

ARTICLE



A TO Z OF MONEY LAUNDERING

INTERNATIONAL AML TERMS

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Kaizen and its consultants have over the years collated a series of abbreviations which are now compiled to assist with training and awareness of Financial Crime Prevention.

These pages give listings of AML abbreviations & terminologies which are often used in day to day dealings and conversations within the financial, corporate and legal world on issues pertaining to Antimoney Laundering, Compliance, Financial Crime and Terrorist Financing.

The listings which cover both "international and local" terminologies are meant to serve as a quick guide to commonly used phrases, terms, laws, acronyms etc and provide meaning and assistance to delegates in their appreciation and understanding of the AML related courses.

INTERNATIONAL AML TERMS:

A

ABS:	Association of Bankers	(Singapore)
ACAMS	Association of Certified Antimoney Laundering Specialists	(Miami, USA)
AFML	Asset Forfeiture and Money Laundering Section, Department of Justice	
AML	Anti Money Laundering	
AMLID	Anti-Money Laundering International Database	
APEC-	Asia Pacific Economic Cooperation	
APER	Code of Practice for Approved Persons	(United Kingdom)
APG	Asia Pacific Group	
APT	Asset Protection Trusts i.e. Flying Trusts	
ARA	Asset Recovery Agency	(United Kingdom)
ARS	Alternate Remittance Systems	
ASBJ	Accounting Standards Board of Japan	(Japan)
ATF	Bureau of Alcohol, Tobacco and Firearms, Department of Treasury	
AUSTRAC	Australian Transaction Reports and Analysis Centre.	

B

Basle Principles	These refer to the Core Principles for Effective Banking Supervision issued by the Basle Committee on Banking Supervision in recognition of the vulnerability of the financial sector to misuse by criminals. First issued in 1988.
BBA	British Banking Association (United Kingdom)
BCBS	Basle Committee of Banking Supervisors (Switzerland)
BCCI	Bank of Credit and Commerce International
Beneficial Owner	The natural person(s) who ultimately owns or controls a customer and/or the person on whose behalf a transaction is being conducted and who has the authority to fund, direct or manage the account.
BIS	Bank of International Settlements (Switzerland)
BJR	Best Judgement Rule
Black List	These countries are labelled as non-cooperative countries and territories (NCCT) on the list issued by the FATF. It points to those countries that lack adequate ML controls or are an impediment in the efforts of the fight against ML
BMPE	Black Market Peso Exchange
BOD	Board of Directors
BPI	Bribery Payers Index
BSA	Banking Secrecy Act (United States of America)
BSH	Banking Secrecy Havens
BSP	Basle Statement of Principles (Switzerland)
Bureau de Change	Money Exchange Office

C

CalPers	California Public Employees Retirement System (California, USA)
CAMS	Certified Antimoney Laundering Specialists
CAS	Country Assistance Strategy
CBP	Wolfsberg AML Principles for Correspondent Banking
CBT	Computer Based Training
CDD	Customer (Client) Due Diligence
CDPC	European Committee on Crime Problems - Council of Europe
CEO	Chief Executive Officer
CERES	Coalition of Environmentally Responsible Economies

