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## Why is Sigue Important?

In January, 2008, Sigue LLC, entered a deferred prosecution agreement with the Department of Justice and FinCEN. Sigue paid a penalty of \$15 million dollars and had to invest heavily in a revamped anti-money laundering program. The case carries an important message to the precious metals industry.

Sigue is a money service business that remits funds and cashes checks. Like dealers in precious metals, it is a non-bank financial institution covered by a (different) Final Rule under the Bank Secrecy Act. Sigue operates in the U.S. through some 7,500 authorized delegates. Even though these agent/licensees are covered as financial institutions in their own right, Sigue monitors their activity and provides them with AML training.

U.S. enforcement agencies suspected that Sigue's AML program was inadequate and set up Operation High Wire, a sting operation to test the willingness of Sigue's agents to make illegal money transfers. Some of the agents refused; most went ahead. Sigue filed Suspicious Activity Reports on the suspicious transfers but conducted no follow-up investigations and took no remedial action.

Why is this important to us? Sigue underscores that:

1. ***In addition to being responsible for our own employees we are equally responsible for agents doing business on our behalf.***

"A corporation is deemed to act through its officers, employees and agents, and their conduct will be imputed to the corporation..."

**Sigue makes it clear we have the obligation to supervise and train our staff—and agents.**

2. ***Precious metals companies have no obligation to file Suspicious Activity Reports—although the Rule encourages it. Sigue indicates filing might precipitate an enforcement action against the filer. It is common sense to check suspicious activity and to stop it if a problem has arisen, but that is not spelled out in the Rule. FinCEN's position now seems to be that, if a Suspicious Activity Report is appropriate, an investigation and a pro-active and successful effort to stop the activity must follow.***

"...it failed to adequately investigate the structuring activity further and consequently failed to identify, report and prevent the broader pattern of money laundering and to file supplemental Suspicious Activity Reports."

**Filing will not avoid future exposure to an enforcement action. Nor is filing a risk-free way to determine FinCEN's view or to bring its resources to bear in evaluating a business or counterpart under consideration.**

You can find the deferred prosecution agreements, statement of facts and other details on our website, [www.MATERIALSMANAGEMENT.NET](http://www.MATERIALSMANAGEMENT.NET) (Click on "Articles about Money Laundering.")

Questions? *Do you need to know more about how to set up or improve your anti-money laundering program? Training courses? AML audits? We can help.* And our precious metals and jewelry industry professionals are also accredited by the Association of Certified Anti-Money Laundering Specialists (ACAMS). Call me, Mike Riess, at: (203)661-6715 or reach me by e-mail at: MRIESS@MAT-MGT.COM

To find out more about the Patriot Group of Materials Management Co. and about our AML programs and services, visit our website at: [WWW.MATERIALSMANAGEMENT.NET](http://WWW.MATERIALSMANAGEMENT.NET). There you'll also find the final

We have been serving the precious metals and jewelry industries for 25 years.

We will be here for ongoing advice and to update our AML programs... free of charge.



regulations and a wealth of background information.

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**Watch for future issues of the AML Advisor!**  
**Check past issues at: [WWW.MATERIALSMANAGEMENT.NET](http://WWW.MATERIALSMANAGEMENT.NET)**

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