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## NMTA Bulletin — Volume 10 — Monday, November 1, 2004

**Please note:** If you would like to join the Association, you can download and print out the application posted on our website [www.nmta.us](http://www.nmta.us). (You do not have to be a money transmitter to join.) If you would like more information, please email me. If you have an item you think would be of interest to the money transmitter community, please send it to me for possible inclusion in the Bulletin. If you would like to stop receiving the Bulletin, reply to this email with “Unsubscribe” in the header.

### NMTA Forum Coming Soon

The high interest in the NMTA Winter Forum, *Crossroads: The Roadmap to Compliance*, to be held in New York City on November 15<sup>th</sup>, 2004, has been gratifying. Please see our website for full details and a registration form. You may register online or by mail. Everyone is welcome, including non-members, but space is finite, so please register soon. This will be a chance to meet colleagues and regulators, to share your views and perhaps learn a few things. For regulators, this will be a chance to meet a broad cross-section of the industry and hear our concerns. I look forward to seeing you all there!

### And Then There Were None: Bank Closings of Licensed Transmitter Accounts

#### Why are they doing it?

It seems not a week goes by without a major bank getting into major compliance or ethical trouble (yet posting record profits and continuing all their relationships). During the same week, another major bank gets out of the money transmitter banking business. Shortly thereafter, yet another major bank suddenly decides to get *into* the money transfer business themselves. Sometimes, they are all, or soon to become, one and the same bank. How fortuitous for them. Tough luck for us.

The anti-trust aspect of these closings is obvious and needs to be addressed in some cases. But that is not the main culprit. JPMorganChase, as far as I know, is not directly in the business of sending money to Mexico. Yet.

In the latest example, on Friday, JPMorganChase informed its money transmitter customers that they would have until March 31, 2005 to find other facilities. Chase joins a long list of banks that have closed all independent licensed money transmitter (LMT) accounts. We hear check casher accounts at JPMorganChase have also been slated for closing. JPMorganChase, as far as I know, is not in the check cashing business. Yet.

The main reason for these closings is a fundamental misunderstanding of LMTs, compliance, money laundering and the law, by both the banks and the regulators. They are following what they think is the prudent path of avoiding problems, exposure and expense. You see, opening and monitoring LMT accounts is widely considered the most difficult compliance challenge for a bank, when really, it is one of the easiest.

When a regulator comes to do an audit, they ask a lot of questions and criticize you. That is their job. Banks get nervous. Sometimes, during the course of the audit, it may be hinted that the bank does not have “what it takes” to maintain LMTs as accountholders. Banks are thereby pressured to close LMT

accounts. Sometimes, a bank will do so preemptively, without waiting to be told, even if it has never had a compliance problem.

If you ask them, regulators will tell you that they never make any bank close LMT accounts. Well, not categorically, anyway. This is not exactly the whole story. Regulators are the ones most fundamentally responsible for this epidemic. Only they can change the current state of affairs without legislation or court action.

### **Why are these closings wrong?**

Because LMTs are much better at compliance than banks themselves. So, relatively speaking, the whole premise of “high-risk” is erroneous.

Banks say that they are closing LMT accounts for “business” reasons. This is a cover story. It is not a subject they really want to discuss. If the closings were due to their own compliance shortcomings, they would never let anybody know, anyway. If the closings are not to gain brownie points, redirect attention, or avoid problems, one might be forgiven for wondering whether it is not perhaps because the banks themselves doubt their own compliance talent and will. Perhaps rightly so.

Traditionally, banks have been considered better at compliance than non-banks, and non-banks have been thought to be awful at compliance. FinCEN's 31CFR103 has *no specific requirements for banks to have an AML program*. That was left up to the federal functional regulators to do, one by one. So much for a unified approach.

Most banks stopped doing business with non-accountholders a long time ago. This was a convenient way to encourage people to open accounts, assure a paper trail for AML purposes, focus on their core business, and avoid having the teller lines clogged up with non-accountholders. But some people could not afford the accounts.

The unbanked, the undocumented, the poor, those who did not speak English, would have to find somewhere else to go. It was OK to lose those ‘other’ customers, because the banks regarded them as unprofitable, anyway. And there were no laws saying that banks had to offer any particular service to any particular person. There still are not any such laws. Thank God for check cashers and LMTs.

