



2022 Annual Conference

May 16 –18 | Washington, DC | Hybrid Event

Challenges Facing Firms in Monitoring AML and Protecting Against Fraudulent Activities

Tuesday, May 17, 2022

9:45 a.m. – 10:45 a.m.

This session reviews challenges facing firms in monitoring and protecting against fraudulent activities. Join FINRA staff and industry panelists as they provide examples of effective controls their firms have put into place to address AML risks.

Moderator: Gargi Sharma
Director, Special Investigation Unit
FINRA Member Supervision

Panelists: Chris Covington
Assistant Special Agent in Charge - Pandemic Response Accountability
Committee (PRAC)
Council of the Inspectors General on Integrity and Efficiency (CIGIE)

Sarah Green
Global Head of Financial Crimes
The Vanguard Group Inc.

Kara Williams
Senior Principal Investigator, Special Investigation Unit
FINRA Member Supervision

Challenges Facing Firms in Monitoring AML and Protecting Against Fraudulent Activities

Panelists Bios:

Moderator:



Gargi Sharma is Investigative Director within FINRA's Special Investigation Unit and supports a team of five investigators who conduct complex Anti-Money Laundering and Fraud investigations. Ms. Sharma is also involved with identifying industry trends that pose compliance risk, especially related to Anti-Money Laundering, and providing training internally within FINRA and to the industry. Ms. Sharma is a Certified Anti-Money Laundering Specialist and graduated from the University of Texas with bachelor's and master's degrees in Finance and Accounting. Ms. Sharma works from FINRA's Florida Office and has been with FINRA for 13 years.

Panelists:



Chris Covington is the Joint Operations Manager at the Pandemic Response Accountability Committee (PRAC). He joined the PRAC in April 2021 after a brief stint at the Healthcare Fraud Prevention Partnership. Mr. Covington manages the PRAC Fraud Task Force which has 41 agents from 12 Offices of Inspector General. The task force is focused on Pandemic loan fraud involving the Paycheck Protection Program and Economic Injury Disaster Loan program. Mr. Covington retired from the U.S. Department of Health and Human Services Office of Inspector General in September 2020. During his 21-year career, he served as both a Special Agent and Assistant Special Agent in Charge. Mr. Covington is Phi Beta Kappa graduate of the University of Tennessee and holds a master's degree in political science from Vanderbilt University.



Sarah D. Green is Global Head of Financial Crimes Officer for Vanguard Group, Inc. She joined Vanguard in December, 2017 and leads compliance teams responsible for Vanguard's anti-money laundering (AML), trade surveillance, anti-bribery and corruption and sanctions programs. She worked previously as the Senior Director for AML Compliance at FINRA, where she supervised FINRA's dedicated AML examination unit and coordinated FINRA's AML enforcement cases. Ms. Green was also responsible for FINRA AML guidance and external training of financial industry professionals domestically and internationally, and she represented FINRA on the Bank Secrecy Act Advisory Group. Previously, she was the Bank Secrecy Act

Specialist in the Division of Enforcement's Office of Market Intelligence (OMI) at the U.S. Securities and Exchange Commission (SEC). In this role, she oversaw the Commission's review and use of suspicious activity reports (SARs) and worked with Enforcement staff on AML matters. Prior to joining OMI, Ms. Green was a branch chief in the Office of Compliance Inspections and Examination at the SEC, managing the Commission's AML examination program for broker-dealers, including developing examination modules, conducting training for SEC and self-regulatory organization (SRO) staff and coordinating with the SROs on all aspects of AML examination and enforcement. Prior to joining the SEC, Ms. Green was an associate attorney in the Corporate and Securities practice group at Gardner Carton & Douglas LLP. Ms. Green received her J.D. from the William and Mary School of Law and her B.A. from Hamilton College.



Kara Williams is Senior Principal Investigator in the Special Investigation Unit at FINRA, where she conducts complex AML and Fraud investigations. In addition to her regulatory experience, Ms. Williams is also actively involved with FINRA's Advanced Analytics Program. During her 8 years at FINRA, Ms. Williams has served in various investigative roles identifying high risk activity within Member Supervision and the National Cause and Financial Crimes Detection Programs.

