



Anti Money Laundering Audit

M&A/Investment Banking

The following audit procedures are designed to test and review the Firm's Anti-Money Laundering Compliance Program (AMLCP). Please note that any yes or no answers that are outlined may indicate a regulatory problem.

Name of person conducting the audit? _____

Audit Date: _____

Audit Period: ____/____/____ - ____/____/____

Initial Analysis

Number of registered employees: _____

Total number of employees: _____

Number of registered principals: _____

Number of offices: _____

Number of customer complaints during the review period: _____

Number of Suspicious Activity Reports filed during the review period: _____

Name of AML Compliance Officer: _____

Date Assumed Responsibility: _____

Name of Chief Compliance Officer: _____

Date Assumed Responsibility: _____

Describe the firm's business operations:

Describe any AML issues noted in the last FINRA, SEC or state regulators examination or audit reviews:

Independence and Qualifications Test

FINRA rules require that the person who conducts this review must be an independent person. The following are questions that will help the firm determine if the person conducting the review is independent. "No" answers indicate a lack of independence.

	Yes	No
Did the firm ensure that the person conducting this review is NOT the Anti Money Laundering Compliance Officer (AMLCO)?	<input type="checkbox"/>	<input type="checkbox"/>
Did the firm ensure that the person conducting this review is NOT responsible for reconciling the firm's bank accounts?	<input type="checkbox"/>	<input type="checkbox"/>
Did the firm ensure that the person conducting this review is NOT responsible for wire transfers for the firm and its customers?	<input type="checkbox"/>	<input type="checkbox"/>
Did the firm ensure that the person conducting this review is NOT responsible for approving new customer accounts?	<input type="checkbox"/>	<input type="checkbox"/>
Did the firm ensure that the person conducting this review is not the CPA who preformed the annual audit of the firm's financial statements?	<input type="checkbox"/>	<input type="checkbox"/>
Is the person conducting this review adequately knowledgeable about the federal money laundering rules that apply to the firm?	<input type="checkbox"/>	<input type="checkbox"/>
Does the person conducting this review understand all of the Bank Secrecy Act rules and regulations?	<input type="checkbox"/>	<input type="checkbox"/>
Does the person conducting this review understand FINRA AML rules and regulations?	<input type="checkbox"/>	<input type="checkbox"/>
Does the person conducting this review understand Section 311 of the PATRIOT Act?	<input type="checkbox"/>	<input type="checkbox"/>
Does the person conducting this review understand the Joint and Travel Rules?	<input type="checkbox"/>	<input type="checkbox"/>

AML Independence Rationale

Please describe the rationale as to why the person conducting this audit is independent.

Anti-Money Laundering Compliance Officer

Did the firm identify the AMLCO on Schedule A of Form BD?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Did the firm identify the AMLCO on the FINRA NCS Questionnaire?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Approval of the AML Program

Did the firm's Executive Representative approve the AML Program in writing?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

General Policy

Does the Firm strictly prohibit all persons associated with the Firm from engaging in the laundering of money or any other organized illegal activity?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Does the Firm and its management appear to be firmly committed, to prevent any money laundering or terrorist funding activities by any of the firm's customers, affiliates or employees?

<input type="checkbox"/>	<input type="checkbox"/>
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Does management have an "open door" policy regarding AML issues?

<input type="checkbox"/>	<input type="checkbox"/>
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Does the Chief Compliance Officer have an adequate knowledge of the Money Laundering Rules that apply to the firm?

<input type="checkbox"/>	<input type="checkbox"/>
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Does senior management appear to have adequate knowledge as to what the firm's money laundering obligations are?

<input type="checkbox"/>	<input type="checkbox"/>
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Does management appear to support the firm's Money Laundering Program.

<input type="checkbox"/>	<input type="checkbox"/>
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AML Written Supervisory Procedures

Complete the AML WSP Checklist and answer the following questions:

Did the firm's WSP address all of the topics covered in the AML WSP Checklist?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

If no, did the firm update its WSP to cover all of the areas on the checklist?

<input type="checkbox"/>	<input type="checkbox"/>
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Customer Account Review

Obtain a sample of transaction files and select a sample of at least 3 review the deal files and answer the following questions.