But once a person has an account with a bank, since deposit conductors are not proofed until \$10,000.01, launderers can move a lot of money before they get their account closed. According to Part 103, for amounts below \$100, not even a deposit slip is required. For amounts between \$100 and \$10,000, just a deposit slip showing the amount and date is OK. For non-cash amounts over \$10,000, banks must make records of name, address, amount and date, but no ID. That is assumed to be in the bank's records. Assumed.

Until recently, banks did not *by law* have to ask for ID, even when opening an account. Banks always had latitude in which kind of ID to accept, not that they exercised it much for poor people's benefit. People without SSNs and local ID really make bankers nervous. I am pleased to see that Wells Fargo has become a notable exception (see the news links below).

Then, on July 1, 2003, FinCEN codified the requirements for Customer Identification Programs (CIPs) for banks. Thirty-three years after the BSA was first enacted, FinCEN spent five pages of regulations on how banks should ask for some ID when opening a new account. People are now making whole careers in designing and implementing Section 326 CIP compliance programs.

In contrast, purchasers and sellers of checks or money transfers above \$2,999.99 have been singled out for special treatment since 1988. And we have to proof the conductor of such a transaction, every time.

Part 103's definition of “funds transfers” still excludes those transfers “...governed by the Electronic Fund Transfer Act of 1978....as well as any other funds transfers that are made through an automated

clearinghouse, an automated teller machine, or a point-of-sale system....” This is really alarming (see news link about cybercurrencies, below.)

Such is the level at which banks are really asked to comply. Throughout Part 103, banks and securities dealers are given easier treatment, presumably because their compliance profile and recordkeeping are so good, that more paperwork would not have a high degree of usefulness.

They are getting more sophisticated, but even today, most bank AML programs, beyond asking for ID, consist mostly of watching out for large cash transactions and MSB industry profiling. Simplistic, almost sophomoric.

To improve their compliance records and reputations, instead of vigorously closing independent licensed money transmitter (LMT) accounts, banks would do well to simply file their CTRs and SARs when they should, remember to ask MSB customers for proof of proper license, and be careful with wealthy, foreign individuals.

By contrast, no bank has ever gotten into trouble simply for having an LMT as a customer, nor for inadequate monitoring of an LMT’s transactions. Not ever.

What have LMTs or licensed check cashers ever done, except to serve people that the banks would not? By contrast, Riggs was turning a blind eye to the dubiously wealthy for decades. Did you think they started yesterday? The Riggs case is representative, not anomalous. Not at all.

One famous example: back in February, an MSB which had operated out of luxurious offices in midtown Manhattan for fifteen years without benefit of license, was finally busted. This MSB performed all the functions of a bank, a lender, a commodities dealer, a securities dealer, and a money transmitter. Their customers were all high net worth individuals and casas de cambio (NBFIs) from all over Latin America, usually working under pseudonyms. Yet this MSB had ample access to banking facilities apparently with no license required by the bank. The New York State Banking Department, as far as I know, left them in peace. It finally took that paragon of even-handed supervision and free trade, the Brazilian government, to bring this New York MSB to a New York prosecutor’s attention.

But we *licensed* money transmitters are ‘high-risk’ so we lose our bank accounts. Stranger than fiction.

Licensed money transmitters adhere to much higher KYC standards and much lower transaction ID thresholds than banks do. We suffer greater penalties than banks for smaller and fewer infractions. We operate our businesses more transparently than banks. Section 314 requests for us, consist of a data dump of all transactions, whereas for banks they consist of some name-matching. Cash deposits at a bank up to \$10, 000 can be made by anyone without ID, whereas we must always proof our customers at \$3, 000.

In short, LMT compliance is to bank compliance, as Israeli intelligence is to F Troop. We are being denied banking facilities due to a perceived relative risk profile that bears no relation to reality. LMTs are domestic, licensed businesses. We exclusively deal with smaller consumer transactions. We know our customers directly, and take in their money \$400 at a time. Where is the laundering risk?

### **What are the consequences of these closings?**

Money is the lifeblood of our business. Our survival and efficient functioning depend on reasonable access to bank accounts. US Banks are the type of financial institution of highest money laundering concern. It would be the height of irony if the pot were allowed to drive the kettle out of business, then take over whatever business is left and, with no more competition, be free to serve the public badly (or not at all) and drive prices back up. It would be especially ironic when you consider that, while some of the bad guys go completely underground and some use LMTs, most of them hide in plain sight, right there in the banking system itself.

