



# The Burden of Compliance on Asia – Is it Justified?

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# BAD NEWS BRINGS A BIGGER BURDEN

**IT'S NOT ALWAYS WHAT YOU SEE, AS  
MUCH AS WHAT YOU DON'T SEE.....**



# A COMPLIANCE STORY

WELLS  
FARGO

- 2005 – 2008 JUST THE BEGINNING
- MORE THAN ANTI MONEY LAUNDERING
- EVERY CORNER OF THE INSTITUTION
- DIFFICULT TO ASSESS COSTS



# THE REALITY

- LOCAL AND HEAD OFFICE POLICIES, PROCEDURES, LAWS AND REGULATIONS
- REGULATORS, AUDITORS, OUTSIDE CONSULTANTS, OVERSIGHT DEPARTMENTS
- EXAMINATION PRACTICES



# AML MIS-STEPS COSTLY

- \$350 Mil NY BR European Bank
- \$80 Mil NY BR European Bank
- \$65 Mil East Coast US Bank
- \$31.6 West Coast US Bank
- \$20.5 mil NY BR Middle Eastern Bank (Another \$1 mil by own regulator)
- \$15 Mil NY BR of African Bank
- \$5 Mil NY BR of Middle Eastern Bank

## Non Bank

- \$27 Mil US MSB
- \$7.1 mil Scandinavian FX Trader



## LESS VISIBLE, BUT REAL COSTS

Often under recognized until becoming a “required” corrective action:

- BUSINESS RESTRICTIONS
- PROGRESS REPORTS
- POLICY/PROCEDURE REVISIONS
- REVISIONS/CHANGES TO INTERNAL CONTROLS
- RISK ASSESSMENTS/LOOK BACKS
- FORMATION OF ADDITIONAL COMMITTEES
- INCREASED BOARD OVERSIGHT
- TRAINING
- REPUTATION
- OVERREACTION



# MEASURING SUCCESS

## WHAT YOU DON'T SEE AND WHY IT'S IMPORTANT.....

- DATA ON INVESTIGATIONS & ENFORCEMENT
- MONEY LAUNDERING PREVENTED
- BETTER COMPLIANCE METRICS



# EASING THE “BURDEN”

## STREAMLINING, EFFICIENCIES & WORKING TOGETHER

- USE OF TECHNOLOGY
- INFORMATION SHARING
- IMPROVING TRAINING
- IMPROVING BUSINESS PROCESSES



# BURDEN OF RISK CONTINUES.....

- TRADE BASED LAUNDERING
- CUSTOMER'S CUSTOMER
- SHELL CORPORATIONS
- INTERMEDIARIES
- FOREIGN EXCHANGE
- STORED VALUE CARDS



## COMPLIANCE AS A PARTNER

# IN BUSINESS THE REARVIEW MIRROR IS ALWAYS CLEARER THAN THE WINDSHIELD-

Thorstein Veblen (1857-1929)

- TEAMWORK/PARTNER
- INVEST
- USE WHAT YOU HAVE

