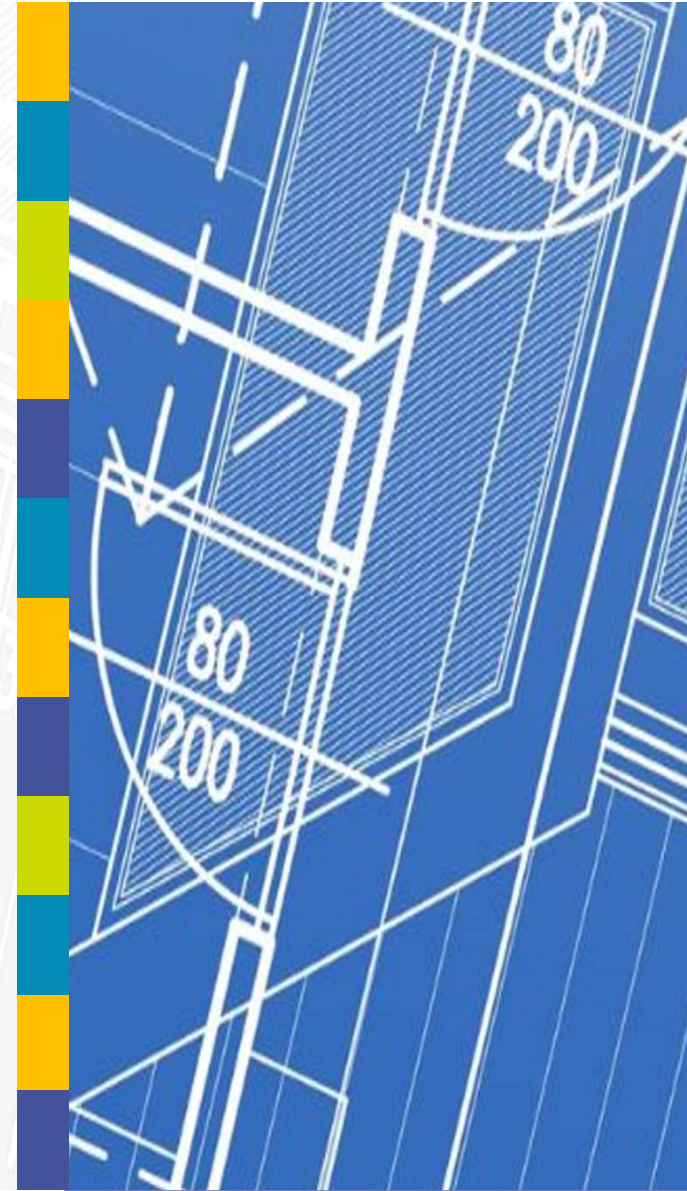




# 2024 ANTI-MONEY LAUNDERING & FRAUD

*#strongfoundation #cftc24*

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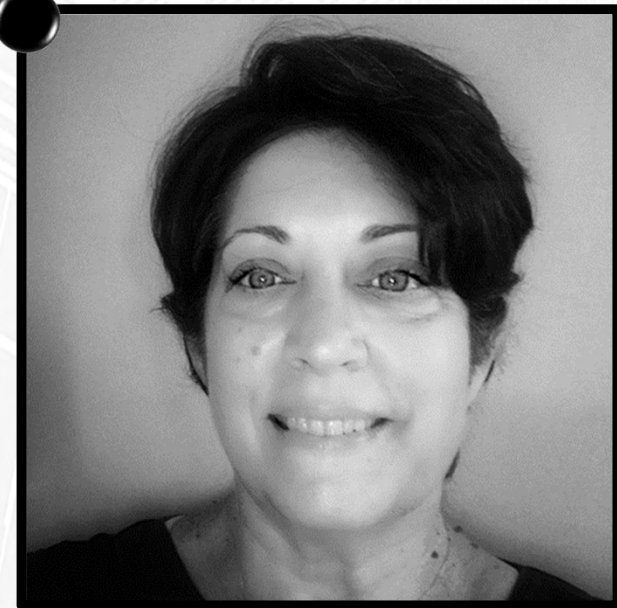


# FACULTY



**KYLE GALECKI**

ASSOCIATE DIRECTOR, COMPLIANCE  
CLEAR SPRING LIFE & ANNUITY COMPANY



**DE KEIMACH**

VICE PRESIDENT, COMPLIANCE & ETHICS  
CEFLI



# AGENDA

- What is money laundering?
- Process of money laundering
- Why worry about money laundering?
- AML Red Flags
- Duties of the Special Investigations Unit (SIU)
- What is Insurance Fraud?
- Fraud/Scams against Elders
- Anti-Fraud Detection

# WHAT IS MONEY LAUNDERING?

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# WHAT IS MONEY LAUNDERING?

Money laundering refers to a variety of financial activities intended to obscure the origin, identity, or destination of illicit funds. This process involves using legally permissible transactions to integrate funds originating from unlawful sources, effectively "cleansing" them of any association with illegitimate activities.



# PROCESS OF MONEY LAUNDERING

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# PROCESS

## Placement

Illicit funds are introduced into the financial system, typically by depositing cash or purchasing financial products

## Layering

The process of disguising the origin of illicit funds through a series of complex transactions

## Integration

The laundered funds are reintegrated into the legitimate economy, appearing as legal earnings



# WHY WORRY ABOUT MONEY LAUNDERING?

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# WHY WORRY?

