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Chief Executive Officer – Gabriel Partners

Mr. Brauser provides direction and leadership in the areas of product and market development. He is an accomplished financial professional and has frequently served as an expert in the areas of financial analysis and econometrics in a number of courts and arbitrations. Mr. Brauser is also highly experienced in AML/BSA issues and serves as the CEO of the largest independent AML Outsourced Compliance Department in the world.

Education
Wharton School of Business at the University of Pennsylvania - BSc Economics
London School of Economics and Political Science - MSc Finance & Accounting

Certifications / Affiliations
Certified Public Accountant - State of Ohio
Accredited in Business Valuation (AICPA)
Certified in Financial Forensics (AICPA)
Certified Insolvency and Restructuring Advisor
Certified Anti-Money Laundering Specialist
Gabriel Partners
A new model for a new financial landscape

• Gabriel Partners was created to address the changing nature of professional services industries, both what is expected and the marketplace they serve.

• With over 80 specialists, Gabriel Partners provides financial and risk analytics, intelligence and advice to financial institutions, law practices, corporations and governments both domestically and globally.

• Gabriel Advisory's financial analytics support merger and acquisitions, forensic accounting, due diligence and valuation, often as the platform for our expert testimony. Our Risk and Compliance analytics emphasize the Bank Secrecy Act's Anti-Money Laundering and Counter-Terrorist Financing obligations for financial institutions, for whom we provide comprehensive outsourcing solutions.
## Gabriel Partners

### Our Services

<table>
<thead>
<tr>
<th>Advisory</th>
<th>Risk and Compliance</th>
<th>Bank Secrecy Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business and Securities Valuation</td>
<td>International Financial Intelligence</td>
<td>Enhanced Due Diligence Reviews</td>
</tr>
<tr>
<td>Transactional Due Diligence</td>
<td>Behavior Analytics (Insider Threat)</td>
<td>High Risk Modeling</td>
</tr>
<tr>
<td>Mergers and Acquisitions</td>
<td>Unfair, Discriminatory and Abusive Practices</td>
<td>Transaction Monitoring</td>
</tr>
<tr>
<td>Expert Testimony</td>
<td></td>
<td>Data and Model Validation</td>
</tr>
<tr>
<td>Forensic Accounting</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Enhanced Due Diligence

The Regulations

- The FFIEC BSA/AML examination manual states that banks should have established due diligence policies, procedures, and processes for customers who pose a higher risk or exposure for money laundering or terrorist financing. Customer Due Diligence ("CDD") should include but is not limited to:
  - Purpose of the account.
  - Source of funds and wealth.
  - Individuals with ownership or control over the account, such as beneficial owners, signatories, or guarantors.
  - Occupation or type of business (of customer or other individuals with ownership or control over the account).
Enhanced Due Diligence

The Regulations (cont.)

– Financial statements.
– Banking references.
– Domicile (where the business is organized).
– Proximity of the customer’s residence, place of employment, or place of business to the bank.
– Description of the customer’s primary trade area and whether international transactions are expected to be routine.
– Description of the business operations, the anticipated volume of currency and total sales, and a list of major customers and suppliers.
– Explanations for changes in account activity.
Enhanced Due Diligence
The Regulations (Cont.)

• In addition there are also certain types of accounts that pose specific risk, including:
  – Foreign Financial Institutions
  – Nonbank financial institutions (e.g., money service businesses “MSB”)
  – Senior foreign political figures and their immediate family members and close associates (“PEP”)
  – Cash Intensive Businesses (e.g., convenience stores and privately owned ATMs)

Source:
Geographical location also adjusts the risk scoring:

**Domestic:**
- High Intensity Drug Trafficking Areas (HIDTA).
- High Intensity Financial Crime Areas (HIFCA).

**International:**
- Countries subject to OFAC sanctions
- FATF identified non-cooperative countries
- Offshore financial centers

**Source:**
Customer Risk Models
The Regulations

Customer Risk Models are determined on a bank-to-bank basis derived from two contributing factors:

• Identification of the bank’s customer risk categories (e.g., business type, new accounts, etc.)

• Detailed analysis of customer due diligence (verification of CDD and Customer Information Profile “CIP” information) and transactional activity.

Source:
http://www.ffiec.gov/bsa_aml_infobase/pages_manual/olm_005.htm
High Risk Model

Risk Scoring Examples

• Banks typically assign a point value based on customer and transactional criteria scored against the institution’s risk threshold. Scoring systems are bank specific.

• **Customer/account risk:** generated based on customer profile (e.g., non-resident/resident alien, foreign address, type of business) and account types (e.g., trusts, partnerships, non-profits).

• **Transactional activity risk:** point values vary bank to bank but common risk activities include high volume cash, ACH and wire transactions. International wire activity is considered especially high risk.
High-Risk Businesses
Real World Examples

• Cash intensive business
  – Grocery stores
  – Gas Stations
  – Restaurants
• Attorneys
• Accountants/Tax Preparers
• Appraisers/Realty property managers
High-Risk Businesses
Real World Examples (Cont.)

• Money Service Businesses
• Auto Salvage/Collision Repair Yard
• Charities/Churches
• High-End Art Dealers
• Trade Shows
• Car Dealerships
EDD Reviews
Components of a great EDD

A comprehensive Enhanced Due Diligence review should incorporate the following items:

Customer Information:
- Name, SSN/TIN, account signers, length of relationship, account numbers, account types, beneficial ownership

Customer Review:
- Name, occupation/type of business, address, opening branch, proximity to opening branch, NAICS code, resident/non-resident alien (if applicable)
EDD Reviews
Components of a great EDD (cont.)

Background Information:
• Previously filed CTRs or exemption status, prior alerts/cases/SARs, summary of customer high risk characteristics (based on bank’s high risk model), international affiliations.

Transactional Review:
• Analysis of all active accounts during review period including a detailed report on account data: credits and debits, types of transactions, volume of activity.
EDD Reviews
Components of a great EDD (cont.)

**Conclusion:**
- Assessment of whether account activity is reasonable for customer based on customer information and transactional activity

**External Research:**
- LexisNexis, Negative News, Internet Search, Virtual Site Visit (businesses only)
Challenges of an EDD Review

• Insufficient CDD/CIP information
• Inconsistent transaction type descriptions (e.g., certain transaction types represent multiple classifications)
• Inefficient Check Imaging systems
• Teller Errors such as transactions processed incorrectly (e.g., account transfer labeled as cash withdrawal)
• Varying information across multiple databases
EDD Case Studies Discussion
Questions / Discussion