Treasury itself has repeatedly asserted the national and world importance of cheap, efficient remittance flows. We independent LMTs are responsible for the lion's share of those flows, and will be for the foreseeable future. We are the best way to document, vet and control those flows for AML, safety and soundness, and consumer protection reasons. Were we to disappear tomorrow, most of our senders would not flock to banks but rather, would simply go underground.

### **What can be done about it?**

It is time for FinCEN and the functional regulators to give clear workable guidelines to banks for due diligence on LMT accounts. If the banks don't know how to do it cheaply and safely enough, then they need to be taught. I know money transfer compliance as well as anyone and I know there are cheap and easy ways banks could monitor our accounts safely.

Treasury needs to step up to the plate. It is very easy to complain, to cast blame, to write prohibitions and point fingers. It is more difficult, but essential, to write affirmative guidelines, do something constructive and take responsibility for making things work. Let us do what is difficult, and stop looking for easy answers.

It is time for FinCEN and the functional regulators to insist that LMTs not be unreasonably denied access to banking facilities. Not just for our sake, but for everyone's, it is time to change the course we are on.

The larger LMTs owned by white corporate America have no such worries about losing their bank accounts, regardless of their compliance mishaps. While overt racism may not be visible here, the societal consequences are racial and, racial or not, our civil rights to public accommodations are being trampled not because of what we have done, but because of who we are.

While overt monopolistic behavior may not be visible here, the result is anti-competitive and unjust in the extreme. Racism and monopolistic behavior are seldom overt, but they are nonetheless real, very painful and unbecoming of a free society. Our mom and pop agents, usually ethnic minorities, also lose their bank accounts if they deposit too much cash. (Didn't you know that cash is suspicious?)

Banks will do what they think is best, according to the light God gave them. For its part, when banks will no longer talk, the NMTA will vigorously seek relief by reasoning with regulators, legislatures and the courts, if necessary.

The NMTA will seek to educate politicians and the public about this state of affairs, and seek redress through any and all means available. We will seek a broad, clear definition of when a money transfer license is required, even application of the licensing requirement, respect for the license itself, and meaningful punishment for those who willfully refuse to get a license.

We licensed transmitters are already on the front lines, doing our best, every day. So much depends on our survival. It is time for government and banks to stop working against us, and join us in the effort. Surely, it was never the our government's intention to destroy its best ally in the fight against money laundering and terrorism.

David Landsman  
Executive Director

### **Compliance Corner**

In this issue, we answer two questions:

Question One: Is a foreign-located currency exchanger with a U.S. bank account required to register as an MSB, merely because it has a bank account in the United States?

Answer: According to FinCEN Ruling 2004-1, the answer is no. I would take this March 29<sup>th</sup> letter ruling from the FinCEN website to be dispositive on both the Federal and state level, but that's just me. –ed.

“.....Although there may be facts and circumstances under which FinCEN would treat a foreign-located currency exchanger as a MSB by virtue of its engaging in money services transactions in the United States through a U.S. bank account, for all of the foregoing reasons we have determined that the Account is not an “agent, agency, branch, or office within the United States” of [ ]. As a result, [ ] is not required to register with FinCEN as a MSB under 31 C.F.R. § 103.41.”

Question Two: Must an agent have its own compliance program? It seems like too much to ask of a small business.

Answer: The answer is yes, but the requirements can be met in proportion to the agent's resources and in concert with another party (the licensee). Nothing, however, relieves the agent of ultimate responsibility, especially when it comes to SDN-screening, CTRs and SARs. Agents and licensee's alike must do all they can to avoid structuring, and to make sure all required info, ID and SSN are requested at the appropriate time, and that exceptions are handled properly.

1. Their Compliance Program can consist of the licensee's program.
2. Their Training can consist of the licensee's training.
3. Their Independent Review could be conducted by the licensee.
4. Their Compliance Officer can be their owner/president.

From the msb.gov website, for the relevant quote from 31CFR103.125 (d) (1), see: ([http://a257.g.akamaitech.net/7/257/2422/08aug20031600/edocket.access.gpo.gov/cfr\\_2003/julqtr/pdf/31cfr103.125.pdf](http://a257.g.akamaitech.net/7/257/2422/08aug20031600/edocket.access.gpo.gov/cfr_2003/julqtr/pdf/31cfr103.125.pdf)),

“(iii) A person that is a money services business solely because it is an agent for another money services business as set forth in § 103.41(a)(2), and the money services business for which it serves as agent, may by agreement allocate between them responsibility for development of policies, procedures, and internal controls required by this paragraph (d)(1). Each money services business shall remain solely responsible for implementation of the requirements set forth in this section, and nothing in this paragraph (d)(1) relieves any money services business from its obligation to establish and maintain an effective anti-money laundering program.”

