COSMOS
Navigate the Compliance Universe

CEP Magazine - July 2018
Cosmetic compliance and the anti-money laundering debacle

by Ibrahim Yeku Esq., LLB, BL, CCEP-I, CAMS, DDC

Ibrahim Yeku (yekuduke@yahoo.com) is a Barrister & Solicitor at the law firm of Solola & Akpana in Old GRA, Port Harcourt, Nigeria.

The phrase "cosmetic compliance" describes an organization's compliance program that is not informed or inspired by ethical practices or a culture of compliance but by regulatory demands or sanction conditions. The big question is, why do organizations comply with anti-money laundering legislation? Any organization that is unable to answer this question satisfactorily can be adjudged to run a cosmetic compliance program. To these types of organizations, compliance is not a culture and is not embedded in their business processes. Compliance is compelled by reason of regulatory enforcement or necessity for regulatory compliance. Therefore, it is inappropriate to assess the effectiveness of an organization's compliance program by reference to absence of sanction.

The fact that an organization has no history of sanction or violation does not make the organization compliant. This is because you can have violations without sanctions, whereas you cannot have sanctions without violations. When sanctions are imposed by regulators, the sins of the violating organizations are exposed to the world, and the spotlight will be on the effectiveness of the defaulting organizations' compliance programs, if there are any. Why is this? It must be noted that there are many financial institutions and designated non-financial businesses and professions whose violations are unknown to the regulators and members of the public. This does not by any stretch of the imagination imply that these organizations' anti-money laundering (AML) compliance programs are effective.

This document is only available to members. Please log in or become a member.

Become a Member Login

Copyright © 2024 by Society of Corporate Compliance and Ethics (SCCE) & Health Care Compliance Association (HCCA). No claim to original US Government works. All rights reserved. Usage is governed under this website's Terms of Use.