

Anti-Money Laundering Training



Money laundering is a process by which illegal income generated through criminal activity is disguised by first “placing” it with an unsuspecting financial institution or business.

The money is then moved through “layers” of financial transactions until the original source of money becomes obscured or impossible to ascertain.

Finally, the money is “integrated” into legitimate transactions or businesses.

This training guide will help raise your awareness of Anti-Money Laundering (AML) rules so you can detect and possibly prevent illegal activities.

Federal Regulation

- The USA PATRIOT Act resulted from the September 11, 2001 terrorist attacks.
- The Act strengthened AML laws, enhanced civil and criminal penalties for violations, and granted new law enforcement and surveillance capabilities
- AML laws are primarily enforced by the Financial Crimes Enforcement Network (FinCEN), a bureau in the U.S. Department of Treasury.

Money Service Business (MSB)

- As a Fidelity Express Authorized Delegate, you are an agent of an MSB as well as an MSB yourself.
- You don't have to register as an MSB if you only sell money orders and/or take in-person bill payments for a company like Fidelity Express.
- The **seven MSBs** are:
 - Check casher
 - Money order issuer and/or seller
 - Money transmitter
 - Money exchanger
 - Pre-paid access provider
 - Pre-paid access seller
 - U.S. Postal Service

The Five Pillars of any AML Program

- Designation of a Compliance Officer
- Development of Internal policies, procedures, and controls
- Ongoing, relevant training of employees
- Independent testing, review, and auditor
- Customer Due Diligence

The Fidelity Express Limit

- Fidelity Express limits money order sales to an individual in a 24-hour period to **\$1,999.99**. If you know two individuals are working together, their transactions should stay within the \$1,999.99 limit.

Consult your AML Guide for additional information.
Questions? Contact us at 800.621-8030 ext. 7025

mo/bp

Suspicious Activity

- A **Suspicious Activity Report (SAR)** is required to be filed electronically within 30 days of detection. Filing of a SAR cannot be revealed to the customer.
- MSBs are required to fill out and keep a log of all money order sales to a single customer in a single day that total between \$3,000 and \$10,000.
- **Any dollar amount**, depending on the circumstance, or \$2,000.00 and above **could be suspicious**.
- Non-contracted in-person bill payments should never be taken without a bill stub or for more than \$2,000.
- If someone bought \$1,800 in money orders from your store every day, it would be suspicious.
- If someone tried to pay \$2,000 or more in cash for a utility bill without a bill stub, that would be viewed as suspicious.
- **Structuring** is trying to launder money by buying money orders under the suspicious limit of \$2,000 at several locations or at the same location at various times of day.

Currency Transaction Report (CTR)

- A **Currency Transaction Report (CTR)** is required to be filed electronically within 15 days of the transaction date.
- If one customer used more than \$10,000 in cash for a transaction in a single day, a CTR should be filed.

Independent Auditor

State or IRS auditors might ask about the following:

- The Independent Auditor, who could be the owner or a trusted employee, must make sure the AML Program is working correctly and should spot check routinely, which could be monthly.
 - Review sales and close-out reports to ensure there are no sales of \$2,000 or more to any one person per day.
 - Always know where the AML Guide is stored.
- Auditor should keep a log recording spot checks to review with the owner annually.
 - Auditor should make sure all money order printers have the \$1,999.99 warning label posted and make sure employees are AML trained.
- Auditor should know these acronyms:
 - SAR (suspicious activity report)
 - CTR (currency transaction report)
 - BSA (Bank Secrecy Act)

Compliance Officer

- The Compliance Officer is responsible for day-to-day antimoney laundering program and employee trainin and keeping a training log
- The Compliance Officer is a trusted employee or owner, cannot be the same person as the Independent Auditor

Record Keeping Violation Fines

- If you fail to file a SAR or CTR through negligence, the fine could be \$500 for each occurrence.
- If it were intentional, the fine could be \$25,000 - \$100,000.
- Under certain circumstances, it could be a criminal act with fines up to \$500,000 and up to 10 years in prison.



