
AML and Sanctions: 2017 Trends and Developments

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Over the past year, regulators continued to actively examine compliance, introduce new and heightened requirements, recalibrate global priorities, and aggressively pursue enforcement. This report reviews recent trends and developments impacting financial institutions with respect to the U.S. Bank Secrecy Act/Anti-Money Laundering (BSA/AML) and economic sanctions regulatory landscape.

It remains to be seen how the arrival of the Trump Administration will impact the government's approach and priorities in these areas. All current indications, however, are that BSA/AML and sanctions regulation are likely to remain a priority. Secretary of the U.S. Department of the Treasury (Treasury) Steven Mnuchin, for example, recently identified combating financial crime and terrorism financing as “core missions” of the Treasury in a statement supporting President Trump's discretionary budget proposal. That proposal spares the Treasury's financial crime units from reduced funding. In addition, other regulators at all levels continue to signal a sustained commitment to strengthening and policing the financial system's protections against financial crime.

Regulators in 2016 focused on strengthening anti-money laundering protections. A new BSA/AML rule intended to prevent criminals, kleptocrats, and others looking to hide ill-gotten proceeds from anonymously accessing the U.S. financial system was announced by the Financial Crimes Enforcement Network (FinCEN). The rule creates new requirements for customer due diligence and identification of beneficial owners—priorities that are likely to be at the top of the examination agenda, as compliance with the new rule becomes mandatory in 2018.

Other federal and state regulators also continue to play active roles. Prudential regulators focused on BSA/AML compliance in 2016, bringing over a half-dozen enforcement actions when significant deficiencies were identified. Securities regulators also focused on BSA/AML compliance in 2016, and have already signaled that BSA/AML issues will remain a priority for 2017. And at the state level, New York played a very active role in 2016 and appears poised to continue to do so with the rollout of new rules mandating certification of compliance with AML transaction monitoring and filtering program requirements, as well as new cybersecurity regulations.

Sanctions continue to play a central role in the U.S. government's response to geopolitical events, most prominently Iran's nuclear program, a deteriorated security situation in eastern Ukraine, and "normalized" relations between the United States and Cuba. Already in 2017, the Trump Administration has cautioned Iran that it is "on notice" concerning ballistic missile testing, and followed that warning with new designations of individuals and entities related to those activities. While sanctions policy is always responsive to world events that can be difficult to predict, 2017 is likely to be an especially challenging year for companies seeking to identify the most relevant risks, requirements and trends likely to arise in this area of law.

As to enforcement, 2017 began with the resolution of significant enforcement actions involving both BSA/AML and sanctions violations that carried hefty penalties, included criminal charges, and were the result of parallel investigations by multiple regulators that have become the hallmark of enforcement in recent years. While the frequency and size of enforcement actions in 2016 were less than in recent years, the start of 2017 suggests the broader trend remains in the direction of continued intense scrutiny.

This report highlights the most notable BSA/AML and sanctions developments in 2016 and into the first quarter of 2017.

[Read the full report.](#)

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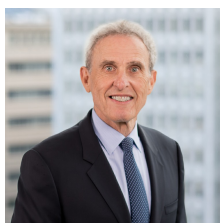
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