Challenges Facing Firms in Monitoring AML and Protecting Against Fraudulent Activities

Panelists

○ Moderator

- Gargi Sharma, Director, Special Investigation Unit, FINRA Member Supervision

○ Panelists

- Chris Covington, Assistant Special Agent in Charge - Pandemic Response Accountability Committee (PRAC), Council of the Inspectors General on Integrity and Efficiency (CIGIE)
- Sarah Green, Global Head of Financial Crimes, The Vanguard Group Inc.
- Kara Williams, Senior Principal Investigator, Special Investigation Unit, FINRA Member Supervision

To Access Polling

- **Please get your devices out:**

- Type the polling address, <https://finra.cnf.io/sessions/saj2> into the browser or scan the QR code with your camera.



- Select your polling answers.

Polling Question 1

1. Have you read the relevant sections of the FINRA's Report on Examination and Risk Monitoring and SEC Examination Priorities?
 - a. Yes
 - b. No
 - c. What are these?

Polling address: <https://finra.cnf.io/sessions/saj2>



Polling Question 2

2. How informed are you on different types of Cyber-Enabled Financial Crimes, and related red flags and effective practices?

- a. Very informed
- b. Somewhat informed
- c. Not informed at all
- d. Does not apply to my firm

Polling address: <https://finra.cnf.io/sessions/saj2>



Polling Question 3

3. How has your firm staying abreast of the recent sanctions?

- a. Treasury/OFAC website
- b. FinCEN Advisories
- c. FINRA Notices
- d. All or some of the above
- e. Does not apply to my firm

Polling address: <https://finra.cnf.io/sessions/saj2>





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Resources:

FinCEN's Resources:

- FinCEN's, *Advisory to Financial Institutions on Cyber-Events and Cyber-Enabled Crime* (October 2016)
www.fincen.gov/sites/default/files/advisory/2016-10-25/Cyber%20Threats%20Advisory%20-%20FINAL%20508_2.pdf
- FinCEN's, Frequently Asked Questions (FAQs) regarding the Reporting of Cyber-Events, Cyber-Enabled Crime, and Cyber-Related Information through Suspicious Activity Reports (SARs) (October 2016)
www.fincen.gov/frequently-asked-questions-faqs-regarding-reporting-cyber-events-cyber-enabled-crime-and-cyber
- FinCEN's, *Advisory on Cybercrime and Cyber-Enabled Crime Exploiting the Coronavirus Disease 2019 (COVID-19) Pandemic* (July 2020)
www.fincen.gov/sites/default/files/advisory/2020-07-30/FinCEN%20Advisory%20Covid%20Cybercrime%20508%20FINAL.pdf
- FinCEN's, *Advisory on Ransomware and the Use of the Financial System to Facilitate Ransom Payments* (October 2020)
www.fincen.gov/sites/default/files/advisory/2020-10-01/Advisory%20Ransomware%20FINAL%20508.pdf
- FinCEN's AML and Countering the Financing of Terrorism National Priorities and Statement – June 2021
www.fincen.gov/news/news-releases/fincen-issues-first-national-amlcft-priorities-and-accompanying-statements
[www.fincen.gov/sites/default/files/shared/Statement%20for%20Non-Bank%20Financial%20Institutions%20\(June%2030%2C%202021\).pdf](http://www.fincen.gov/sites/default/files/shared/Statement%20for%20Non-Bank%20Financial%20Institutions%20(June%2030%2C%202021).pdf)

FINRA Resources:

- FINRA Regulatory Notice 22-06, *U.S. Imposes Sanctions on Russian Entities and Individuals* (February 2022)
www.finra.org/rules-guidance/notices/22-06

