



What's Been Happening?

There's a new sheriff in town: New Criminal Division Head of the DOJ warned that government scrutiny of compliance programs will be rigorous going forward. US regulators issued a joint statement regarding banks offering cryptocurrency services, with more clarity to come. The FFIEC issued updates to its BSA/AML exam manual, and we recap the implementation efforts of the AML Act of 2020. This month's noteworthy fine goes to Community Bank of Texas for lack of suspicious activity reporting and other AML controls.

2021 was an exciting year to be in the financial services industry given the transformation and innovation underway. DigiPli is proud to be part of the RegTech community bringing efficiency and simplicity to the complex yet critical regulatory infrastructure necessary to support financial services.

From our house to yours, we wish you a healthy and prosperous New Year.

What's been happening with AMLA 2020?



Since it went effective early in 2021, there's been an open question as to how much traction the industry would see from the Financial Crimes Enforcement Network (FinCEN) in implementing the requirements of the Anti-Money Laundering Act of 2020 (AMLA 2020). While there haven't been any drastic changes, FinCEN did take seven key steps towards the implementation of the new AML regime:

1. Issued a report on the Innovation Hours Program, a key element of FinCEN's broader Innovation Initiative;
2. Issued the first government-wide priorities for AML/CFT policy;
3. Submitted a report on FinCEN's assessment whether to establish a no-

AML Tip of the Month - DOJ warns of compliance crackdown



The new head of the Department of Justice's ("DOJ") Criminal Division, Kenneth Polite, had a very clear message for companies this month: the best defense is a good offense.

Polite is responsible for enforcing the DOJ's new corporate criminal enforcement policy. The policy emphasizes increased analysis of a company's full prior history of misconduct, disclosure of all relevant facts related to all individuals potentially involved in malfeasance, and renewed focus on monitorships to correct and deter future wrongdoing.

Polite's promise that government scrutiny of compliance programs will be "very rigorous," coupled with the DOJ's renewed emphasis on corporate enforcement and

action letter process for inquiries concerning the AML laws;

4. Published an Advance Notice of Proposed Rulemaking (ANPRM) to solicit comment on the implementation of BSA requirements to the antiquities trade;
5. Published an ANPRM to solicit comment on a potential rule to address the vulnerability of the U.S. real estate market to money laundering;
6. Following an ANPRM issued in April, issued a Notice of Proposed Rulemaking to implement the beneficial ownership information reporting provisions; and
7. Published a Request for Information on how to modernize risk-based AML/CFT regulations and guidance.

For further details, read the full article [here](#).

individual accountability, make corporate compliance programs ripe for review.

Companies can take initiative by:

- Reviewing the compliance program's structure and assessing the resources supporting the program, the compliance officer's access to information, and the degree of independence of the program;
- Conducting an enterprise-wide risk assessment to identify, evaluate, analyze, and prioritize the risks facing the company, including FCPA and IT concerns and the impact of cryptocurrency on the business, and evaluating whether the compliance program is designed to address those risks;
- Validating the effectiveness of the compliance program's testing, monitoring, and improvement functions; and
- Auditing the company's past misconduct, if any, identifying the root causes of the misconduct and the actors, testing controls in the areas previously at risk, and reviewing improvements to the compliance program as a result.

FFIEC updates BSA/AML Examination Manual

The Federal Financial Institutions Examination Council (FFIEC) released one new section and several updates to the Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Examination Manual. The [updates](#) can be found in the Introduction (new), Charities and Nonprofit Organizations, Independent Automated Teller Machine Owners or Operators and Politically Exposed Persons sections.

The updates don't create new requirements. Rather, in addition to providing further transparency into the examination process, they remind examiners that no specific customer automatically presents a higher risk. CCOs and AML officers can use these updates to gain insight into what regulators are looking for during the examination process, and to address potential red flags before they become larger issues.

US banking agencies' plans to regulate

Community Bank of Texas fined \$8 million BSA

cryptocurrency



Continuing the trend of increasing oversight of cryptocurrencies, on November 23 the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency (the “Agencies”) issued a [joint statement](#) describing their recent “policy sprints” regarding future cryptocurrency regulation.

The Agencies focused on several key areas applicable to banks’ involvement in this asset class, including cryptocurrency custody, facilitating customer transactions in cryptocurrency, loans collateralized by cryptocurrency, and other activities that may result in banks holding cryptocurrency. Throughout 2022, the Agencies will clarify whether it’s legal for banks to conduct these activities, and expectations for safety and soundness, consumer protection, and compliance with existing laws. The Agencies will also, together with Basel Committee, reevaluate US banks’ capital and liquidity standards for cryptocurrencies.

violations



FinCEN [announced](#) an \$8 million civil money penalty against Texas-based Community Bank of Texas (CBOT) for violating the Bank Secrecy Act (BSA). The [consent order](#) alleges CBOT failed to report hundreds of suspicious transactions to FinCEN involving illegal financial activity by its customers, and continued to knowingly process the transactions after becoming aware that certain customers were subjects of criminal investigations. According to FinCEN, the bank’s violations “caused millions of dollars in suspicious transactions to go unreported to FinCEN in a timely and accurate manner, including transactions connected to tax evasion, illegal gambling, money laundering, and other financial crimes.”

A separate but related [consent order](#) was issued by the OCC. CBOT's alleged internal control deficiencies, and other failures in its BSA/AML compliance program, “resulted in the failure to investigate and disposition alerts and violations of the suspicious activity reporting requirements” stated the regulator.

DigiPli empowers financial institutions to quickly and compliantly open customer accounts by delivering an end-to-end technology solution bundled with ongoing support from its AML experts

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