## Facts to Ponder

This is from the Federal Reserve website:

“All depository institutions must hold a percentage of certain types of deposits as reserves in the form of vault cash, as a deposit in a Federal Reserve Bank, or as a deposit in a pass-through account at a correspondent institution. Reserve requirements currently are assessed on the depository institution's net transaction accounts (mostly checking accounts). Depository institutions must also regularly submit deposit reports of their deposits and other reservable liabilities.

For net transaction accounts in 2005, the first \$7.0 million, up from \$6.6 million in 2004, will be exempt from reserve requirements. A 3 percent reserve ratio will be assessed on net transaction accounts over \$7.0 million up to and including \$47.6 million, up from \$45.4 million in 2004. A 10 percent reserve ratio will be assessed on net transaction accounts in excess of \$47.6 million.”

As opposed to licensed money transmitters whose cash must at least equal liabilities, dollar-for-dollar, at any given moment. Proportionately, banks are not required to have either as much cash or as much capital covering their liabilities as we must. Some are born to sweet delight....

## Industry and Government News and Trends

Mr. Fox asks "...do the money-service businesses here really know who they are dealing with abroad, even though they are their agents?" ..... "...approximately 70 percent (of foreign agents) are banks or post offices," Western Union said. <http://www.denverpost.com/Stories/0,1413,36~33~2481358,00.html>

New Zealand test case on privacy rights in the international transfer of money vis-à-vis OFAC list... <http://www.nzherald.co.nz/storydisplay.cfm?storyID=3603306&thesection=news&thesubsection=general>

Terrorists, Drug Traffickers and Organized Crime...Michnews.com - Troy, MI, USA... Emerging new electronic payment systems -- known collectively as cybercurrency -- are particularly vulnerable to criminal penetration and theft...[http://www.michnews.com/artman/publish/article\\_5606.shtml](http://www.michnews.com/artman/publish/article_5606.shtml)

The cost of Anti Money Laundering compliance...IT Directors – USA ... enforced. It is revealed that the costs of compliance with the legislation increased by an average of 61% over the past three years. ... <http://www.it-director.com/article.php?articleid=12351>

BankAtlantic Bancorp Reports Earnings For The Third Quarter 2004...Business Wire (press release) - San Francisco, CA, USA... per share, after tax) in connection with our efforts to fully comply with the USA Patriot Act, Anti-Money Laundering laws and the Bank Secrecy Act, which have ...

"During the third quarter, we spent approximately \$2 million (or approximately \$0.02 per share, after tax) in connection with our efforts to fully comply with the USA Patriot Act, Anti-Money Laundering laws and the Bank Secrecy Act, which have imposed far-reaching and substantial requirements on financial institutions. We expect these expenses, which were primarily paid to outside professionals, to continue at approximately this level during the fourth quarter. Although we have added significant staff in the compliance area that will be an on-going expense, much of the increased level of expenditures for compliance in the third and fourth quarters resulted from the identification of deficiencies in the past, requiring a thorough review of previous compliance under these laws. We are cooperating with federal agencies in connection with the past deficiencies. We cannot provide assurance that monetary penalties will not be imposed."

[http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news\\_view&newsId=20041020006097&newsLang=en](http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20041020006097&newsLang=en)

PNC has yet to close its purchase of Washington D.C.'s Riggs National Corp. (RIGS.O: [Quote](#), [Profile](#), [Research](#)), the storied specialist in diplomatic banking whose name has been tarnished by a federal money laundering probe. The purchase was originally valued at \$779 million.... <http://www.reuters.com/newsArticle.jhtml?type=topNews&storyID=6556693&pageNumber=1>

Doing Business in a Global Economy...HispanicBusiness.com - USA... and businesses, and enabling cost-effective funds transfer to support remittance to home ... world to re-conceive the way they deliver products and services to the ... <http://www.hispanicbusiness.com/news/newsbyid.asp?id=18864>

United States: Responding to Proposed Enforcement Actions by the Federal Banking Agencies From Reed Smith....[http://www.mondaq.com/article.asp?articleid=29133&email\\_access=on](http://www.mondaq.com/article.asp?articleid=29133&email_access=on)