Anti-Money Laundering Exam

Money Order and Bill Payment

Agent #: _____

Store Name: _____

RETURN BY: _____

Please circle the correct answer

1. These are the seven money service businesses (MSB).
Check casher, money order issuer and/or seller, money transmitter, money exchanger, pre-paid access provider, pre-paid access seller, U.S. Postal Service

True False
2. If you are only an agent for a Money Service Business (MSB) are you still an MSB?

Yes No
3. Would you need to register as a Money Service Business (MSB), if you only take walk-in-bill payments for a company like Fidelity Express?

Yes No
4. At what dollar amount could a transaction become suspicious?

A. \$2,000

B. \$3,000

C. \$5,000

D. Any dollar amount depending on the circumstance or \$2,000.
5. What is the minimum dollar amount FinCen requires a money order log be filled out and a copy retained for your records?

A. \$2,000

B. \$3,000

C. \$5,000

D. \$10,000
6. How long do you have to file a Currency Transaction Report (CTR) and a Suspicious Activity Report (SAR)?

A. 15 days from detection on both CTR & SAR

B. 30 days from detection on both CTR & SAR

C. 15 days from transaction date on CTR & 30 days from detection on SAR
7. Must Suspicious Activity Reports (SAR's) and Currency Transaction Reports (CTR's) be filed electronically?

Yes No

8. If someone bought \$1,800 in money orders from your store every day, would that be suspicious?
- Yes No
9. What dollar amount must you report a currency transaction report?
- A. \$2,000
B. \$3,000
C. \$5,000
D. More than \$10,000
10. Which of the following are in the five pillars of any anti-money laundering (AML) program? Select all that apply.
- A. Designation of a Compliance Officer
B. Development of Internal Policies, procedures, and controls
C. Ongoing, relevant training of employees
D. Independent testing, review, and auditor
E. Customer Due Diligence
F. All the above
11. What is structuring?
- A. Buying under the suspicious \$2,000.00 daily limit
B. Going to several locations in the same day to avoid Bank Secrecy Act (BSA) recordkeeping
C. Buying from the same location several times in a 24-hour period
D. All of the above
12. What dollar amount does Fidelity Express limit money order sales to an individual in a 24-hour period?
- A. \$1,999.99
B. \$3,000.00
C. \$5,000.00
D. More than \$10,000.00
13. What would be a reasonable program for an independent auditor to use to make sure the Anti-Money Laundering (AML) program is working?
- A. Take a spot check every month (review closeout reports) to make sure there are no sales over \$1,999.99
B. Make a record (log) of spot checking to review with owner
C. Check all printers for the \$1,999.99 limit sign and be sure all employees are aware of limits
D. All of the above

14. What is the fine if you fail to file a Suspicious Activity Report (SAR) or Currency Transaction Report (CTR) due to negligence?
- A. \$5,000.00
 - B. \$500.00
 - C. \$50.00
15. A "non-contracted" walk-in-bill payment should never be taken without a bill stub and never take one for more than \$2,000.00 in cash.
- True False
16. Which of the following questions might be asked by a state or internal revenue service auditor?
- A. What is a SAR (suspicious activity report)?
 - B. What is a CTR (currency transaction report)?
 - C. Where is your independent auditor check list?
 - D. All of the above

Please identify:

Compliance Officer: Responsible for day to day anti-money laundering program and employee training, should keep a training log. [trusted employee or owner]

First and Last Name: _____

Independent Auditor: Monitor the anti-money laundering program, review sales tapes for any payments over \$1,999.99 once a month. Review employee training logs. [trusted employee or co-owner, cannot be the same person as Compliance Officer]

First and Last Name: _____

Signature

By typing your name below, it is the equivalent of your manual signature, and you verify you personally completed this exam.

Name: _____ Date: _____

Title: _____