

8 Recommendations for BSA Reform

Priority No. 1: Establish an Independent BSA Gatekeeper

BY ROBERT S. PASLEY

After more than a generation under the Bank Secrecy Act (BSA) and its succeeding anti-money laundering (AML) and counter-terrorism financing (CTF) statutory additions, the Board of the American Bankers Association (ABA) believed it was time to take a “fresh look” at the compliance obligations that had accumulated and the growing regulatory burden they represented. This two-part article is designed to summarize and analyze the five recommendations. The initial installment will address the first recommendation—proposing the creation of an independent BSA gatekeeper—and the fifth recommendation—urging that criminal sanctions not be employed to establish BSA general compliance requirements beyond those implemented by the gatekeeper.

16 Dealing With Increased Scrutiny of Appraisals

BY CARL G. PRY, CRCM, AND WYLLI FOOTE, CRCM

The entire real estate lending process is under fire these days. Banks are feeling pressure to ensure the loans they make are based on fair and adequate valuations of the underlying collateral for both regulatory and credit quality reasons. If foreclosure is an unfortunate necessity, the property’s true value should not be an unfortunate surprise to the bank. These valuations take the form of appraisals and less formal “evaluations,” and this subject is being targeted by legislators and regulators for “improvement” in the near future.

26 2008 Election Brings Change

Heightened Scrutiny and More Consumer Protection Regulation

BY JOSEPH M. KELLY

With the banking industry stinging from negative press related to government bailouts and bad mortgage loans, and unemployment rates hitting alarming heights, the November 4, 2008 election was a referendum on how Americans feel about the overall economy and their own financial security. Americans voted in record numbers to put a Democrat in the White House and more Democrats on Capitol Hill. President-elect Barack Obama pledged during his campaign to deliver change. With Congress’s approval rating lower than President George W. Bush’s approval rating, election results were also a testament to how disenchanted and anxious Americans are with the direction of the nation. What does that mean for the banking industry, and more specifically, the compliance community?

30 2009 Brings Additional 1099 Tax Reporting and Withholding Requirements

BY CHERYL S. RIEDLINGER

Despite the continuing financial crisis and recession, the IRS and Congress continue to be concerned about the United States tax gap and in response have implemented new reporting and withholding requirements. The IRS has not only increased its audits of financial institutions and their customers, but also has proposed increasing current penalties of \$50 per form to \$100 and \$250 in cases of “intentional disregard”—i.e., when your bank knew it had an IRS requirement to report but chose to ignore it. The following is an update of 2009 issues including new provisions that you should consider now, in the early part of the new year, so you will be tracking the required information and be prepared for year-end 2009 reporting.

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