Stored-value cards offer new way to pay, give banks new product to .....Louisville Business First - Louisville, KY, USA... to several bankers in Louisville and across the country, many businesses and consumers again are in the process of adopting a new currency: stored-value cards. ... <http://louisville.bizjournals.com/louisville/stories/2004/10/25/story2.html>

When an eBay deal turns ugly, who pays?....The issue is before the courts, and the outcome could upend the online auction model.....10/26/04 16:14 PM, EDT....Roger Grace bought some vintage magazines sight unseen, wasn't happy with the product that arrived on his doorstep, and complained loudly and publicly. <http://money.cnn.com/2004/10/26/news/midcaps/ebay/index.htm>

Sudan threatens to close US embassy in bank row...Reuters AlertNet - London, England, UK

... Riggs Bank, which long specialized in serving the diplomatic community, \$25 million for suspected violations of the Bank Secrecy Act that aims to prevent money ...  
<http://www.alertnet.org/thenews/newsdesk/N26286798.htm>

Oct. 11, 2004....Immigrants have options for money transfer....A look at different ways for a \$160 billion-a-year business. U.S.-to-Mexico biggest channel....By Dianne Solis and Angel Gonzalez, Dallas Morning News....<http://www.ohio.com/mld/ohio/business/9876730.htm>

Yahoo to Close PayDirect Service <http://www.internetnews.com/ec-news/article.php/3425751>

StanChart to tighten money controls in U.S. - WSJ ...Reuters ...October 22, 2004 New York, Oct 11 (Reuters) - Standard Chartered Plc will overhaul the way its New York office complies with U.S. money-laundering laws, the Wall Street Journal reported on Monday. Amid disclosures of compliance problems among several European banks, Standard Chartered...tax evasion and money laundering. "Stanchart To Tighten Money...  
<http://www.reuters.com/newsArticle.jhtml?type=topNews&storyID=6463376>

Ex-Citigroup Execs May Face SEC Charges...Associated Press Online - Top News...October 22, 2004...The Securities and Exchange Commission is considering recommending charges against two former Citigroup Inc. employees and a current employee, the financial-services giant said Friday. The possible charges relate to the creation and operation of an internal transfer agent unit to serve primarily...been linked to money laundering, extended loans used to...  
<http://www.rscopyright.com/AP/content.html?id=D85SHFB00>

ABN severs ties with several regions amid probe – WSJ...Reuters ...October 22, 2004 New York, Sept 29 (Reuters) - The New York branch of Dutch banking giant ABN Amro Holding NV has cut ties with nearly 100 banks in Russia, Eastern Europe and the Caribbean amid probes into its dealings with foreign...haven for Russian money laundering, were of particular interest...  
<http://www.reuters.com/newsArticle.jhtml?type=topNews&storyID=6363833>

Top Russian, US anti-money laundering officials meet in Moscow...Interfax - Moscow, Russia MOSCOW. Oct 29 (Interfax) - Senior Russian and US anti-money laundering officials met in Moscow on October 28 to discuss further steps aimed at suppressing the ...  
[http://www.interfax.ru/e/B/0/28.html?id\\_issue=10716114](http://www.interfax.ru/e/B/0/28.html?id_issue=10716114)

Caribbean countries chafe at reputation as hotbeds of money laundering...Associated Press Online - Top News...October 29, 2004....Officials in the Caribbean are working hard to shake the islands' reputation as a haven for money launderers \_ a label they do not accept \_ but much work remains, a conference on money laundering heard Wednesday. "It's a...As Hotbeds Of Money Laundering@ " by By Stuart...  
<http://www.rscopyright.com/AP/content.html?id=D8605SS00>

Bravo Wells Fargo. –ed.  
Wells Fargo Matricula Account Openings Surpass Half Million Mark...Yahoo News (press release) - USA ... "By enabling more Mexican nationals to access financial services, we're ... Mexico and Banorte now make it possible for customers using our remittance product, the ...  
[http://biz.yahoo.com/pnews/041028/lath043\\_1.html](http://biz.yahoo.com/pnews/041028/lath043_1.html)

Getting International Economic Development Right: Is Effective...Foreign Assistance Possible? Under Secretary For International Affairs John B. Taylor Remarks At The Cleveland Council On World Affairs Case Western Reserve University Cleveland, Ohio....This Department of Treasury press release may be viewed at: <http://www.treas.gov/press/releases/js2064.htm>

