January 6, 2016

THE WALL STREET JOURNAL.

RISK & COMPLIANCE.

The Morning Risk Report: FinCEN's New Targets

By Samuel Rubenfeld

The U.S. Department of Treasury's Financial Crimes Enforcement Network, or FinCEN, spent the end of 2015 adding to its target list. For the first time, it imposed penalties **on a card club** and **on a precious metals dealer**. Experts told Risk & Compliance Journal it means FinCEN is following the money-laundering trail, and that it could be tidying up ahead of an international evaluation.

FinCEN is trying to "think outside the box," said Ellen Zimiles, a managing director of Navigant Consulting who leads the firm's global investigations and compliance practice. She said typical financial services areas have faced regulation and enforcement for years, and now FinCEN is trying to stop those seeking to go under the radar to launder or move their illicit funds. "FinCEN is trying to prevent movement of illicit money through illicit means outside typical financial institutions," she said. The targeted industries should be careful, she said, suggesting they "take a look at the way they're operating to make sure they're not being used inappropriately."

Meanwhile, Ross Delston, an anti-money laundering expert based in Washington, D.C., said the enforcement actions were "long overdue" for the affected industries, which have been subject to FinCEN's rules for years. "They're no longer exempt from requirements that are very much old news. They have to take more seriously anti-money laundering program requirements that in many cases they've been ignoring, avoiding or complying with on-the-cheap by doing as little as possible," he said. Mr. Delston speculated that the increased action on new targets is also coming ahead of a scheduled visit by an evaluation team from the Financial Action Task Force, an international body that sets anti-money laundering and counter-terrorist financing standards. "The Treasury is trying to show it's actively enforcing anti-money laundering laws," he said.