

Correspondent Enhanced Due Dilligence



Zory Muñoz
Xoom

DIFFERENT BETWEEN AUDITS, EXAMS AND VISITS

- ▶ **Internal Audits:** is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.
- ▶ **External Audits:** Expert review from Auditor who is independent of the Company audited.
- ▶ **Regulatory exams:** Government reviews: Federal and States
- ▶ **Partner's Visits:** Identify areas of weakness and require on committment to make improvements.

Basic Requirements

- ▶ Company's full legal name
- ▶ Headquarters' address & phone & website
- ▶ Company's history & description of primary business
- ▶ License & tax ID number
- ▶ Name of authorized legal representative
- ▶ Articles of Incorporation and bylaws
- ▶ Shareholders and Director's names and IDs
- ▶ Compliance Officer credentials and ID
- ▶ Audited Company Financial and External Compliance Audit
- ▶ Sub-correspondent's list
- ▶ AML and other policies & procedures.
- ▶ Training records
- ▶ Company Risk assessment

COMPLIANCE REVIEW PROCESS

1. PREPARE RISK MATRIX

- According to the USA BSA
- Calendar Visit according to the Risk and the trip logistic
- Review Country AML Laws and Requirements (license, reports, record keeping, etc)
- Planning travel and appointments

2. DUE DILIGENCE REQUEST

- Ask Partner to provide certain items electronically in advance so we can prepare effectively
- Manuals review
- Conference call pre-visit. Provide a list of the documents and records to have ready in advance of our visit

3. VISIT

- Compliance Officer credentials
- Verify the authenticity of the documents provided
- Risk Assessment
- Training documentation
- Verify the process to renew licenses
- Verify SAR process and systems
- Consumer Privacy
- Record Keeping
- Fraud prevention process
- Mystery Shopping

4. REPORT

- Confidential Report to members of BoD

5. FOLLOW UP

- Letter to the Partner when areas of weakness identified.
- Respose required on committment to make improvements

- **ANNUAL DUE DILIGENCE UPDATES**
- **VISIT ACCORDING TO THE RISK (ANNUAL OR EVERY TWO YEARS)**

AREAS OF WEAKNESS

- ▶ Risk Assessments
- ▶ Specific Risk Matrix
- ▶ Improve their Compliance Officer and employees training
- ▶ Update Correspondents due diligence files
- ▶ Improve their Reports to the authorities
- ▶ Improve their anti Fraud Programs
- ▶ Start Mystery Shopping Programs
- ▶ Start Visit their Partners