CFATF	The Caribbean Financial Action Task force on Money laundering
CFATF	Caribbean Financial Action Task Force
CFO	Chief Financial Officer
CFT	Countering Financing of Terrorism
CFT	Combating the Financing of Terrorism
CG	Corporate Governance
CGS	Corporate Governance Scheme
Channeling Account	Used to receive, consolidate and retransfer laundered funds.
CHFI	Committee on Hemispheric Money Laundering
CICAD	Inter-American Drug Abuse Control Commission. It is an agency of the Organization of American States.
CICAD	Inter-American Drug Abuse Control
CICP	The Centre for International Crime Prevention
CIP	Customer Identification Program.
CMIR	Currency and Monetary Instrument Transportation Report.
Concentration account	Account in which funds of one or more customers are consolidated, pooled or commingled.
Concentration account	Also called clearing or omnibus account. Account used by a financial institution for bank-to-bank or administrative transactions. The USA PATRIOT Act prohibits use of concentration accounts for customer business because they hide the identity of the customer.
Confiscation	Forfeit funds or assets to a Government regulatory agency. Confiscation can result if the account holder commits a crime or holds fund from a money-laundering scheme. A key AML tool, it assumes all assets of a money launderer are derived from money laundering. So, in an account of \$1million, even if only \$1000 can be directly tied to money laundering, the Government can confiscate all \$1million.
COO	Chief Operating Officer
Core Principles	Refers to the Core Principles for Effective Banking Supervision issued by the Basel Committee on Banking Supervision, the Objectives and Principles for Securities Regulation issued by the International Organization of Securities Commissions and the Insurance Supervisory Principles issued by the International Association of Insurance Supervisors.
Correspondent Account	An account established to receive deposits from, make payments on behalf of a foreign financial institution or handle other financial transactions relates to such institution.
CPI	Corruption Perception Index

CSP	Company Service Provider
CSR	Corporate Social Responsibility
CTC	Counter Terrorism Community
CTF	Counter Terrorist Financing
CTR	Currency Transaction Reporting
CTR	Currency Transaction Report.
Currency and Monetary Instrument Transportation Report	(CMIR) Report to be filed with the Commissioner of Customs reporting bulk movement in or out of the U.S. of monetary instruments such as currency, bank checks, traveller's checks, bearer securities, money orders, negotiable instruments and similar instruments of over \$10,000.
Currency Transaction Report	(CTR) Report filed with FinCEN to report cash transactions of over \$10,000.
Customer Identification Program	(CIP) An Anti-Money Laundering provision requiring in part that companies must check their customers against lists of known money launderers, such as the OFAC-SDN list.

D

DCC	Downstream Correspondent Clearer: a correspondent banking client who receives banking services from an institution and itself provides correspondent banking services to other financial institutions in the same currency as the account it maintains with the institution as described by Wolfsberg AML principles
DDR	DDR
DEA	Drug Enforcement Administration (Agency), Department of Justice
Dealer (in Precious Metals, Stones and Jewels)	Any person "engaged in the business of purchasing and selling jewels, precious metals, or precious stones, or jewellery composed of jewels, precious metals or precious stones" (USA PATRIOT Act Section 103.140).
Department of Homeland Security	(DHS) The new cabinet-level Federal Government Department created to coordinate the anti-terrorist activities of 22 Government agencies. These include the Coast Guard, Customs and Immigration, FBI, Treasury, FEMA etc.
DNFBF	Designated non-financial businesses and professions: <ol style="list-style-type: none"> 1. Casinos 2. Real estate agents 3. Dealers in precious metals 4. Dealers in precious stones 5. Lawyers, notaries, other independent legal professionals and accountants (within professional firms) 6. Trust Company Service Providers that:
DPA	Data Protection Act, 1998 (United Kingdom)
DTA	Drug Trafficking Act, 1994 (United Kingdom Legislature)
DHS	Department of Homeland Security

E

EAG	Eurasian Group on Combating Money Laundering & Terrorist Financing
E-cash	Digital or Electronic Money
EDD	Enhanced Due Diligence
EEA	European Economic Area
EFCC	: Economic and Financial Crimes Commission (Nigeria)
EFT	Electronic Funds Transfer
Egmont Group	Egmont Group of Financial Intelligence Units: a number of financial Intelligence units in 1995 began working together in an informal organization known as Egmont group. Their agenda is to provide a platform for the FIUs to improve support to their respective national AML programs and liaison for the sharing of information.
ELMER	SOCA's Suspicious Activity Reporting Database (United Kingdom)
EP	Exposed Persons
ESAAMLG	Eastern and Southern African Anti Money Laundering Group.
ESOP	: Employee Share Ownership Plan (Programme)
ETC	: European Terrorism Convention
EU	European Union
Extradition	Legal surrender of a person to the jurisdiction of another state, country, or government for trial according to terms of extradition treaty.

