodologies, processes, current trends, and latest advancements.

An AML department benefits from team members with investigative intuitiveness and capability to properly analyze client information and reviewing amount and count of transactions, geographic locations of where transactions are being conducted, velocity of funds, and adverse information. These employees are second line of defense for a financial institution that works together with the savvy private bankers to protect the bank.

### **Quality Assurance Team: The Safety Net**

The Quality Assurance team must assist the BSA team to oversee all aspects of the corporate-wide BSA/AML programs. They must help prevent, detect, and investigate unlawful monies passing through the bank and from being hidden within business accounts.

The exposure of The Panama Papers revealed over 200,000 shell companies that were established as tax havens. They detailed the complex ownership structures of beneficial owners holding assets without oversight. Beneficial owners were hidden in a chain of shell companies and effectively reduced tax liabilities that were ultimately depriving countries of tax revenues.

The U.S. Treasury and regulators have criticized financial institutions because of weak controls. Partly due to this, every financial institution must collect the following information on persons opening an account on behalf of a legal entity:

1. Name
2. Date of Birth
3. Address
4. Social Security Number for U.S. Persons

## 5. Passport Information for Non-U.S. Persons

The bank needs to establish the accuracy of each element of identifying information and claim that it knows the true identity of the customer.

After collecting account and Beneficial Ownership information, the Quality Assurance Team has to make sure to verify the client by using public and private sources, but must be able to provide supporting documentation. Public and private sources examples are:

- Bloomberg.com (Business and market news);
- GuideStar.org (Nonprofit reports);
- LinkedIn.com (Professional network);
- News.google.com/newspapers (Newspapers);
- Opencorporates.com (Database of companies).

Financial institutions rely heavily on the quality and reliability of the information collected during the account opening. The Quality Assurance team must conduct internet searches on the names and addresses of the beneficial owners and businesses for adverse media or derogatory information including court cases as well as mail box location services which are considered red flags.

A successful Quality Assurance Team must know when circumstances indicate increased risk. Examples of red flags are:

- Refusal to provide information;

- Information that is inconsistent or incorrect;
- Unusual documentation;
- Unusual financial arrangements or requests.

If there are identified red flags, the AML team and private bankers must ensure to visit the company, review registration documents and credit history and conduct an enhanced web search of the company and owners.

Building a Quality Assurance team is crucial and should include members based not only on current skills but also the potential for growth. In addition, members must be able to handle routine repetitive tasks and are driven to look into the root of an issue, open to new knowledge and possess leadership qualities. A successful Quality Assurance team will build trust with bank employees, especially private bankers, is an effective cost savings group by preventing and detecting illicit funds to flow through its bank, and assist in maintaining high quality standards that will meet auditor and regulator standards.

To effectively manage the team, all requirements must be specified and understood by team members. There must also be established rules and processes to follow, and progress on projects must be tracked regularly. Encouragement for ongoing learning and support and providing members with tools for effective work is necessary. Lastly, a nurturing atmosphere creates a more efficient and productive workplace thereby directly affecting employee retention positively.

Mistakes in Beneficial Ownership Information can make a financial institution look unreliable. To avoid a negative impact, the financial institution must form a Quality Assurance

Department to ensure quality service and prevent problems before they can occur. This is the financial institution's safety net.

### **Conclusion**

Tracking the beneficial ownership of assets held by entities and shell companies and trusts can be difficult, but can be undermined with collaborative work of private bankers, seasoned AML Department employees, and Quality Assurance Teams within a financial institution. Adequately hiring and training savvy bankers who will know how to ask certain questions and know to judge reaction to questions asked can significantly decrease any "dirty" money to flow into a bank. The seasoned AML Department employees can strengthen the front defense of private bankers through their ability to properly analyze client information and transactions and a strong investigative intuitiveness. The Quality Assurance team will serve as the security and support of the BSA Team and bankers oversee all aspects of the BSA/AML program.

As with the Franklin Jurado case, an audit within one of his banks was conducted which revealed multiple accounts being linked to him, raising suspicion. Mizu Sushi Lounge was targeted based on a Drug Enforcement Administration (DEA) investigation. While Sergei Roldugin was exposed during the leak of the encrypted internal documents from Mossack Fonseca. These cases further thrusts spotlights on importance of combatting money laundering especially though identification of persons controlling and benefitting from entity accounts.

The Department of Justice has shifted sights in combating money laundering by bringing criminal charges against banks for failing to catch illicit money flows. If a client "were being

investigated for laundering money, can it be proven that all reasonable checks and balances were in place, that all laws were followed, and that all internal policies were followed?”<sup>[1]</sup>

Hiring savvy bankers, and forming an analytical, detail attentive, and intuitive BSA Department and Quality Assurance team will be helpful in some degree to every internal and external investigation and review. It will also help prevent banks from becoming an accessory to money laundering activities through arrangements of shell companies.

Combatting money laundering is never-ending because criminals will seek new ways to launder proceeds of a crime. The collection of names and ultimate beneficiaries of accounts and funds involving companies is a task as complicated as finding the right needle in the stack. Without having the right support and systems can result in high penalties assessed by regulators and financial crimes enforcement networks as well as reputational risk and negative socioeconomic effects. Ultimate beneficial ownership certification is simply a starting point that will require additional resources for bankers, states, law enforcements, and countries that can serve as a critical foundational element to weaken money launderers. For their part, banks need a strong, standardized BSA/AML Laundering Programs equipped with three lines of defense consisting of bankers, BSA Department and Quality Assurance team.

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<sup>[1]</sup> <https://www.linkedin.com/pulse/why-compliance-most-important-part-business-today-craig-staszak>

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