

# Money Laundering Alert®

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## Security directors aid bank KYC, SAR duties

IN 1994, A WELL-DRESSED MAN WALKED into a New York bank, asked to open an account and presented the required identification documentation. The bank conducted its routine database search, found nothing untoward and opened the account. The next day the new account holder entered the bank with his first deposit - a suitcase containing over \$400,000 in \$100 bills.

The teller did not accept the cash and notified the branch manager, who in turn contacted the security director at the bank's main office. The security director conducted an investigation and, after two days, identified the man as an operative of the Cali cartel. He contacted the appropriate law enforcement agencies who arrested the customer and seized the cash the next day.

Many financial institutions do not realize the resource they may have in the person of their security director in dealing with money laundering risks and compliance issues. The contributions of bank security directors can go beyond the issues that most people perceive as being their exclusive domain - physical security such as overseeing closed circuit TV monitoring stations, implementing perimeter and access controls, organizing security guard patrol schedules, recommending money vaults or in investigating check fraud.

Recognizing suspicious or criminal activity is one of the main staples of the security field. As the government places more emphasis on a bank's "know your customer" and suspicious activity detection and reporting systems, financial institutions would be wise to give greater emphasis to the support their security directors can give in meeting those responsibilities.

Many security directors spent their earlier years in a security-oriented career in government. This experience can bring them face-to-face with crime, using tech-

niques, systems, and methods not routinely found outside of government.

In the private sector, professional education emphasizes training in investigations, risk assessment, and awareness of criminal methods and techniques. Strong networking among colleagues also creates a valuable asset. Moreover, cooperation and coordination with government agencies is often well-developed, making security directors a ready point of contact with enforcement

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agencies, domestic and international.

The main security association in the U.S. is the American Society for Industrial Security, based in Arlington, Virginia. ASIS has 35 working committees, including Banking and Financial Services, Investigations, White Collar Crime, Gaming and Wagering, Law Enforcement Liaison, and Global Terrorism, Political Instability, and International Crime. Of the 28,000 ASIS members, 80% have government, military, or law enforcement backgrounds; 26% hold graduate degrees.

While security directors cannot and should not replace banking professionals in detecting unusual banking activity, they may contribute to the recognition of unusual activity as suspicious, of suspicious activity as criminal, and of the identity and background of a suspect person or entity. They can also facilitate liaison efforts with government agencies that may result in better investigative capabilities and also demonstrate good faith compliance efforts to regulatory agencies.

—Richard Horowitz is an attorney in New York City concentrating in corporate, security, and international issues. He also holds a private investigator's license and served in the Israel Defense Forces with the rank of captain.