

Money Laundering

What is keeping you
awake at night?

Today's transactions
could be tomorrow's
headlines—don't let
sophisticated schemes
and criminals put you
on the front page.

What is money laundering?

Money laundering is the funneling of cash or other funds generated from illegal activities through legitimate businesses to conceal their initial source. It is a global activity conducted by international financial crime and—like the illegal activities that give it sustenance—seldom respects local, national or international jurisdiction. Current estimates of the global annual gross money laundering product range from \$900 billion to \$2.25 trillion.¹

Money laundering exposes businesses and employees to criminals and criminal activity, which can result in a poor, tarnished public image, costly litigation, severe criminal and civil penalties, and complete business failure. The direct cost of penalties and specific transaction losses is fairly easy to estimate. However, damage to reputation, goodwill and careers is not. One of a CEO's worst nightmares is to pick up a major newspaper in the morning and see a scandalous headline alleging links to international financial crime.

Who's at risk?

Virtually all providers of financial services and foreign trade are vulnerable to money launderers and money laundering, and bear substantial reputational, compliance, operational and strategic risk.

Questions boards and management are asking

Reacting to these trends and concerns, boards and senior management of the largest and best-managed businesses are asking these questions:

- How well do we understand our money laundering risk and how it percolates throughout our operations, business lines, units and activities, products, and jurisdictions?
- How can we fortify and integrate an effective, enterprise-wide money laundering deterrence program within our overall governance structure?
- How well do we make a compelling case to regulators that we manage our money laundering risk effectively?
- How effective are our controls and how do they measure up against those of our competitors and industry standards?

¹ Source: *Money Laundering*. (2008). Retrieved May 4, 2009, from Royal Canadian Mounted Police: Money Laundering Website: <http://www.rcmp-grc.gc.ca/poc-pdc/lauder-blanchir-eng.htm>

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- Are there opportunities to make our anti-money laundering controls more efficient and effective at the same time?
- Can we reduce our costs without compromising the outcome?
- How well do we know our customers, distributors, retailers, contractors and employees?
- Do we know the sources of funds? Do we have the means to really know who we are dealing with?
- How can we improve our radar screen—our ability to detect illicit activity and improve our global, corporate security?
- What preventative steps can we take to prevent “accidents,” like irrevocable damage to reputation, before they happen?

How can we help?

With more than 155,000 people in 153 countries around its global network of member firms, PwC is the global leader in the professional services industry. PwC’s multi-disciplinary team, including forensic, regulatory and forensic technology experts, offers a customized range of services, tailored to meet the needs of your organization. Our extensive forensic and regulatory compliance experience has helped many clients to achieve compliance with regulatory requirements.

The scope of services we offer includes the following:

- Regulatory/best practice compliance reviews
- Development of compliance programs including policies, procedures, advice on new regulations, compliance monitoring and “independent testing”
- Know Your Customer program development/deployment
- Customer file due diligence reviews
- Internal training and communication
- Methods and procedures for identifying, tracking and reporting suspicious transactions
- Investigations and assistance with responses to regulatory enforcement
- Remediation projects – project management, resources, benchmarking to industry practice
- Best practices in money laundering risk management/good governance
- Analysis of money laundering risks based on customer type/products offered/locations
- Business process and control assessment (account opening, operational monitoring, compliance monitoring, analytical processes)
- Third-party vulnerability assessments