

# BSA/AML and Sanctions

## Financial Services

Our professionals are experts, and we pride ourselves on providing industry knowledge and experiences to aid the execution of our defined recommendations and related solutions. We help our clients respond to regulatory examination and enforcement actions.

Compliance Program Development, Assessment and Remediation	Transaction Monitoring & Sanctions Screening Design, Analytics and Validation	Lookback Transaction Reviews
<p>We develop and assess comprehensive compliance programs, including compliance structure, risk assessments, policies &amp; procedures, controls, training, governance and more. We offer end-to-end remediation support for noncompliant programs.</p>	<p>Our proprietary regulatory technology and large-scale data analysis expertise complements our investigative and compliance expertise to help clients develop effective compliance, detection, and risk management programs.</p>	<p>Our capabilities span the entirety of a lookback, from the initial identification and extraction of data, to the analysis and reporting of key findings. We have been engaged in proactive internal reviews as well as forensic reviews prompted by government authorities.</p>
<p><b>Key services include:</b></p> <ul style="list-style-type: none"> <li>— Design and assessment of compliance programs</li> <li>— Implementation of KYC procedures</li> <li>— Regulatory gap analysis and consulting</li> <li>— Evaluation of transaction monitoring rules and algorithms</li> <li>— Bespoke training &amp; governance support</li> <li>— Sample testing of KYC files, alerts, investigations and SAR filings</li> <li>— Global investigative research and due diligence</li> </ul>	<p><b>Key services include:</b></p> <ul style="list-style-type: none"> <li>— Transaction screening and surveillance system testing</li> <li>— Systems integration and validation</li> <li>— Algorithm tuning, calibration, and validation</li> <li>— Rules-based analyses</li> <li>— Advanced statistical analyses</li> <li>— Scoring and weighting methodologies</li> <li>— Interactive data visualizations</li> </ul>	<p><b>Key services include:</b></p> <ul style="list-style-type: none"> <li>— Data mapping, extraction, validation, analysis and hosting</li> <li>— Payment message linking and deduplication</li> <li>— Filter and detection scenario design and execution</li> <li>— Design and implementation of review protocols</li> <li>— Comprehensive record review</li> <li>— Global investigative research of high-risk parties</li> <li>— Thorough and objective reporting of findings</li> </ul>
<p><b>Enforcement Advisory</b></p>		

Our team of former bank regulators, law enforcement personnel, and industry and AML experts regularly support clients navigate regulatory or law enforcement scrutiny – through services highlighted above and through assistance with examinations and enforcement investigations. Additionally, our professionals serve as expert witness and appear before regulatory and law enforcement bodies on important matters such as enforcement activity, rulemaking, and industry trends.

## Representative Engagements



### CASE STUDY

#### Compliance Program Development

##### SITUATION

A global bank was facing a consent order from its U.S. regulator for failure to implement a robust BSA/AML and sanctions compliance program and engaged FTI Consulting to conduct a comprehensive assessment of the Compliance Program and assist the bank in remediating the findings from the regulatory examinations of its New York branch office.

##### OUR ROLE

We quickly mobilized a team to assess the current compliance program, including policies and procedures, training, the KYC process, transaction monitoring and reporting, OFAC screening, and the quality control process. We also extracted data from multiple systems to analyze and sample KYC files, transaction monitoring alerts and case dispositions. Based on our assessment, we developed plans to remediate deficiencies and rebuild significant components of the compliance program. Specifically, we:

- Rewrote the BSA/AML and sanctions policies to align with regulatory requirements and to clarify permitted and prohibited activities
- Revised procedures across all aspects of the BSA/AML and sanctions compliance program to ensure steps are clear and comprehensive, responsibilities are well-defined, and regulatory requirements are met
- Conducted a staffing assessment, identified gaps in the program structure, and assisted in developing remediation steps
- Assisted the BSA Officer in understanding the issues identified within the role's areas of responsibility and collaborated to develop plans for improvement

- Conducted BSA/AML and Office of Foreign Assets Control ("OFAC") risk assessments, developed a controls inventory, and identified additional controls for the bank to incorporate into its program
- Reviewed a sample of KYC files across business line products, evaluated the process of identifying Politically Exposed Persons ("PEPs"), and reported to the bank on areas needing remediation
- Evaluated a sample of AML and sanctions alert dispositions and helped improve its transaction monitoring and alert disposition process
- Developed a process for a lookback of transactions that may have been dispositioned incorrectly to identify transactions for suspicious activity reporting
- Enhanced BSA/AML and Sanctions required annual training for all staff. Developed bespoke training modules for KYC and ultimate beneficial owner, transaction monitoring and alert disposition, sanctions screening, trade finance monitoring, suspicious activity reporting, and quality control
- Developed reporting mechanisms to ensure management information is timely, accurate and comprehensive for effective decision-making and action
- Created sampling methodology for AML and OFAC alerts and enhanced quality control review criteria

##### OUR IMPACT

Our assistance has enabled the bank to enhance the BSA/AML and OFAC compliance program at its New York branch.



## CASE STUDY

### Sanctions Program Review

#### SITUATION

A global bank under a consent order with the Federal Reserve required an independent assessment of its sanctions risk and compliance management program as a result of systemic sanctions and embargoes violations.

