

**MONEY LAUNDERING.COM**  
**15th Annual International Anti-Money Laundering Conference**  
 March 15-17, 2010 | The Westin Diplomat | Hollywood, Florida

### Managing Emerging Risks: Best Practices for Refining Risk Management

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### Case Study 1 – Account Opening and KYC

An attorney, a US citizen, opens an account in the name of a U.S. corporation. The corporation is not publicly traded. The attorney identifies himself as the president of the company and as sole signatory for the company. At account opening, he provides documentation verifying the identity of the corporation (i.e., certificate of incorporation), and also provides the company's address, which is local, and a tax identification number. The attorney additionally provides identifying information on himself as a primary officer of the company – his driver's license, which is copied and retained in the bank's files. When questioned on expected activity, he says he represents wealthy clients and is often asked to manage their business affairs.

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### Case Study 1 – Transaction Monitoring

The account begins to receive funds in the following manner:

- > Transfers from attorney/client escrow accounts
- > Cash deposits
- > Funds wired in from overseas

The outgoing transactions are as follows:

- > Payment of household expenses
- > Payment of household staff (e.g., paychecks)
- > Purchase of automobiles
- > Transfers to numerous other domestic accounts
- > Transfers to shell companies overseas

- What activities do you question?

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## Case Study 2 – Account Opening and KYC

A housewife, a U.S. citizen, opens two accounts – a checking account and a savings account. She supplies a local address and a social security number.

- What if she subsequently opens several more accounts that appear to be for similar purposes?
- What if one of the accounts is for a foundation?
- What if she says she receives a salary from the foundation, also yearly maintenance money from her husband, and grant money from a foreign university to do research?

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## Case Study 2 – Transaction Monitoring

The account begins to receive funds in the following manner:

- Initially funded with a cashier's check from another bank
- Wire transfers from offshore companies
- Money transferred between accounts

The outgoing transactions are as follows:

- Money moved between accounts
- Money used to purchase expensive items in multiples (i.e., many expensive watches)
- Money moved to offshore companies

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## Case Study 3 – Account Opening and KYC

A student with a Canadian passport comes to open a retail bank account at your institution. He presents his passport, shows enrollment at a U.S. university, and says that he is wholly supported by his parents who are financing his education. He expects to receive regular funds from his parents for purposes of subsistence – that is to pay for school, for rent, and for other living expenses.

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### Case Study 3 – Transaction Monitoring

The account begins to receive funds in the following manner:

- Cashiers checks
- Large sums of cash (not structured)
- Wire transfers from domestic banks
- Wire transfers from foreign banks

The outgoing transactions are as follows:

- Cash – not structured
- Checks for living expenses
- Cashiers' checks
- Funds going to buy expensive items (e.g., numerous cars)

- What if he has a safe deposit box? Several?

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### Case Study 4 – Account Opening and KYC

A privately held bank headquartered in a small African nation seeks to open a correspondent relationship with your institution. The bank is reasonably large given its country – with approximately 70 branches and over 1000 employees. Information on the bank is listed in Banker's Almanac. The country may be considered high risk, although it is not an NCCT.

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