FBI Director Pays Surprise Visit to Mexico....Associated Press Online - Top News...October 29, 2004 FBI Director Robert Mueller made an unannounced visit to Mexico on Wednesday and met with President Vicente Fox, Attorney General Rafael Macedo de la Concha and other top law enforcement officials. In his first visit to Mexico as FBI director, Mueller discussed...terrorism, drug trafficking, money laundering,

kidnapping, environmental crimes, fugitives....  
<http://www.rsicopyright.com/AP/content.html?id=D8607AVG0>

## **Cuba**

Requires a short free registration. –ed.  
Dollar ban has Cubans, US wire-transfer offices in limbo...Kansas City Star (subscription) - Kansas City, MO, United States... Transfer services in Miami reported business as usual on Tuesday, but noted that next month people may start flocking in to send their remittance before the ...  
<http://www.kansascity.com/mld/kansascity/news/nation/10021981.htm>

Statement By Assistant Secretary Zarate On the Announcement By the Cuban Government to Prohibit U.S. Dollars From Circulating in Cuba...This Department Of Treasury press release may be viewed at:  
<http://www.treas.gov/press/releases/js2062.htm>

Treasury Identifies Cuban-Controlled DOT COM...This Department of Treasury press release may be viewed at: <http://www.treas.gov/press/releases/js2057.htm>

Cuba Begins Saying 'Adios' to U.S. Dollar...Associated Press Online - Top News...October 29, 2004  
Communist Cuba said "adios" to the Yankee dollar that shored up its struggling economy for a decade, launching a two-week process Tuesday to eliminate the U.S. currency from its stores and businesses in response to stepped-up American sanctions. President Fidel Castro said...on an electronic money transfer business known as Sercuba...  
<http://www.rsicopyright.com/AP/content.html?id=D85VB5401>

Something I am sure none of our allies would do. Hey, the cold war is over, fellas. –ed.  
Castro shakes "...down the Cuban people with a ten percent penalty for the currency exchange."  
....Statement By Assistant Secretary Zarate On The Announcement By The Cuban Government To Prohibit U.S. Dollars From Circulating In Cuba...This Department of Treasury press release may be viewed at: <http://www.treas.gov/press/releases/js2062.htm>

Internet delivery is no shield from OFAC, nor should it be a shield from license requirements. – ed.  
U.S. Freezes Assets of Co. Tied to Cuba ... Associated Press Online - Top News ...October 25, 2004  
...The Bush administration identified an electronic money transfer business that it suspects is linked to Cuba and thus will not be allowed to do business in the United States. The action by the Treasury Department's Office of Foreign Assets Control against the...  
<http://www.rsicopyright.com/AP/content.html?id=D85UJS1G0>

The USA Patriot Act and its International Impact...The Florida International Bankers Association (FIBA), Inc <http://www.bettermanagement.com/library/library.aspx?libraryid=10835>

## **International**

October 31, 2004....Brazil troubles no carnival....Granby developer Marise Cipriani and her husband weather accusations that he looted millions from the family's Transbrasil airline. They say the facts will bear out his innocence. <http://www.denverpost.com/Stories/0,1413,36~33~2501383,00.html>

Britain to Step Up War on Terror Cash...Reuters...October 29, 2004...LONDON (Reuters) - Britain's financial watchdog plans to tighten scrutiny of banks, trade financiers and high-risk investment funds in what a senior official concedes is a near-impossible battle to intercept terrorist funds. Philip Robinson, head of the crime division at the...viewed as possible money laundering channels, he said. Even...  
<http://www.reuters.com/newsArticle.jhtml?type=topNews&storyID=6660241>

10/21/04....Payment service and systems consolidation...IT-Analysis – UK....Payment services and systems are experiencing rapid change. ...

