

BANKING ALERT

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Community Bank Pays \$8.2 Million Penalty for Money Laundering Violations

Saddle River Valley Bank (SRVB), a two-branch New Jersey community bank whose assets were acquired by Center Bancorp Inc. in 2012, has agreed to pay \$8.2 million to settle claims that it violated anti-money laundering laws.

U.S. Attorney Paul Fishman, in conjunction with the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) and the Office of the Comptroller of the Currency, investigated SRVB and found that the bank failed to properly monitor transactions totaling more than \$1 billion from three currency exchange businesses, known as "casas de cambio" in Mexico and one in the Dominican Republic. The U.S. Drug Enforcement Agency has previously identified casas de cambio as a major money laundering threat related to the transfer and concealment of proceeds from the sale of illegal narcotics.

In what should serve as a warning to other community banks around the country in regards to compliance with anti-money laundering regulations and the Bank Secrecy Act (BSA), the complaint filed by the U.S. Department of Justice indicates that SRVB failed to:

- appropriately monitor at least \$1.5 billion in transactions conducted on behalf of the casas de cambio;
- properly detect and report suspicious activity within the casas de cambio accounts and file Suspicious Activity Reports in a timely manner;
- conduct sufficient enhanced due diligence on the casas de cambio
- employ a Bank Secrecy Act officer or other personnel with sufficient experience to operate an Anti-Money Laundering (AML) program;
- provide adequate training to its employees concerning anti-money laundering, and;
- retain qualified periodic independent testers for its Anti-Money Laundering program as required by the BSA.

The SRVB settlement clearly demonstrates the importance of BSA compliance and the maintenance of programs designed to detect and report suspicious activity that might be indicative of money laundering or other financial crimes.

For further information on BSA compliance and AML programs, please contact the following Roetzel attorneys:

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