F

FATF	Financial Action Task Force
FBAR	Foreign Bank and Financial Accounts Report
FBI	Federal Bureau of Investigation (United States)
FCPA	Foreign Corrupt Practices Act, (United States)
FDI	Foreign Direct Investments
FDIC	Federal Deposit Insurance Corporation (United States)
FID	Financial Investigations Division (Singapore)
FinCEN	Financial Crimes Enforcement Network (United States)
FINTRAC	Financial Transactions Report Analysis Centre (Canada)
FIU	Financial Investigative Unit
Foreign Shell Bank	Foreign Bank without a physical presence in any country and has no employees.

Forfeiture	When the government or a regulatory authority confiscates property or assets due to failure to comply with law.
Front company	Entity used in hiding the beneficial owner.
Front Company	It is the company used by the money launderer for the purpose of concealing the true identity of the owner.
FSA	Financial Service Authority (United Kingdom)
FSAP	Financial Sector Assessment Programme
FSC	Financial Service Centres
FSF	Financial Stability Forum
FSMA	Financial Services & Markets Act, 2000 (United Kingdom)
FSRB	Financial Action Task Force-Style Regional Body
FSSC	Financial Services Skills Council (United Kingdom)

G

G-7	Body of 7 countries: Japan, Germany, France, Italy, UK, USA & Canada
G-8 :	Body of 8 countries: USA, UK, Japan, Germany, France, Italy, Canada & Russia
G-10 :	11 members including G-7 members & Sweden Belgium, Holland and Switzerland
G-20	Finance Ministers & Central Bank Governors of 19 countries
GAFI	Groupe d'Action Financiere sur le blanchiment de capitaux. Name in France for Financial Action Task Force.
GAFISUD	South American Financial Action Task Force
Gatekeepers	Professionals such as lawyers, accountants, investment advisors that can block or expedite funds from entering the banking system. In certain cases, they can use their own accounts to effect entry and thereby hide the identity of the beneficial owner. The FATF recommendations encourage countries to apply their AML requirements for financial institutions to gatekeepers.
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GPML	Global Programme against Money Laundering

H

HIDTA	High Intensity Drug Trafficking Areas
HIFCA	High Intensity Financial Crime Areas
HNWIS	High Net Worth Individuals

IAIS	International Association of Insurance Supervisors	
IBC	International Business Companies	
ICA	International Compliance Association	
ICAEW	Institute of Chartered Accountants for England & Wales	
ICPC	Independent Corrupt Practices Commission	(Nigeria)
ID	Identification	
IEEPA	International Emergency Economic Powers Act	(US Legislature)
IFAC	International Federation of Accountants	
IFI-	International financial Institution	
IFT	Informal Funds Transfer	
IMAC	International Assistance in Criminal Matters	
IMF	International Monetary Fund	
INCSR	International Narcotics Control Strategy Report	
INL	Bureau for International Narcotics and Law Enforcement Affairs, Department of State	
Integration	Mentioned in the USA PATRIOT Act as the third and final stage of money laundering in which funds introduced into the financial system are invested or applied.	
Interbank account	An account held by one financial institution at another, primarily for facilitating customer transactions. Laundered funds deposited into a foreign bank can be seized and forfeited from the foreign bank's interbank account in the U.S.	
International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001	Title III of the USA PATRIOT Act. This section covers many of the Act's AML provisions	
INTERPOL	International Police Organisation	
IOSCO	International Organisation of Securities Commissions	
IRS	Inland Revenue Services	(United States)
IVTS	Informal Value Transfer System	

Jewel	Jewel means an organic substance with gem quality market-recognized value, and includes pearl, amber, and coral.	
JMLSG	Joint Money Laundering Steering Group	(United Kingdom)

