



## **FBI IS FOCUSED ON PROFESSIONAL SERVICE PROVIDERS**

James C. Barnacle, Chief of the Money Laundering Unit in the Financial Crimes Section, Criminal Investigation Division, of the FBI recently stated that there is a **RENEWED** emphasis on investigations targeting “money laundering” middlemen, also known as third-party facilitators. Barnacle said: “Our focus is on third-party facilitators”. “They include, among others, lawyers, accountants, and brokers with the ability to facilitate the process of moving money for dangerous criminal organizations. That’s who our targets are.”

The FBI has previously stated that Professional Service Providers (PSPs) in the US “don’t discriminate when it comes to the types of clients that they’re willing to serve”. This is unlike the UK and the EU, where the “entry point” to PSPs is regulated. As an example, in the UK and the EU, while US Law Firms are not obligated to report suspicious money transfers, law firms have reporting requirements. As a result, PSPs like lawyers, brokers and accountants are viewed as potential “conduits” for facilitating money laundering activities.

Some PSPs create entity structures. These structures can appear legitimate. However, without an Anti-Money Laundering (AML) program and training in place, PSPs can unknowingly assist clients with laundering money through them.

In our current AML environment, Financial Institutions are primary carriers of the AML burden. Banks are responsible for assessing account risk and reporting suspicious activity. Essentially, bank AML Programs vet clients for PSPs.

When the FBI wants to uncover money laundering economic crimes, it often turns to forensic accountants. Forensic accountants are trained to “follow the money”. The analysis of money flows and looking beyond the numbers often leads to a source of criminality. Moreover, independent forensic accountants can perform an expert witness role during a money laundering trial.

The US Attorney’s Office utilizes forensic accounting methodology for the identification, analysis, investigation and prosecution of terrorist activity including money laundering.

Forensic accountants:

- Find unreported assets
- Generate evidence trails
- Identify pattern of behavior that can lead to additional points of investigation
- Suggest if further investigation is warranted
- Establish records of information regarding a target
  
- May perform interviews and interrogations to extract information
- Complete data collection and its analysis

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Why would the FBI focus its emphasis on PSPs, including CPAs, when it utilizes forensic accountants to assist with money laundering investigations? As noted in Barnacle's comment: "The relationship we have with private industry is just as important as the partnerships we have with other government agencies and regulators". The FBI acknowledges that it needs a partnership with the private sector in order to combat money laundering. "Our mission would not succeed without our partnership with the private sector." This is important given that the rules governing independent testifying experts require impartiality, objectivity and independence.