Anti-money laundering and sanctions investigations

In the current regulatory landscape, financial institutions are facing a new wave of regulatory scrutiny. Current trends are not showing any signs of slowing down; in fact, recent government inquiries uncovered anti-money laundering (AML) and sanctions violations at several financial institutions and have resulted in billions of dollars in fines and look-backs for breaches in AML and sanctions programs. As part of government inquiries, financial institutions are often required to perform extensive reviews of transactions and communicate any suspicious activities to their regulators with accuracy and speed. To achieve this and avoid future fines, financial institutions should enlist subject matter advisors, add resources and utilize advanced analytics tools to perform the investigations.

Navigating through the regulatory environment

Our professionals at EY have the experience and demonstrated track record of helping our clients adapt to this highly regulated environment. Our dedicated Global AML team has extensive knowledge and experience with banknotes, wire activity, remote deposit capture transactions and monitoring strategies, pouch reviews, detailed transaction reviews, as well as AML and sanctions investigations and Suspicious Activity Report (SAR) preparation and recommendations. Our leading-edge technologies, paired with our industry knowledge, allow us to assist our clients when subject to government inquiry in the most cost-effective way.

Our teams include certified anti-money laundering specialists (CAMS), former law enforcement officers, former regulators, CPAs, CFEs and forensic accountants. We can help you with:

- Conducting historical transaction reviews in response to regulatory inquiries
- Supplemetning Know Your Customer (KYC) due diligence
- Performing complex data analytics, trend analysis and data mapping around transactions and account activities
- Recovering and extracting forensic data
- Conducting substantiation checks of investigation procedures and SAR procedures
- Implementing post-regulatory action requirements, such as remediating noncompliant KYC and transaction files

EY
Building a better working world
EY has invested in leading technology, proven methodologies and execution strategies to target effort and reduce overall cost. Our use of advanced visual-analytic technologies and flexible case management tools enables us to customize to our current client needs while still building upon prior successes.

In addition, in the February 2013 issue of Operational Risk & Regulation, EY was ranked as “#1 for Best Consultancy Overall” for the fourth year in a row. As mentioned in the magazine: “[EY] won particular praise from customers for the breadth of its expertise and industry knowledge.”

**A history of results**

We deploy these strategies successfully on behalf of our clients and their regulatory bodies servicing the AML marketplace. Here’s how:

**AML look-back and QA assurance review**

EY was engaged to assist a multinational bank with performing a historical look-back analysis and investigation of certain transactions for potential implications of money laundering (a look-back investigation) and designing and implementing a risk-based sample quality control review of alerts deemed non-suspicious by other vendors performing investigative work (a QA review) at the request of the Office of the Comptroller of the Currency (OCC).

**AML and economic sanctions investigations**

EY conducted a historical look-back of transactions related to a global bank’s correspondents and affiliates. We helped the client identify gaps in its AML monitoring program for international correspondent banks and set up its proprietary transaction-monitoring system and case-management tool to investigate historical transactions. In addition, we worked with the client to define key requirements, such as alert investigations and review processes and procedures, as well as drafting proposed SARs and administering a SAR review committee together with the client. Our team imported the transactions into the client’s proprietary software program to generate alerts and investigate cases to execute the remediation efforts.

**Look-back review**

EY was engaged to perform the bank’s regulator-mandated look-back related to its cash letter products received through its international correspondents and affiliates. The engagement involved independently evaluating the processes and procedures used by our client for the look-back and assessing the execution of these activities against the requirement of the look-back as described in its consent order signed with
its regulators. As part of the look-back, EY re-performed certain activities on a sample basis in order to evaluate the results of our client's procedures. As a part of the support team, EY also performed a detailed review of draft SAR recommendations and supporting documentation for completeness, accuracy and proper disposition analysis.

Transaction review look-back

EY conducted a comprehensive five-year historical review of wire transfer transactions through the New York branch of an Asian bank for potential violations of the Office of Foreign Assets Control (OFAC) regulations. Drawing on our deep background in economic sanctions and sanctions circumvention typologies, the team began by crafting a series of unique search methodologies tailored to the bank's business and specific areas of sanctions exposure. Under a tight time frame and with no disruption to bank operations, EY completed this extensive look-back and was able to leverage our data analytics experience to take highly sensitive and poor quality data, transform it, and load it into a case management tool. The team then methodically reviewed each transaction, including performing research on all
counterparties and financial institutions involved, as well as looking at the transaction activity involving specific counterparties to determine whether to close the cases or escalate them for additional scrutiny.

AML and economic sanctions investigations
A large Europe-based holding company with operations in commercial banking, investment banking and other financial-related services engaged us to perform a comprehensive, multiyear historical transaction review. The engagement required remedial reviews of more than 30 million transactions potentially in violation of Office of Foreign Assets Control regulations and included transactions involving 27 countries. Our team deployed a risk-based approach to reduce the total reviewed to 140,000 transactions. We performed a detailed transaction review involving data selection and collection, completeness checks, filtering, screening, in-depth analysis and quality reviews.

KYC review and remediation
EY assisted a client that was acquired by a global investment bank in the preparation and completion of AML, KYC and Source of Wealth (SOW) memos for approximately 300 customers. The EY team worked closely with the client, who's objective was that customer files met the local UAE KYC standards as well as KYC standards of the acquiring global investment bank.

Conclusion
We believe our team's deep AML, investigations, specific product, and regulatory knowledge and experience in the financial services industry, coupled with our already proven ability on past engagements requested by regulators, makes us the firm of choice. Assembling the right team is essential. Whether you or your team requires assistance with a regulatory inquiry, experience in responding to electronic discovery demands or enhancements to AML compliance programs, we have the ability to address your needs swiftly.