

Case Study

The Challenge

MSB Needed Heavy Lifting Team to Handle Annual Review

A leading Money Services Business (MSB) focusing on remittances in the US-Latam remittance corridor, needed its annual independent review of its Bank Secrecy Act/ Anti-Money Laundering (“BSA/AML”) Compliance Program. The catch: with thousands of independent agents helping their customers send hundreds of millions of dollars every month, 47 state money transmitter licenses to navigate, and a short-staffed internal compliance team, the firm knew it would need a heavy lifting and experienced review team to handle the annual AML Independent Review.

The Solution

Bates Group was chosen to perform the independent review based on our collaborative approach, depth of knowledge, and ease of information gathering to reduce the workload for the MSB. Bates’ Independent review team is composed of non-bank financial institution experts from former Chief Compliance Officers to former state regulators. The comprehensive and collaborative approach we take with reviews provides clients with valuable recommendations and a polished final report.

Bates performed a fully comprehensive review, including:

- Reviewed most recent Risk Assessment(s)
- Reviewed Anti-Money Laundering Compliance Program
- Reviewed OFAC policy and procedures
- Reviewed Internal and Vendor due diligence policy and procedures
- Confirmed compliance with filing/reporting requirements
- Reviewed Suspicious Activity Reports (“SAR”) Procedures
- Reviewed a sampling of SARs for accuracy and timeliness
- Reviewed Training Program and Employee training logs
- Reviewed Currency Transaction Reports (“CTR”), including monitoring and reporting policies, procedures, and processes; verified timeliness and accuracy of reports
- Reviewed records and tested related documentation to determine the accuracy of information retained as required pursuant to appropriate regulations associated with the Monetary Instruments Logs, SAR, and the Money Transfers Log
- Reviewed and tested the Transaction Monitoring Program
- Reviewed and tested KYC and onboarding procedures
- Reviewed the policy regarding the Handling of Law Enforcement Inquiries, Subpoenas, etc.
- Determined whether policies, procedures and processes adequately address timely response, documentation and monitoring and filing of law enforcement requests
- Reviewed OFAC and Specially Designated Nationals (“SDN”) Verification Procedures
- Determined the adequacy of the customer identification policies and conducted a sampling to confirm customer identification was obtained and verified as appropriate
- Assessed the appropriateness and comprehensiveness of customer due diligence and enhanced customer due diligence policies, procedures, and processes
- Assessed the Client’s compliance with requirements and best practices for the reporting of foreign client and financial accounts

The Results

Bates conducted a successful review with the MSB; we are engaged to begin the next review for the company at the beginning of 2023. In addition to the BSA/AML review, we will also be covering additional state-specific regulations (NYDFS 504) to add additional value to the upcoming review. At Bates, we strive to help strengthen our client’s compliance program by providing value with our insight in and outside of the final report.