

SEC Announces New Anti-Money Laundering Initiatives

On August 7, 2008, the staff of the U.S. Securities and Exchange Commission ("Commission") announced two new anti-money laundering ("AML") initiatives aimed at mutual funds and broker-dealers. The first initiative establishes an online *AML Source Tool for Mutual Funds*, similar to a source tool established last year for broker-dealers¹, that provides links to key AML laws, rules, and related guidance to help mutual funds maintain their AML compliance programs². It also provides guidance on areas related to, but not directly part of, a mutual fund's AML program requirements, such as U.S. economic and trade sanctions administered by the Office of Foreign Assets Control and the Sudan Accountability and Divestment Act.

The second AML initiative establishes a new *SEC SAR Alert Message Line* (1-202-551-SARS) to centralize calls made to the Commission about suspicious activity report ("SAR") filings. Mutual funds and broker-dealers are required to file Form SAR-SF with the Financial Crimes Enforcement Network ("FinCEN") to report any suspicious transaction relevant to a possible violation of law or regulation.³ Mutual funds and

broker-dealers also are required to "immediately notify by telephone appropriate law enforcement authority" (e.g., the Internal Revenue Service Criminal Investigation Division or the Federal Bureau of Investigation) whenever they encounter matters "that require immediate attention, such as suspected terrorist financing or ongoing money laundering schemes."⁴ In addition, mutual funds and broker-dealers may voluntarily report matters to the Commission that require the Commission's immediate attention.⁵

The new *SEC SAR Alert Message Line* should only be used when securities firms have filed Form SAR-SF with respect to a matter that may require the Commission's immediate attention. Importantly, calling the *SEC SAR Alert Message Line* does not alleviate a firm's obligation to file Form SAR-SF or notify law enforcement, if appropriate. Mutual funds and broker-dealers should consider updating their AML policies and procedures or related internal controls to ensure that matters requiring the Commission's immediate attention are reported through use of the *SEC SAR Alert Message Line*.

¹ The AML Source Tool for Broker-Dealers may be found at <http://www.sec.gov/about/offices/ocie/amlsourcetool.htm>.

² The AML Source Tool for Mutual Funds may be found on the SEC's website at <http://www.sec.gov/about/offices/ocie/amlmfsourcecetool.htm>

³ 31 C.F.R. §§ 103.15 (mutual funds), 103.19 (broker-dealers).

⁴ Id. §§ 103.15(a)(4) (mutual funds), 103.19(b)(3) (broker-dealers).

⁵ Id. §§ 103.15(a)(5) (mutual funds), 103.19(b)(3) (broker-dealers).

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