



How to open a MMD account

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AGENDA

- How to open an account
- Policy
- Procedures
- BSA/AML risks
- Risks

HOW TO OPEN AN ACCOUNT. . .

CDD/EDD

- Validation or Confirmation from accountholder about use of the account
- New agriculture, manufacture, retail business
- Regular monitoring (ins and outs of the account)
- Risk rate high

Software alerts

- Flag for account transactions
- Unusual activity – will you know if its unusual activity?

SAR filing

AFFILIATE ACCOUNTS

- De-risk appetite
- Employee, vendor, business accounts, directors/officers
- Identify the accounts
- Flag as high risk
- Review transactions
- Lower risk flag

ACCOUNT TRANSACTIONS

- Appointment based?
- Special teller services?
- Special cash handling service?
- High number of fraudulent bills?
- Does it feel like “regular” cash?



POLICY CHANGE

Discussion with Board

- Types of accounts bank would offer (DDA, Savings, CD, loan)
- Types of transactions bank would allow (taxes, payroll, bills, fully transactional)
- How many accounts is enough? Too many?
- Charge a fee? What type of fee? More than one fee?
- Exit strategy?
- Escalation/authority to make exceptions to the bank's policy?

PROCEDURE CHANGE

Discussion with Management and Staff

- Documentation of account opening AND maintenance
- Additional information required by bank policy?
- New or Different chain of account opening procedures?
- Training
 - New accounts person
 - Tellers
 - Business / Relationship officers
 - BSA / AML staff
 - Management

BSA/AML RISKS

- Prudential regulator (FDIC, FRB, or OCC)
- Regulatory guidance (FinCEN & Cole Memorandums)
- CIP
- CDD (new rules effective 7/11/2016, mandatory compliance by 5/11/2018)
- Current customer base
 - Credit unions
 - Armored cars
 - Individuals
 - Private ATM
 - Security firms
 - Related companies

BSA/AML RISKS

- Currency transaction reporting
- On-going monitoring (use of software, manual, frequency of monitoring)
- Continuous SAR filings
- Job/role specific training

REPUTATIONAL RISK – WHAT IF . . .

- Existing customers find out you have MMJ accounts
- Regulators place an enforcement order?
- Law enforcement actions?

Closing comments



Considerations if your bank wants to open an MMD account:

- Policy changes
- BSA/AML risks – how much risk is the bank willing to take
- Reputational risks – how will customers feel if the bank is known to have MMJ accounts
- De-risking accounts
- Administration changes / exit strategy

Contact me

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