"Should some elements of the payment business be regarded as "essential services" or utilities? ... Should they be subject to separate governance and regulatory regimes? Should there be some supervision over the way in which banks use payment services to cross-subsidise or leverage other services they offer customers? Does or will continued consolidation heighten systemic risk, national, regionally and globally through concentration of the payments business amongst too few participants? Are these issues which should be addressed by financial regulators, competition authorities or Central Banks, perhaps through the Bank of International Settlements? Would a blue print, setting out a plan to address payment consolidation issues, be a more effective and efficient way of addressing the major question posed by what seems to be an inevitable consolidation in the payments business?"  
<http://www.it-analysis.com/article.php?articleid=12340>

Police attack money-laundering exemption deal for US casinos...The Sunday Times - UK... has come under fire from Britain's most senior police officers over moves to grant American casinos an exemption from Europe's strict money laundering rules ... <http://www.timesonline.co.uk/article/0,,2087-1338111,00.html>

UK haven for money laundering...Times of India - India... failed to regulate front companies that led to criminals moving funds into the country, Britain had emerged as a safe haven for money laundering, a report ... <http://timesofindia.indiatimes.com/articleshow/905198.cms>

Staff letters opened at HSBC...This is London - London, England, UK...ALL post sent to staff at HSBC Investment Management is now opened by its compliance department before being distributed, Financial Mail has learned. ... <http://www.thisislondon.co.uk/news/business/articles/timid84114?source=>

FATF Lauds Nigeria On Anti-Money Laundering Measures...AllAfrica.com - AfricaIN a case of different tunes for different folks, global watchdog, International Financial Action Task Force (FATF) on Money Laundering has lauded Federal ... <http://allafrica.com/stories/200410290507.html>

Ghanaian Banks are a turn-off...GhanaWeb - Accra, Ghana... to maintain its growth in business volumes, while providing banking services to the ... It has also introduced one of the quickest inward remittance scheme, in the ... <http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=68623>

Scotiabank to grow in El Salvador...CNW Telbec (Communiqués de presse) - Canada... BanCo offers products and services in the personal, commercial and corporate banking areas and is active in the remittance business, with 12 branches in the ...  
<http://www.cnw.ca/fr/releases/archive/October2004/22/c3546.html>

UN Foundation, ICICI launch project for India's poor: New Kerala - Ernakulam, Kerala, India... The UN Foundation will add \$1 for each remittance, thus magnifying the size and ... It provides a broad spectrum of financial services to individuals and companies ... Through Dec 26, 2004, ICICI Bank will set aside \$1 each for the UN Foundation Pride in India campaign when people visit the website - "http://www.money2india.com" to send money to their relatives in India. <http://news.newkerala.com/india-news/?action=fullnews&id=38187>

China targets foreign currency money laundering...Xinhua - Beijing, China..... ordered banks to begin regular reporting of large foreign currency transactions as the country steps up its fight against money laundering, CCTV reported ... [http://news.xinhuanet.com/english/2004-10/26/content\\_2141393.htm](http://news.xinhuanet.com/english/2004-10/26/content_2141393.htm)

Rethink over money laundering rules...Telegraph.co.uk - London, England, UK...David Blunkett, the Home Secretary, is considering changes to money laundering legislation after protests from professional advisers about the way it is working ...  
<http://www.money.telegraph.co.uk/money/main.jhtml?xml=/money/2004/10/25/cblaun25.xml&menuId=242&sSheet=/money/2004/10/25/ixfrontbusiness.html>

'Sufficiently senior officials' balk in Israel. -ed.

Regulator orders bank chiefs to ensure anti-money laundering .....Globes Online - Israel... corporation that heads a banking group must verify that the corporation's policy and procedures for observing the ban on money laundering and financing of ...

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Grupo Elektra Announces EBITDA Record of Ps. 939 Million for 3Q04 ...Yahoo News (press release) - USA... 4.0 billion in 3Q04, and from a 18.3% YoY growth in money transfer revenues, from Ps. 196.8 million in 3Q03 to Ps. ... Money Transfer Business Line. ...

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Intelligence unit to check money laundering, terror financing on .....Financial Express.bd – Bangladesh...The government has planned to set up a financial intelligence unit (FIU) to check money laundering and the financing of terrorism, official sources said.... [http://www.financialexpress-bd.com/index3.asp?cnd=10/31/2004&section\\_id=1&newsid=2888&spcl=no](http://www.financialexpress-bd.com/index3.asp?cnd=10/31/2004&section_id=1&newsid=2888&spcl=no)

Study says Filipino workers abroad sent more than \$7.6 billion home...Associated Press Online - Top News...October 29, 2004.....Filipinos working or residing abroad possibly sent home to the Philippines much more than the \$7.6 billion recorded by the government last year, with unrecorded monies being transferred across countries through unregulated channels, the Asian Development Bank of the Philippines said Thursday....such as non-bank money transfer agencies, phone cards, bank...