K

KYB	Know Your Business
KYC	Know Your Customer (Client)
KYCB	Know your Correspondent Bank
KYCC	Know your Customers (Client's) Customer
KYE	Know Your Employee

L

Large Currency Transaction Form	Form 4789, on which cash transactions over \$10,000 must be reported.
Layering	In the USA PATRIOT Act, the stage of laundering in which the origin and trail of funds introduced into the financial system are hidden by creating layers of transactions. The stages are Placement, Layering and Integration.
LDC	Less Developed Countries
Legal Persons	Bodies corporate, foundations, partnerships, associations, or any similar bodies that can establish a permanent customer relationship with a financial institution or otherwise own property.
Long Arm Jurisdiction	Describes a country's extraterritorial reach. For instance, under the USA PATRIOT Act, the US can convict non-residents of crimes in which they participated while outside the US.

M

MACMA	Mutual Legal Assistance in Criminal Matters Act (Switzerland, Canada, Trinidad & Tobago)
MI	Management Information
MiFID	Markets in Financial Instrument Directive (United Kingdom)
ML	Money Laundering
MLA	Swiss Money Laundering Act, 1997 (Switzerland)
MLAC	Money Laundering Advisory Committee
MLAT's	Mutual Legal Assistance Treaties
MLCA	Money Laundering Control Act, 1984 (United States)
MLCC	Money Laundering Coordination Centre, U.S. Customs Service, Department of the Treasury
MLR	Money Laundering Regulations, 2007 (United Kingdom)
MLRO	Money Laundering Reporting Officer

MLSA	Money Laundering Suppression Act of 1994.	
MLTA	Money Laundering Threat Assessment	(USA & UK Reports)
MNC's	Multi-National Companies	
MONEYVAL	MONEYVAL : Council of Europe the Select Committee of Experts on the Evaluation of Anti- Money Laundering Measures	
MOU	Memorandum of Understanding	
MROS	Money Laundering Reporting Officer	(Switzerland)
MSB	Money Service Business	
Mutual Legal Assistance Treaty	Bilateral treaty to permit cooperation between countries to conduct investigations, gather evidence and secure witnesses.	
MVT	Money or Value Transfer	

N

NASD	National Association of Securities Dealers	(United States)
NASDAQ	National Association of Securities Dealers Automated Quotation	(USA)
NBFI	Non Banking Financial Institutions	
NCCT	Non Co-operative Countries and Territories	
NCIS	National Crime Intelligence Service (now SOCA)	(United Kingdom)
NFBP	Non-Financial Businesses and Professionals: These include casinos, real estate agents, dealers in precious metals, precious stones, lawyers, notaries and other legal professionals, accountants, trust and company service providers.	
NFI	Non-Financial Institutions	
NFTB	Non-financial Trades and Businesses	
NPO	Non-Profit Organization	
NYSE	New York Stock Exchange	

O

OAS	:	Organisation of American States	
OCC		Office of the Comptroller of the Currency	(United States)
ODCCP		United Nation's Office for Drug Control and Crime Prevention	
OECD	:	Organisation for Economic Co-operation and Development	
OFAC		Office of Foreign Assets Control	(United States)
OFC		Off Shore Financial Centre	

Offshore banking License License to conduct banking activities but prohibiting the licensee from banking with citizens or currency of the country granting that issued the license.

OGBS Offshore Group of Banking Supervisors

OTC Over-the-Counter

P

PACS Patriot Act Communications System

Palermo Convention A UN Convention against Transnational Organized Crime, 2000.

Payable-through Account Correspondent account opened at a depository institution by a foreign financial institution to engage, either directly or through a sub-account, in banking activities. Payable through accounts can hide the identity of a customer

PEFP Politically Exposed Foreign Persons (United States & Canada)

PEP Politically Exposed Persons

PFI Public Financial Initiative

Placement Mentioned in the USA PATRIOT Act as the initial money laundering stage in which criminally derived funds are introduced into the financial system. The stages are Placement, Layering and Integration.

