



SIFMA Anti-Money Laundering & Financial Crimes Conference
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Welcome and Opening Remarks as prepared for delivery
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Good morning, and welcome to SIFMA's Annual Anti-Money Laundering & Financial Crimes Conference.

We've been gathering this group together for almost two decades now (anyone out there attend all of our 19 AML conferences), and over this period, we've seen AML and financial crimes compliance programs evolve and mature into highly complex, forceful and effective systems. And that's because of you – those in the room – the compliance officials, lawyers, and business executives who devote the time, hard work and tremendous economic resources to do their level best to protect the US financial system from bad actors. With this SIFMA AML conference, we will continue to discuss how to continue to do our collective best work to stop criminals, assist and partner with law enforcement, and protect our clients and the integrity of the financial system.

Currently, the estimated amount of money laundered globally in one year is 2-5% of global GDP, or \$800 billion - \$2 trillion in current US dollars. Though the margin between those figures is huge, even the lower estimate underlines the seriousness of the problem governments have pledged to address.

To help combat the money laundering problem, FinCEN's customer due diligence (CDD) rule became effective in May 2018, and now collecting, maintaining, and reporting beneficial ownership information are required for financial institutions.

The CDD rule already has had – and will continue to have – a dramatic impact on the operations and practices of firms. A survey by Thomson Reuters and ACAMS shows that 28% of respondents anticipate an **increase** in staffing for AML compliance purposes, a large rise compared to 8% in 2017. A good sign for institutions is that the inability to validate information is less of a barrier at 49% than it was in 2017 at 58%. While the CDD rule will continue to require substantial time and



investment, there are several positive areas of focus, including improving data management and data quality, investing in new technology and process automation, and streamlining business processes.

FinCEN's Director Ken Blanco, who is our keynote speaker this morning, testified before the Senate Committee on Banking, Housing and Urban Affairs in late November on the importance of the BSA data that your firms provide law enforcement in an effort to keep our financial system secure. He emphasized this point with respect to both active investigations and the analytical work that FinCEN and law enforcement routinely conduct. In Director Blanco's own words: "While data from BSA reporting can assist with specific investigations, that does not mean, if it is unrelated to a specific case, it is any less valuable. FinCEN and law enforcement officials regularly analyze and work with the data to connect networks, understand trends and typologies, and develop red flags. When BSA data is combined with other information—such as open source data, research, and law enforcement information— we can see so much more. It maps out connections that we would not otherwise see or even know about, bringing criminal and terrorist networks out of the shadows."

The significance of BSA data is highlighted publicly every year throughout FinCEN's Law Enforcement Awards program, which recognizes cases from around the country that have made effective use of the reporting that financial institutions, including many of the firms here today, provide to law enforcement and that have been successfully prosecuted. A look at the descriptions of the winning cases from 2018 alone makes clear the significance of leveraging data from multiple sources, collaborating across agencies and enterprises, and sharing information.

We are all on the same side in trying to stay one step ahead of those who seek to exploit our financial system through new and evermore creative schemes every day. That is why we are gathered here today and why this conference is so important to all of you and us at SIFMA.

Over the next two days - now that the Government is once again open (at least until February 15th) - we will hear from many of our public sector and SRO partners, including: regulators, policy makers and law enforcement from FinCEN, SEC, OFAC, FINRA, FBI and DOJ. We greatly appreciate the participation of each of our speakers (and are so thankful that this conference was not scheduled for February 16th!).

Now I'd like to thank my colleagues, Aseel Rabie and Bernard Canepa, and the Conference Planning Task Force of SIFMA's AML & Financial Crimes Committee, for their help in, once again, creating



a truly wonderful program. I'd also like to thank Cathy LaFalce from Citi and Sarah Green from Vanguard, who are this year's co-chairs of SIFMA's AML & Financial Crimes Committee, and I ask that you join me in a round of applause to thank Jim Fiebelkorn, the Committee's outgoing co-chair, for all his work on behalf of the Committee.

Many thanks as well to our returning sponsors and our new sponsors {show slide} for helping us put on this event. I encourage each of you to take some time over the next two days to stop by and visit with our sponsors, because this event would not be possible without their support. On behalf of SIFMA, I want to thank each of you in the audience for your tremendous work and dedication. We are grateful for all you do every day for SIFMA and our industry. In that regard, I wanted to share a quick personal message to the compliance officers out there. You are truly on the front lines of the industry's AML campaign. We at SIFMA recognize the focus, hard work and honest commitment that you and your teams bring to the serious nature of AML compliance. We also recognize that the legal standard you are supposed to be held to is one of "reasonableness" – not strict liability. That's not what you signed up for in your admirable profession and that's not what the law mandates. Please know that we at SIFMA will continue to advocate on your behalf and remind our regulator partners that strict liability is never the appropriate result.

Finally, a quick note before we kick off our first speaker: only the morning keynote speakers today and tomorrow are open to the press. The other speakers and all our panels today and tomorrow will be closed to the press, so we can encourage candid dialogue on the AML and financial crime compliance topics we'll be discussing.

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And now it's my pleasure to welcome to the stage Ken Blanco, the Director of the Financial Crimes Enforcement Network (FinCEN), which as you know is a Bureau within Treasury, which was established to support law enforcement and global efforts against domestic and international financial crimes via the collection, analysis, and dissemination of information from the financial sector.

Prior to his appointment as Director by the Secretary of the Treasury in December of 2017, Mr. Blanco served as the Acting Assistant Attorney General for the Criminal Division of DOJ from



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January 2017 until November 2017, and as a Deputy Assistant Attorney General from April 2008 until January 2017.

After graduating from my alma mater, Georgetown University Law Center, in 1989, Ken began his career at the Miami-Dade State Attorney's Office where he served in various sections.

Please join me in a warm welcome for Director Blanco.