- FINRA Regulatory Notice 21-36, *FINRA Encourages Firms to Consider How to Incorporate the Government-wide Anti-Money Laundering and Countering the Financing of Terrorism Priorities Into Their AML Programs* (October 2021)

www.finra.org/rules-guidance/notices/21-36

- FINRA Regulatory Notice 21-18, *FINRA Shares Practices Firms Use to Protect Customers From Online Account Takeover Attempts* (May 2021)

www.finra.org/rules-guidance/notices/21-18

- FINRA Regulatory Notice 21-14, *FINRA Alerts Firms to Recent Increase in ACH “Instant Funds” Abuse* (March 2021)

www.finra.org/rules-guidance/notices/21-14

- FINRA Regulatory Notice 21-03, *FINRA Urges Firms to Review Their Policies and Procedures Relating to Red Flags of Potential Securities Fraud Involving Low-Priced Securities* (February 2021)

www.finra.org/rules-guidance/notices/21-03

- FINRA Regulatory Notice 20-32, *FINRA Reminds Firms to Be Aware of Fraudulent Options Trading in Connection with Potential Account Takeovers and New Account Fraud* (September 2020)

www.finra.org/rules-guidance/notices/20-32

- FINRA Regulatory Notice 20-13, *FINRA Reminds Firms to Beware of Fraud During the COVID-19 Pandemic* (May 2020)

www.finra.org/rules-guidance/notices/20-13

- FINRA Regulatory Notice 19-18, *FINRA Provides Guidance to Firms Regarding Suspicious Activity Monitoring and Reporting Obligation* (May 2019)

www.finra.org/rules-guidance/notices/19-18

- FINRA Unscripted Podcast - Overlapping Risks, Part 1: Anti-Money Laundering and Cybersecurity

www.finra.org/media-center/finra-unscripted/aml-cybersecurity

- FINRA Unscripted Podcast - At, By or Through: Fraud in the Broker-Dealer Industry

www.finra.org/media-center/finra-unscripted/fraud-broker-dealer-industry

- FBI Cyber Threat Briefing Series

www.finra.org/events-training/conferences-events/fbi-cyber-threat-briefing-series

- 2022 Report on FINRA’s Examination and Risk Monitoring Program (February 2022)

www.finra.org/rules-guidance/guidance/reports/2022-finras-examination-and-risk-monitoring-program

- FINRA Firm Checklist for Compromised Accounts
www.finra.org/rules-guidance/key-topics/customer-information-protection/firm-checklist-compromised-accounts
- FINRA Firm Identity Protection
www.finra.org/rules-guidance/guidance/firm-identity-protection
- FINRA's Sanctions Alert: Russia-Related Sanctions
www.finra.org/rules-guidance/key-topics/aml/sanctions-alert-russia-related-sanctions-022822
- SEC Regulation S-ID – Includes Identify Theft Red Flags Rule Template
www.finra.org/rules-guidance/key-topics/customer-information-protection/ftc-red-flags-rule

Other Resources:

- U.S. Department of the Treasury Press Release, *Treasury Publishes National Risk Assessments for Money Laundering, Terrorist Financing, and Proliferation Financing* (March 2022)
www.home.treasury.gov/news/press-releases/jy0619
- U.S. Department of the Treasury, OFAC's Information Hub for Ukraine-Russia Related Sanctions
www.home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions
- SEC Risk Alert: *Compliance Issues related to Suspicious Activity Monitoring and Reporting* (March 2021)
www.sec.gov/files/aml-risk-alert.pdf
- SEC Staff Bulletin: *Risks Associated with Omnibus Accounts Transacting in Low-Priced Securities*
www.sec.gov/tm/risks-omnibus-accounts-transacting-low-priced-securities
- FBI Internet Crime Complaint Center IC3
www.ic3.gov/Home/ComplaintChoice/default.aspx
- The Federal Reserve - Synthetic Identity Fraud Mitigation Toolkit
www.fedpaymentsimprovement.org/synthetic-identity-fraud-mitigation-toolkit/?utm_campaign=20220405_NFS_PR_IRP_SIF%20Toolkit%20Phase%202.1_FPI%20Community&utm_medium=email&utm_source=Eloqua

Emails

- Common nomenclature
- Email dotting
- Questionable domains

**Secure Email
Based in Switzerland**

We have chosen Switzerland as our home because we believe it provides strong legal privacy protections.

Top 6 Disposable Email Address Services

Use a disposable email address to eliminate spam from your inbox

Disposable Email Address - Stay Protected always!

