

31CFR 103.140(b)

Anti-money laundering program requirements:

Each dealer shall develop a written anti-money laundering program reasonably designed to prevent the dealer from being used to facilitate money laundering.

The program must be approved by senior management.

The program must be available to the Dept of Treasury through FinCEN or its designee upon request.

31CFR 103 140(c)

Minimum requirements: At a minimum the written anti-money laundering program shall:

(1)

Incorporate policies, procedures, and internal controls based upon the dealer's assessment of the money laundering and terrorist financing risks associated with its lines of business.

Policies, procedures, and internal controls developed and implemented under this section shall include provisions for complying with the applicable requirements of the Bank Secrecy Act.

i) For the purposes of making the risk assessment required under (c)1, a dealer shall take into account all relevant factors including but not limited to:

A. The type of products the dealer buys and sells, as well as the nature of the dealer's customers, distribution channels, and geographic locations;

B. The extent to which the dealer engages in transactions other than with established customers or sources of supply, or other dealers subject to this rule;

C. Whether the dealer engages in transactions for which payment or account reconciliation is routed to or from account located in jurisdictions that have been identified by the Department of State as a sponsor of international terrorism under 22 U.S.C 2371; (Cuba, Iran, Iraq, Libya, North Korea, Syria, Sudan) (The list is from Patterns of Global Terrorism-2002, US Dept of State: <http://www.state.gov/s/ct/rls/pgtrpt/2002html/19988.htm>) designated as non-cooperative with international anti-money laundering principles or designated by the secretary of Treasury pursuant to 31 U.S.C. 5318A as warranting special measures due to money laundering concerns. (Cook Islands, Egypt, Guatemala, Indonesia, Myanmar, Nauru, Nigeria, Philippines, St. Vincent and the Grenadines, and Ukraine). (From [http://www1.oecd.org/fatf/NCCT\\_en.htm](http://www1.oecd.org/fatf/NCCT_en.htm))

ii) A dealer's program shall incorporate policies, procedures, and internal controls to assist the dealer in identifying transactions that may involve use of the dealer's facility to facilitate money laundering.

The plan must include the following:

Provisions for making inquiries to determine whether a transaction involves money laundering or terrorist financing.

Provisions for refusing, terminating, or withdrawing from such transactions.

Factors which may be used to indicate a transaction is designed to involve money laundering or terrorist financing include;

A. Unusual payment methods: (large amounts of cash, sequentially numbered money orders, cashers checks, payments to third parties).

B. Unwillingness by a customer to provide complete or accurate contact information.

C. Attempts by a customer to maintain an unusual degree of secrecy with respect to the transaction.

D. Settlements that are unusual for the particular customer.

E. Settlements that are not in conformance with standard industry practices.

(2)

Designate a compliance officer who will be responsible for ensuring that:

i) The anti-money laundering program is implemented effectively;

ii) The anti-money laundering program is updated as necessary to reflect changes in the risk assessment requirements of this part and further guidance issued by the Department of the Treasury;

iii) Appropriate personnel are trained in accordance with paragraph (c) (3) (Below)

(3)

Provide on going education and training of appropriate persons concerning their responsibilities under this program.

(4)

Provide for independent testing to monitor and maintain an adequate program.

The scope and frequency shall be commensurate with the risk assessment.

The testing may be conducted by an employee. The employee must not be the compliance officer given above (c) (2).

Regulations implementing the BSA: Bank Secrecy Act appear at 31 CFR 103