POCA Proceeds of Crime Act, 2002 (United Kingdom)

PPP Public Private Partnership

Precious Metal Defined in the proposed regulations of the USA PATRIOT Act to include Gold, iridium, osmium, palladium, platinum, rhodium, ruthenium, or silver, having a level of purity of 500 or more parts per thousand; and an alloy containing 500 or more parts per thousand, in the aggregate, of two or more of the metals listed (above).

Precious Stone Defined in proposed regulations of the USA Patriot Act "to include inorganic substances that have a market-recognized gem level of quality, beauty, and rarity and value, and includes diamond, corundum (including rubies and sapphires), beryl (including emeralds and aquamarines), chrysoberyl, spinel, topaz, zircon, tourmaline, garnet, crystalline and cryptocrystalline quartz, olivine peridot, jadeite jade, nephrite jade, spodumene, feldspar, turquoise, lapis lazuli, and opal.. ...precious stones of industrial quality are not covered by the Act.

Predicate Offences Crimes underlying money laundering or terrorist finance activity. Initially, these were drug-related offences, which continue to be the primary predicate offences. Most countries have broadened the definition of predicate offences to include any serious crime.

Private Banking Account Special accounts for high-net worth individuals in which an individual "private banker" coordinates the financial institution's services with the customer's requirements. Accounts generally require a minimum balance of US\$1 million. Transactions tend to be marked with confidentiality, complex beneficial ownership arrangements, offshore investment vehicles, tax shelters, and credit extension services. Private banking is viewed by many governments as vulnerable to money laundering.

ProNED Professional Non-Executive Directors

PTA Payable Through Accounts

R

RBA		Risk Based Approach
RDD	:	Retrospective Due Diligence
Red Flag		An alert that signals possible money-laundering or terrorist financing. Red flags require investigation and possibly filing an SAR.
Repatriation of Assets		If funds or assets are transferred out of U.S. jurisdiction by a suspected launderer, FinCEN may obtain a subpoena for their return to the U.S.
Risk Matrix		Chart to assess customer risk based on pre-defined variables, such as location, nature of business, etc.
ROE		Return on Equity
RORG		Reporting Officers Reference Guide
ROSC		Report on Observance of Standards and Codes

S

Safe Harbour		Protects persons or agencies disclosing or reporting suspicious activity in good faith from civil liability to person that was reported.
SAR	:	Suspicious Activity Reporting
SAR-SF		The form used to report suspicious activity. Includes transactions involving proceeds derived from illegal activity or from a plan to violate federal regulations, to avoid reporting requirements and to facilitate criminal activity.
SBA	:	Swiss Banking Association (Switzerland)
SDD		Simplified Due Diligence
SDJ		Specially Designated Jurisdictions
SDN List		Specifically Designated Nationals and Blocked Persons List. List of individuals and companies known by U.S. Treasury to be money launderers.
SDN		Specially Designated Nationals
SDO		Specially Designated Operations
SEC		Securities & Exchange Commission
SFBC		Swiss Federal Banking Corporation
SFO		Serious Fraud Office
SGX		Singapore Exchange
Shell Bank		A bank incorporated in a jurisdiction in which it has no physical presence, and which is unaffiliated with a regulated group.
SIA		Securities Industry Association (United States)

