



*Money Laundering and Financing of Terrorism*

*Lavado de dinero y financiamiento del terrorismo*

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# ***AML/CFT: United States***

- The United States Federal Government has ultimate authority over AML and CFT activities:
  - **Agency:** Financial Crimes Enforcement Network (FinCEN) of the US Department of Treasury
  - **Laws:**
    - The Bank Secrecy Act (BSA) of 1970
    - The Money Laundering Control Act Of 1986
    - The Suspicious Activity Report Act of 1996
    - The USA PATRIOT Act of 2001



# ***Individual States and AML Activities***

- Many states also have individual AML laws
- State attorneys general typically prosecute these cases
- States will also work with the United States Attorney, Department of Justice or Federal Bureau of Investigation on AML cases



# ***18 USC 1033/1034: Insurance Fraud Prevention Act***

- Enacted in 1994
- Federal criminalization of insurance fraud
- Increased participation from Organized Crime (Mob)
- Persons convicted of a felony crime of dishonesty or breach of trust cannot participate in the business of insurance without Commissioner's permission



## ***Iowa 1033 case***

- Mr. Adarelegbe employed with an Iowa domestic insurance carrier
- Prior conviction for identify theft
- No consent from Insurance Commissioner
- Sentenced to federal prison for 5 months



# *Iowa Case of AML*

- Phyllis Stevens (59)
- Marla Stevens (58)
- Iowa residents
- Stolen from Iowa insurer, Aviva, their employer
- \$5.9 million dollars funneled
- Plead guilty



# ***Bernie Madoff Case***

- Bernie Madoff was a financial advisor/investor
- Carried out very large Ponzi scheme
- Stole billions from people around the world
- Original charges included money laundering
- Plead guilty in 2008
- Prison for 150 years
- \$171 BILLION in restitution



# ***NAIC Financial Examination Handbook***

- The NAIC Financial Examination Handbook
  - Used by all states in their examination of companies
  - Recommends notification to FinCEN and/or federal authorities of AML concerns





# ***ICP 28 and the United States***

- NAIC members answered ICP 28 during our FSAP to the best of our abilities
- The US Treasury Department is the recognized authority for AML, not the insurance regulators
- US advocated for recognition of the split in jurisdiction in this area
- US indicated FATF compliance



# ***ICP 28 and the United States, Cont'd***

- Look seriously at all of the recommendations from our FSAP
- Working with FinCEN to update NAIC Financial Examination Handbook
- Will coordinate our efforts with Federal authorities
- Provide support as best we can



# ***The New AML/CFT ICP 22***

- The US is very supportive of the newly proposed ICP 22
- Important for laws to keep up with schemes
- Active member of the IAIS working group reviewing this ICP
- Observation of the new ICP looks good!





Questions???