Number of accounts/transactions reviewed: _____

Accounts/Transactions/Deals Reviewed (attach a separate sheet if necessary)

List out all of deal files that are being reviewed:

Deal Name	Type of Deal (Reg D, DPP, etc.)	Deal Description
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_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Attach additional pages as needed

All Accounts, including subscription based transactions and M&A deal files, must include certain customer identification information. Please note that this list only addresses the customer identification requirements and does not address suitability or due diligence requirements. Please indicate below how many deal/client files were missing the following information.:

Institutions

Name of the customer and parties to the transaction _____

OFAC check on the institution _____

Signature of registered rep introducing the client _____

Signature of principal approving the client _____

Documentation that the BD understands the clients business _____

Names of the persons authorized to conduct business on behalf of the institution _____

OFAC check on the individuals who are authorized to conduct business on behalf of the institution _____

OFAC check on the officers and senior management of the institution _____

(CIP) Other information that is reasonable for recommendations to the customer _____

Documentation as to how the client was introduced _____

Trust documents (if applicable) _____

Optional but recommended

Internet search of the institution, authorized personnel, and executive management of the firm to see if there are any pending actions or other red flags _____

Credit search _____

Lexis Nexus search _____

Individuals

Client's name, address, and phone number _____

Client's occupation, employer's name & address _____

Trust documents (if applicable) _____

OFAC check _____

Signature of registered rep introducing the client on either a subscription document or some sort of client identification document. _____

Signature of principal approving the account client on either a subscription document or some sort of client identification document. _____

GVT ID Number

Optional but recommended

Internet search of the client to see if there are any pending actions or other red flags

Credit search

Lexis Nexus search

Did a registered principal evidence a review of each deal file?

Was each new customer provided a copy of the AML Disclosure Statement?

Did the deal files reviewed appear to be free from indications money laundering or other illegal activity?

Did it appear that the clients reviewed engaged in transactions that made business sense or apparent investment strategy, and are consistent with the customer's stated business strategy.

Did the transactions reviewed appear to be legitimate?

Did the customers willingly provide all requested customer identification information?

Did the transactions reviewed involve any unusual transfers of cash or securities?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

High Risk Accounts

Please indicate how many accounts the firm has in the following categories and answer the following questions:

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Number of Foreign Banks and Correspondent Clients

Client Name

Date Became a Client

Name of Rep of Record

Description of Business Relationship

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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Number of Private Banking Clients

Client Name

Date Became a Client

Name of Rep of Record

Description of Business Relationship

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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Number of Non-Resident Alien Clients

Client Name

Date Became a Client

Name of Rep of Record

Description of Business Relationship

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Number of Domestic Trusts

Client Name	Date Became a Client	Name of Rep of Record	Description of Business Relationship

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Number of Foreign Operating Commercial Clients

Client Name	Date Became a Client	Name of Rep of Record	Description of Business Relationship

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Number of Offshore Trusts

Client Name	Date Became a Client	Name of Rep of Record	Description of Business Relationship

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Number of Personal Investment Corporations or Personal Holding Companies

Client Name	Date Became a Client	Name of Rep of Record	Description of Business Relationship

If the firm maintains any of these accounts, are there specific heightened supervisory procedures to review the activity in these accounts?

Yes	No	N/A
	<input type="checkbox"/>	

Does the firm implement additional customer identification and due diligence requirements for these types of accounts?

	<input type="checkbox"/>	
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Describe the supplemental requirements:

Did the firm obtain all available trust documents for all trust customers?	<div></div>	<div></div>
Did the firm obtain adequate information to meet the "know your customer" standard for these accounts?	<div></div>	<div></div>
From a review of the activity in these accounts, does there appear to be any inappropriate activity?	<div></div>	<div></div>

AML Training

Did the firm conduct AML training each year?	<div>Yes</div>	<div>No</div>
At a minimum, did the firms training cover the following topics?		
<ul style="list-style-type: none">How to identify "red flags" and possible signs of money laundering that could arise during the course of their duties	<div></div>	<div></div>
<ul style="list-style-type: none">What to do once the risk is identified	<div></div>	<div></div>
<ul style="list-style-type: none">What their roles are in the firm's compliance efforts	<div></div>	<div></div>
<ul style="list-style-type: none">How to perform their roles	<div></div>	<div></div>
<ul style="list-style-type: none">The firm's record retention policy	<div></div>	<div></div>
<ul style="list-style-type: none">Disciplinary consequences, including civil and criminal penalties for non-compliance with the Money Laundering Abatement Act	<div></div>	<div></div>
Did the firm document that every covered person completed the AML training?	<div></div>	<div></div>
Did the firm maintain copies of the training materials used?	<div></div>	<div></div>

