

News Now

CUNA BSA Conference: Attendees try to become 'smarter than a money launderer'

LAS VEGAS (10/28/14)--Credit union professionals got the chance to play the part of a money launderer during the Credit Union National Association Bank Secrecy Act (BSA) Conference Monday. Led by Barry Thompson, a leading fraud expert, attendees were split into three groups, and each was tasked with a different stage of money laundering.



 Barry Thompson, a leading expert in fraud, consults with credit union staff about ways they could "launder" money in an exercise. Thompson asked the audience to do so in order to become "smarter than a money launderer." (CUNA Photo)

According to Thompson, money laundering is generally done in three phases: placement from the illegal business into the financial institution, layering the money into different accounts and integration of fraudulent money to appear legitimate.

Participants were instructed to come up with methods to "clean" \$267,000 per month, which would be used to further the criminal enterprise, including paying off law enforcement and politicians, while sending money back to South America to continue "inventory" purchases.

The first third of the room was tasked with coming up with a way to get the money from the street into the credit union. A few ideas came up, including car dealerships with special cash promotions, a pizza restaurant that would spend time building legit business accounts and contacts and opening parking lots near a sports stadium.

However, the one that stuck out the most to the room as a whole, involved opening an account for a church, which would include building funds and a mission fund.

The second phase of the exercise proved to be a bit more difficult, with only one group, who respectfully declined to be identified, coming up with a potential solution.

"They wanted to start a gentleman's club. They were buying cigars and other things from South America,

selling it, and hiding the profit while it moves back and forth from the countries, but still creating a paper trail showing 'real' business with South America," Thompson said.

The best suggestion for keeping the money legitimate came from a group that suggested starting a food truck that could make "purchases" from South American businesses, claiming they were purchasing authentic food supplies and coffee.

The group even went so far as suggesting that they could make campaign contributions to local politicians to "encourage less taxation of food trucks" and payments to law enforcement, ostensibly for "security after hours."

Many in the room raised their hands to say they enjoyed getting into the mind of a money launderer, but only because it was temporary.

"I think the exercise helped us become smarter than money launderers, but I'm not sure many of us would be so good on the criminal end," said Mary Martha Fortney, president/CEO of the National Association of State Credit Union Supervisors, who partnered with CUNA to host the conference.

The joint CUNA/NASCUS conference continues today through midday Thursday. Watch *News Now* for more articles.