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October 28, 2004...Associated Press...County Bank Enters Into a Written Agreement With the Federal Reserve Bank of San Francisco...relating to certain deficiencies ....with respect to the Bank's compliance with the Bank Secrecy Act....Merced, Calif....

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10/29/04....Citigroup Chief Executive Charles Prince apologized Monday to Japanese authorities for the financial giant's problems in Japan..... [http://www.forbes.com/2004/10/29/cx\\_gl\\_1029faceweek.html](http://www.forbes.com/2004/10/29/cx_gl_1029faceweek.html)

Eastern Approaches: The East's dirty cash...UPI.com...October 27, 2004...It was not a coincidence that new money-laundering laws were being drafted in several East Europe countries during the months just before last year's terrorist attacks on the United States. At the time, ...frustrations with a money laundering law that took effect...money-laundering conference recently. "Money laundering in Poland is a... <http://www.upi.com/view.cfm?StoryID=20021111-072715-2917r>

Philippines escapes FATF sanctions...UPI.com...October 27, 2004...The Paris-based Financial Action Task Force has decided not to apply any counter-measures to the Philippines following the republic's amendment to its 2001 Anti-Money Laundering legislation. The nation will, however, remain on the...in the country's money laundering law, bringing it in...nations to fight money laundering by militants and criminal... <http://www.upi.com/view.cfm?StoryID=20030313-101943-8879r>

Japan FSA said set to file UFJ criminal complaint...Reuters...October 25, 2004...TOKYO, Oct 7 .... Japan's Financial Services Agency may file a criminal complaint against UFJ Bank, the main banking unit of UFJ Holdings Inc. <8307.T>, as early as Thursday, Jiji news agency reported....to prevent suspected money laundering. "Update 2-Japan Fsa Said...

<http://www.reuters.com/newsArticle.jhtml?type=topNews&storyID=6435479>

## Featured Website

<http://www.civresearchinstitute.com/>  
<http://www.civresearchinstitute.com/moneylaundering/>  
<http://www.civresearchinstitute.com/moneylaundering/fedreg00.html>

## Upcoming Events

Webcast in Spanish: "Creando una cultura de cumplimiento en casas de cambio y remesadoras" (Creating a compliance culture in money services businesses). Two outstanding speakers, Oscar A. Herasme, CAMS, president and legal counsel of the External Compliance Officer, Inc. (Washington, D.C.), and Miguel Martínez, CAMS, director of risk administration and compliance officer at Base Internacional Casa de Cambio (Monterrey, México) will share their knowledge and expertise on this subject with Spanish-speaking professionals. We hope you can join us, so please mark your calendars: December 2, 2004 from 1- 3 PM. EST. <https://acams.org/espanol/webcasts/20041202/webcastreg.aspx>

One conspiracy theorist has gone further than the following presenter, to say that the real intended target of our BSA/AML laws was not drugs or terrorism, not even flight capital, illegal immigrants or tax evasion, but rather the unruly cash economy, with its inevitable mixture of legitimate and illegitimate transactions. – ed.

Upcoming Web Seminar....."Today, I assert that the overriding purpose of the rapid development of global anti-money laundering laws, and the powers to confiscate assets which accompany them, are intended primarily to counter the growing international phenomenon of capital flight and tax evasion." Europe/US: Doing Business in the New World Order - What the Money Laundering Debate is Really All About! (audio) <http://www.bettermanagement.com/seminars/seminar.aspx?LibraryID=10573>

Upcoming Web Seminar....Wednesday, November 3, 2004 ....La USA Patriot Act y su importancia para la industria bancaria/financiera en Latinoamerica - Part II (audio) <http://www.bettermanagement.com/seminars/seminar.aspx?LibraryID=10873>

## Company News

Prominent Banking Counsel Michael D. Shepard Joins Commerce Bank....Business Wire (press release) - San Francisco, CA, USA... joined Commerce as a Senior Vice President. Shepard will head the company's Bank Secrecy Act unit. Shepard, a former partner with the... [http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news\\_view&newsId=20041026005713&newsLang=en](http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20041026005713&newsLang=en)

MoneyGram International Announces Third Quarter Results.....Business Wire (press release) - San Francisco, CA, US..... These agents are delivering the affordable, reliable and convenient payment services consumers have come to expect from MoneyGram.". ... [http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news\\_view&newsId=20041028005153&newsLang=en](http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20041028005153&newsLang=en)