SIMEX	Singapore International Monetary Exchange	(Singapore)
SME	Small & Medium Scale Enterprise (or) Subject Matter Expert	
Smurfing	Using structured transactions or multiple small bank accounts to evade reporting requirements	
SOCA	Serious Organised Crime Agency	(United Kingdom)
Special Recommendations	Nine Special Recommendations on Terrorist Financing issued by FATF	
SPV	Special Purpose Vehicles	
SRO	Self-Regulatory Organization	
STR	Suspicious Transacting Reporting	
Strasbourg Convention	Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime (1990)	
STRO	Suspicious Transaction Reporting Officer	
STR	Suspicious Transaction Reports.	
Structured Transaction	Attempt to evade cash or other reporting requirements by a composite of small transactions or by other devices	
Substitute property:	If funds or assets are transferred out of U.S. jurisdiction by a suspected launderer, FinCEN may obtain a subpoena to seize property of equivalent value from the suspected launderer.	
Suspicion	Doubt based on some foundation extending beyond speculation but not necessarily sufficient to constitute a belief.	
Suspicious Activity Report	(SAR) Report filed with FinCEN to report suspected money laundering activity. Financial institutions are required to file SAR's within 30 days of detection of suspicious activity if the suspect is known, 60 days if not known. Dealers in precious metals and stones are not required to file SAR's but are encouraged to do so.	
Suspicious Activity	Relates to funds from illegal activity, hiding the source of funds, or circumventing reporting requirements or activity inconsistent with a customer's business or industry practice.	
SWF's	Sovereign Wealth Funds	
SWIFT	Society for Worldwide Inter-bank Financial Telecommunication	
SYSC	Senior Management Arrangements, Systems & Control	(United Kingdom)

Tax Haven Countries	Countries who offer special tax incentives/avoidance to foreign investors and depositors
TCF	Treating Customers Fairly
TCSP's	Trust and Company Service Providers

Terrorist Financing	Funding sources and infrastructure used by terrorist groups. Characterized by hiding sources and divorcing them from the terrorist activity they support. State-supported financing is becoming less common. Much activity is through charities. Smuggling, kidnapping, credit card fraud and other illegal activities are also used.
TI	Transparency International
TIEA	Tax Information Exchange Agreements (USA & Agreements with tax havens)
Treasury Department	Anti-money laundering responsibility and decision-making authority rests with the Secretary of the Treasury. Treasury is the centre of the U.S. anti-money laundering effort. Policymakers at the Treasury make all substantive policy decisions involved in rulemaking. The rules are developed with input from all interested parts of the Federal Government enforcement and coordination are centralized at the Treasury Department.
Typology	A term used by the FATF to describe money laundering and terrorist finance methods and techniques.

UHNWIS	Ultra High Net worth Individuals
UN	United Nations
UNDCP	United Nations Drug Control Programme
UNGPML	United Nations Global Programme on Money Laundering
UNODC	United Nations Office on Drugs & Crime
UNSCCTC	United Nations Security Council Counter Terrorism Committee
US Patriot Act	Uniting (and) Strengthening America (by) Providing Appropriate Tools Required (to) Intercept (and) Obstruct Terrorism Act of 2001

Vienna Convention	Made money laundering an international offense in 1988 for which signatories agreed to extradition.
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VSP's	Vital Service Providers
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WB	Wolfsberg AML Principles
WGB	OECD Working Group on Bribery in International Business Transactions
Wilful Blindness	Deliberate avoidance of knowledge of the facts. Permitting illegal activity knowing it was taking place. The standard of what constitutes knowledge is a legal definition. In the US, this generally means knowing or suspecting. The fringe question is whether a party should have known, given the facts or circumstances, or whether knowledge was deliberately avoided. A person found wilfully blind is treated under the law as though he or she had had actual knowledge. (In UK it is referred to as Nelsonian Blindness)
Wolfsberg Group	Leading international banks formulating AML guidelines, procedures and preventive measures.



ABOUT KAIZEN COMPLIANCE SOLUTIONS

Kaizen (www.kaizencs.co.uk) is a niche financial crime prevention specialist firm composed of practitioners who specialise in and have years of hands on experience and proven talent in areas of AML, Sanctions and AB&C risk management, advisory and training services. We listen and understand your need, identify the problem and proffer bespoke and lasting solutions that work for your market, your regulatory requirement and beneficial to your business and clientele. Kaizen's highly experienced professionals are result-orientated individuals and we provide a unique perspective on a wide range of critical compliance based business issues for clients in the United Kingdom, Europe, Africa, the Middle East, Americas and Asia-Pacific.

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