Annual AML Audit and Testing

Did the firm conduct an AML audit every year?	<div>Yes</div>	<div>No</div>
Was the person who conducted the prior AML audit independent?	<div></div>	<div></div>
Did the firm maintain an AML Audit Report from previous audit reviews?	<div></div>	<div></div>
Did the firm correct all issues noted during the previous review?	<div></div>	<div></div>

Reporting Requirements

Indicate if the firm filed any of the reports below during the review period? If yes, attach a copy of each filing and answer the questions below:

Currency Transaction Report (CTR)	<div>Yes</div>	<div>No</div>
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Broker/Dealers are required to file CTRs for transactions involving currency that exceed \$10,000. As structuring is prohibited, multiple transactions are treated as a single transaction if they total more than \$10,000 during any one-business day. CTRs are filed with the Financial Crimes Enforcement Network (FinCEN), a bureau of the US Treasury Department.

Currency and Monetary Instrument Transportation Report (CMIR)

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Any person who physically transports, mails, or ships currency or other monetary instruments into or out of the United States, in aggregated amounts exceeding \$10,000 at one time, must report the event on a CMIR. Any person who receives any transport, mail, or shipment of currency, or other monetary instrument from outside the United States in an aggregate amount exceeding \$10,000 at one time also must report the receipt. CMIRs are filed with the Commissioner of Customs.

Report of Foreign Bank and Financial Accounts (FBAR)

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Any person having a financial interest in, or signature or other authority over, financial accounts in a foreign country is required to report the relationship if the aggregate value of the accounts exceeds \$10,000. FBARs are filed with FinCEN.

Funds Transfers and Transmittals

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Broker/Dealers effecting transmittals or transfers of funds, including wire fund transfers, of \$3,000 or more must collect, retain and record on the transmittal order certain information regarding the transfer, including the name and address of the transmitter and recipient, the amount of the transmittal order, the identity of the recipient's financial institution, and the account number of the recipient. Broker/Dealers also must verify the identity of transmitters and recipients that are not established customers.

Suspicious Activity Reports ("SARs")

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Currently, broker/dealers that are subsidiaries of banks or bank holding companies currently are required under the banking regulations to file Suspicious Activity Reports (SARs) with FinCEN. This type of broker/dealers currently are required to report known or suspected federal criminal offenses, at specified dollar thresholds, or suspicious transactions involving \$5,000 or more that they suspect (1) involve funds derived from illegal activity or an attempt to hide or disguise funds or assets derived from illegal activity, (2) are designed to evade the requirements of the Bank Secrecy Act ("BSA"), or (3) have no apparent lawful or business purpose or vary substantially from normal practice. FINRA has previously recommended that all other members report suspicious transactions and has advised firms that the failure to do so could be construed as aiding and abetting money laundering violations, subjecting the member to civil and criminal liability.

Did the firm properly file the reports described above?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Were there patterns of reporting for a particular customer?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Were there patterns of reporting for customers of a particular registered representative?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Were there patterns of reporting that a involved particular security?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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FinCEN Review

Did the firm sign up for email notification for the periodic FinCEN reviews?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Did the firm conduct each review as required?

<input type="checkbox"/>	<input type="checkbox"/>
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Did the firm document the completion of the FinCEN review?

<input type="checkbox"/>	<input type="checkbox"/>
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Describe how the firm evidences supervisory review and approval of the FinCEN review:

Did the auditor confirm that none of the firms customers were on the FinCEN list? ☐

Proprietary and Firm Bank Accounts

Conduct a review of proprietary account and bank account statements and answer the following questions:

List accounts reviewed including bank accounts and proprietary trade and error accounts

Account #	Institution Name	Period Reviewed	Possible Exceptions (Y/N)

Does it appear that the firm refrained from money laundering in the bank and proprietary accounts?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Email and Correspondence

Conduct a review of email and correspondence and answer the following questions:

Does all email and correspondence reviewed appear to be free form any indication of money laundering or other criminal activities?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Internal Review of Investigations

Did the firm conduct any internal reviews or investigations regarding any suspicious activity that involved a customer, employee, registered representative or affiliated person or entity?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

If "yes" please describe the facts and circumstances of the investigation:

Describe any corrective actions taken as a result of an internal investigation of suspicious activity:

Describe any disciplinary action taken as a result of any internal review and investigation of suspicious activity:

Auditor's Comments and Conclusions

Auditor comments about the firm's AML Compliance Program as a whole:

Describe the corrective actions recommended based on the audit findings:

Describe any disciplinary actions taken as a result of the audit findings:

Signature of Auditor

Name: _____

Date: _____