#### OUR ROLE

Our team assessed the various components of the bank's sanctions compliance program, including:

- Review of alert systems for transaction and name screening and associated processes for screening list uploads
- Efficacy of management information reporting and breach remediation tracking
- Adequacy of internal controls and internal audit
- Performance of the newly implemented quality assurance program
- Comprehensiveness of policies and procedures
- Strength of the training program delivered to all levels of the organization

During the assessment we also performed the following:

- Assessed the bank's approach to sanctions risk appetite, sanctions risk controls and the fit-for-purpose of key risk indicators, including qualitative and quantitative indicators

- Evaluated the models used for sanctions compliance, reviewed the model risk management process and conducted transaction testing to ascertain the comprehensiveness and accuracy of the institution's alert systems
- Conducted a forensic transaction review of U.S. payments processed by the bank to determine if its alert generation process was effective and sanctions alerts were properly dispositioned
- Identified fields that were not being screened properly by the bank and highlighted issues with the way the system screened particular names that could result in sanctions violations
- Identified process gaps and escalation deficiencies related to manual list uploads

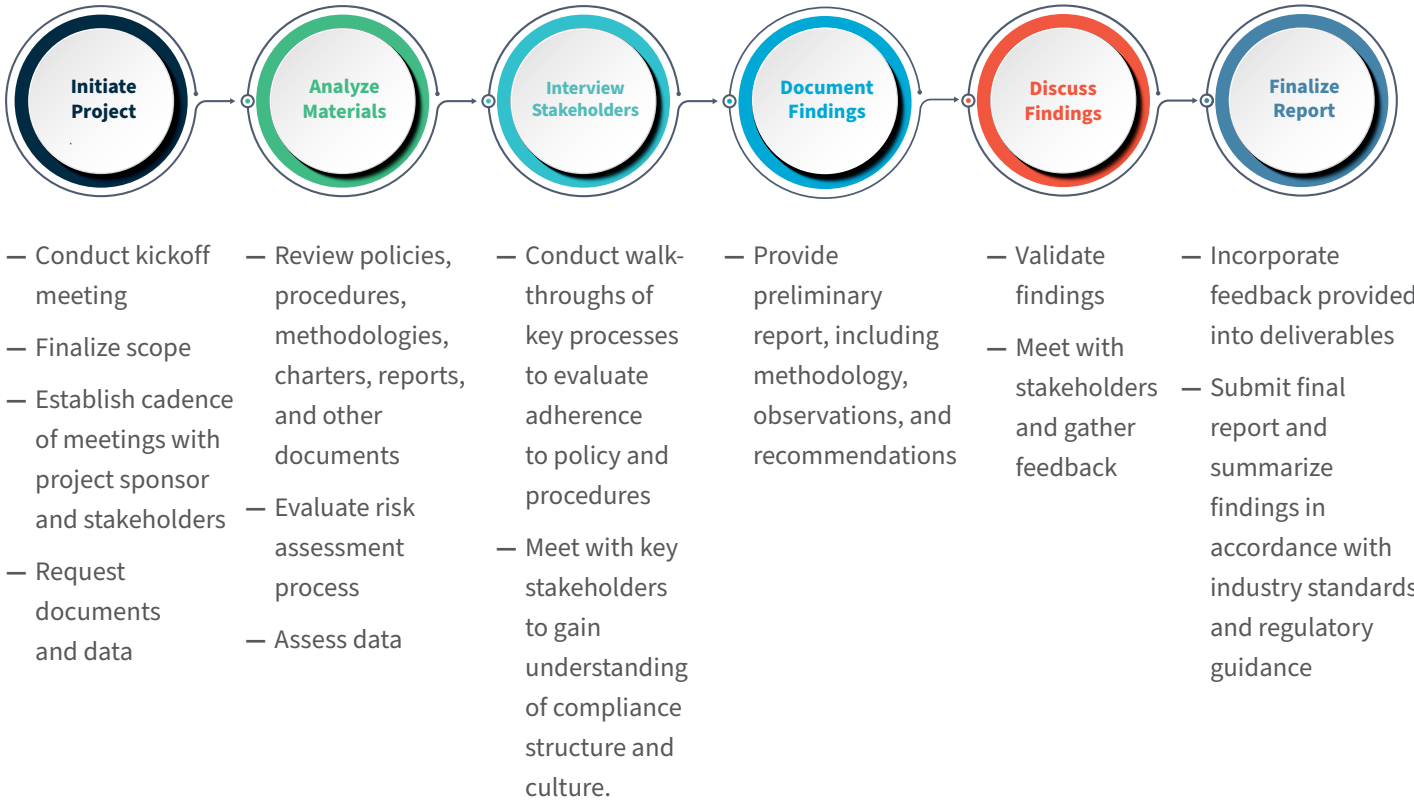
#### OUR IMPACT

Our work identified weaknesses and areas for improvement in several components of the program, enabling the bank to correct its systems, oversight processes, and management information capabilities.



## Our Approach to Reviews

From project initiation through report issuance and project closure, FTI Consulting has a well-structured approach to conducting reviews. We know that communication and information-sharing with stakeholders throughout the project is key to project success.



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