

# ABA Bank Compliance

## FEATURES

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COVER: PHOTOS.COM/BONOTOM STUDIO



### 6 USA PATRIOT Act—Three Years Later: What a Long Strange Trip It's Been (Part 1)

BY JOHN J. BYRNE AND MICHAEL D. KELSEY

This article is the first of a two-part look at the key USA PATRIOT Act banking-related sections to offer some thoughts on what has worked, what has not (or where the jury is still out), and considerations for improvement. We expect that the key measurement of success will be revealed when institutions are examined for compliance, which will enable us to determine whether a true “partnership” between the public and private sectors has been created in the fight against money laundering and terrorist financing.

### 14 Compliance Risk-Rating Solutions

BY KEITH E. MONSON, CRCM

In an ever-changing regulatory environment, it is easy for financial institutions to lose track of the compliance risks they need to manage. To deal with this problem, the banking industry is focusing more and more on risk-rating supervision. This article will explore ways to help banks rank their compliance risk so they can address it effectively.

### 28 RESPA: The Problems with Section 8

BY LUCY H. GRIFFIN, CRCM

While its goal may be noble, the practicalities of complying with RESPA's Section 8 are difficult and often hazardous. Difficulties arise because RESPA takes a simple concept, prohibiting kickbacks and similar arrangements, but puts it into situations that are by their very nature complex. The compliance challenge is figuring out how specific situations fit into the rule.

### 32 Insurance Sales Disclosure and Consumer Protection

BY JAMES C. SIVON AND CHRYS D. LEMON

It was three years ago that banks and thrift institutions that sell insurance products or annuities became subject to a federal insurance sales disclosure and consumer protection regulation—mandated by the landmark Gramm-Leach-Bliley Act. That Act not only expanded the insurance powers of bank holding companies and national banks, but also directed the federal banking agencies (OCC, Fed, FDIC, and OTS) to issue a regulation to help consumers distinguish between insurance products and deposit products, and to prevent coercive insurance sales practices. This article examines the regulation and what it means to compliance officers.



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