**Considerable risk** to both the stability of the financial system & national security

Life and annuity products **provide avenues** for criminals to launder proceeds obtained from illegal activities

# WHY WORRY?

**Regulatory Compliance**

**Legal Consequences**

**Reputation**

**Financial Loss**

**Industry Integrity**



# AML RED FLAGS

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# RED FLAGS

- ▣ Unusual Payment Methods
- ▣ Source of Funds is Unclear/Unknown
- ▣ Frequent or Large Surrenders
- ▣ Reluctance to Provide Information
- ▣ Frequent Policy Changes (address or beneficiaries)
- ▣ Unnecessary Complexity
- ▣ Overpayment
- ▣ Negative News/Adverse Media
- ▣ Questionable Beneficiaries





# DUTIES OF THE SIU

*(SPECIAL INVESTIGATIONS UNIT)*

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# DUTIES OF THE SIU

- ✓ Internal Fraud Training
- ✓ Investigate Suspected Fraud
- ✓ Federal, State, and Local Fraud Reporting (often mandatory and time-sensitive)
- ✓ State Fraud Plan Filing
- ✓ Advise management of emerging trends



# WHAT IS FRAUD?

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# WHAT IS FRAUD?

A dishonest act or omission intended to deceive or mislead for personal or corporate gain

To deliberately present, with the knowledge or belief that it will be presented in a variety of ways, to or by an insurer, reinsurer, purported insurer or reinsurer, insurance producer or agent any instrument that contains untrue statements of material fact or that fails to state any material fact with respect to any of the following:



# WHAT IS FRAUD?

- a) An application for an insurance policy or annuity contract
- b) The rating of an insurance policy
- c) A claim for payment or benefit pursuant to an insurance policy or annuity contract
- d) Payments made pursuant to the terms of any insurance policy or annuity contract
- ★ *May be perpetrated against the company, employees, vendors, or external sources*
- ★ *May be perpetrated by employees, vendors, or customers*



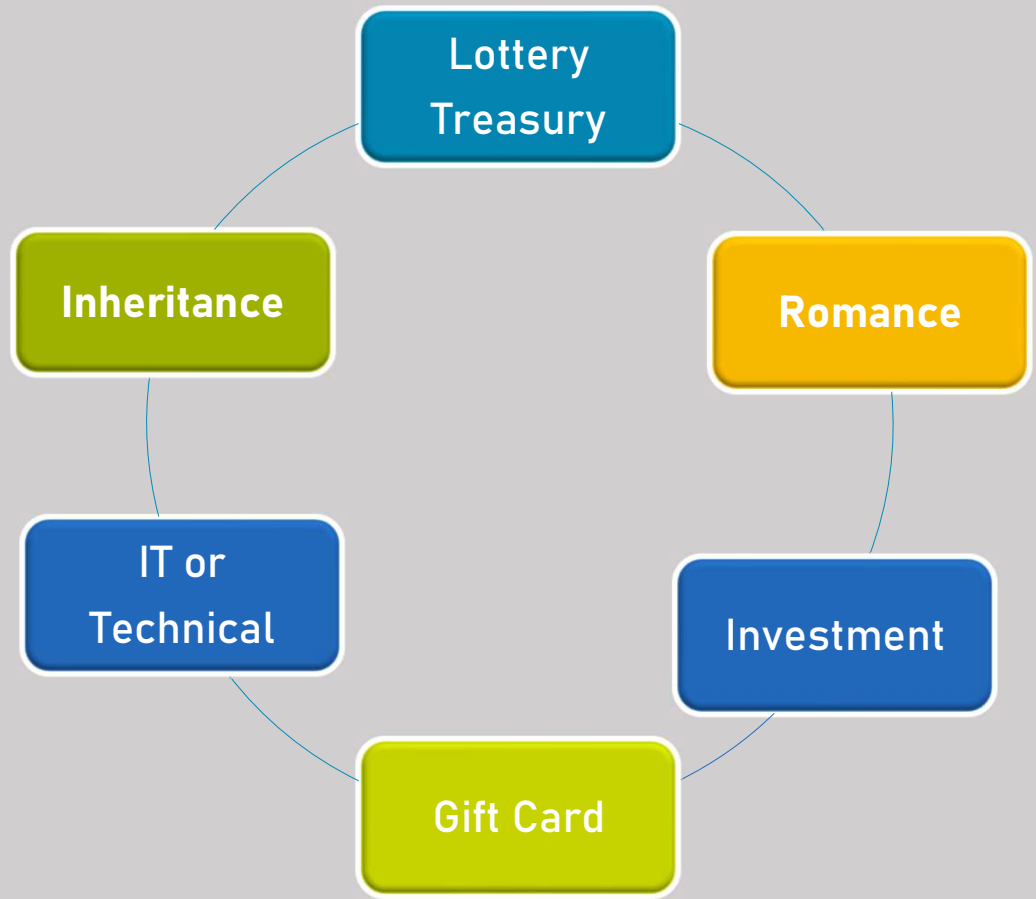
# OTHER TYPES OF FRAUD

- Account Takeover
- Scams (IRS, Publisher's Clearinghouse, Romance)
- Claims and New Business
- Check Washing or Check Interception
- Identity Theft
- Mail/Fraudulent Address Changes
- Agent Fraud
- Family Member

# FRAUDS/SCAMS AGAINST ELDERS

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# FRAUD/SCAMS AGAINST ELDERS





# ANTI-FRAUD DETECTION

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# ANTI-FRAUD DETECTION

- ❖ Red flags present
- ❖ Information presented with new business or for a claim
- ❖ Patterns of behavior (i.e., repeated calls over the course of a day or two when a withdrawal is pending)
- ❖ Activity that does not comport with usual practices (i.e., callers not meeting demographics; “notary” seal not accurate, long pauses before answering security questions)

**Set up a meeting with your SIU Director to learn more  
They will welcome the opportunity!**

# QUESTIONS?



# NETWORKING RECEPTION 5:00 – 6:00