Virtual Mailbox Services

US Global Mail 

 PostScanMail

 EARTH CLASS MAIL

ANYTIME
MAILBOX


iPostal1
The Complete Digital Mailbox

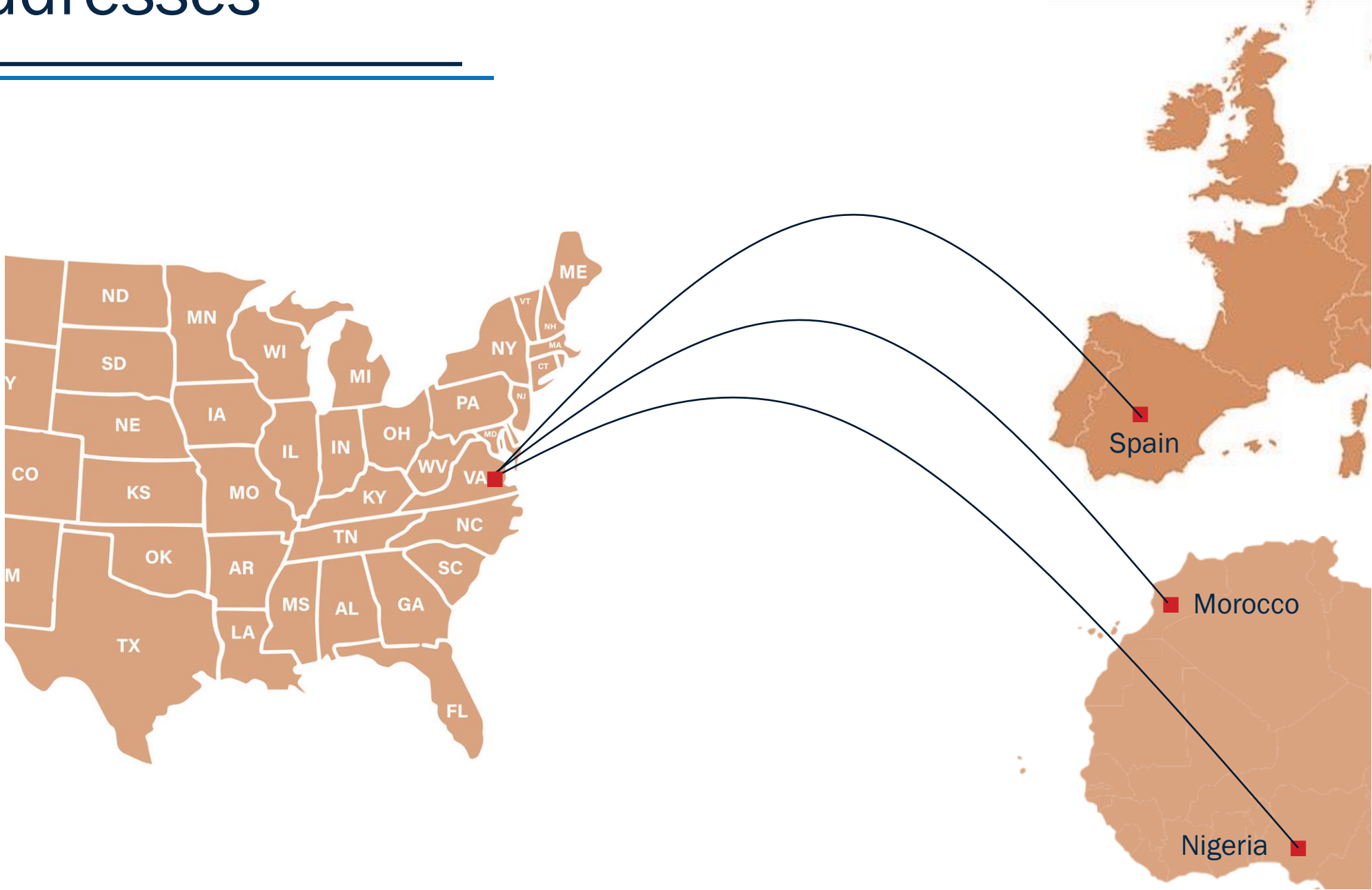

Virtual Post Mail


pobox
zone

 digital mailroom™

PhysicalAddress.com

IP Addresses



Cryptocurrency

- There are over 25,142 crypto ATMs in the United States
 - Canada: 2,267
 - European Union: 1,396

