



CDD and the 5th Pillar

A web-based seminar

Tuesday April 25, 2017, 2:30 pm - 4:30 pm (EST)

Program Content:

WHAT? On May 11th, 2016 FinCEN's codified previously implied, or implicit, guidance with explicit Customer Due Diligence (CDD) requirements regarding understanding the nature and purpose of legal entity accounts to develop an initial risk profile and ongoing monitoring.

Most of the headlines have addressed the new Beneficial Ownership rule but the new 5th Pillar is already being addressed in recent Consent Decrees. Don't be the next bank to make news regarding deficiencies in your bank's CDD process. The regulators are not reinventing the wheel but enforcing guidance that has been in place for years.

This two-hour program identifies which guidance has now become a regulatory requirement and needs to be addressed immediately. We will address the CDD guidance in the Core Examination section of the Interagency BSA/AML Examination Manual as well as various sections of the Expanded Examination sections such as Cash Intensive Businesses, Professional Service Providers, Nongovernmental Organizations, etc.

The program will include a review of the major regulatory findings regarding the customer risk profile initial process along with the need for periodic monitoring. Additionally, we will discuss the corrective actions set forth in the recent BSA written consent actions and keep your bank off the regulatory radar. This program is intended for a wide range of bank personnel who are involved in the first, second or third line of defense for BSA.

WHY? FinCEN, and banking regulatory agencies, believe that requiring banks to perform effective CDD on legal entity customers will assist the bank in better understanding who the actual customer is and what type of transaction(s) they normally conduct to set a baseline for the identification and reporting of suspicious activity.

The purpose of the new rule is to allow banks to assist the government, and law enforcement, in combating numerous types of illicit financial activities including tax evasion, terrorist financing, money laundering and sanction violations among others.

Written, Board-approved BSA/AML Programs have long addressed the four pillars but now need to either revise portions of the Internal Controls section into a new fifth pillar or augment the written policies with new procedures that include:

- Understanding the nature and purpose of customer relationships for developing a customer risk profile
- Conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information

Covered Topics:

- Higher risk customer types that need frequency monitoring in comparison to lower risk customer types that need infrequent monitoring
- BSA policy and program requirements and changes
- Regulatory requirements
- Types of accounts to include in CDD monitoring
- Board and Senior Management expectations and responsibilities
- Baseline determination of "normal" vs "suspicious" activity
- Development of an initial customer risk profile
- Threshold for updating a customer profile
- Connecting the dotted line between unusual CDD activity and the filing of a SAR
- CDD and its impact upon the bank's annual BSA Risk Assessment
- How to avoid examination and audit findings
- Record Retention
- Transactional internal testing

Who Should Attend:

The program is designed for BSA Officers, Compliance Officers, Branch Administration, Deposit Operations, Senior Management, Auditors, and those responsible for the development, implementation, maintenance and oversight of a bank's BSA program.

Presenter:

Don L. Blaine is the Senior Training Consultant for Compliance Resource, LLC. Don has over 30 years of experience in regulatory compliance for the banking industry with banks ranging in size from community banks to money center banks.

He provides training on Bank Secrecy Act/Anti-Money Laundering and deposit compliance. His prior roles have included: Chief Compliance Officer, Senior Compliance Regulatory Examiner, Compliance Audit Manager, and business unit compliance manager.

Don has taught at the ABA's National Compliance School and has served as an instructor at programs offered by state banking associations. Prior to joining Compliance Resource, LLC, Don served as a consultant to numerous banks. He has attained Certified Regulatory Compliance Manager (CRCM) and Certified Risk Professional (CRP) certifications.

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