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Sen. Carl Levin Statement on New ABA Anti-Money Laundering Guidance to Lawyers

WASHINGTON—*Sen. Carl Levin, D-Mich., chairman of the U.S. Senate Permanent Subcommittee on Investigations which investigates issues related to money laundering, issued the following statement today in response to action taken by the American Bar Association’s House of Delegates, at its 2010 annual meeting in San Francisco on August 9-10, to approve “Voluntary Good Practices Guidance for Lawyers to Detect and Combat Money Laundering and Terrorist Financing.” The new guidelines are attached.*

“Last week, for the first time, the American Bar Association issued official guidelines to U.S. lawyers to combat money laundering. For the first time, the ABA has told U.S. lawyers that they need to know their clients and take preventive measures to guard against facilitating money laundering or terrorist financing. The ABA guidelines specify such preventive measures as client intake procedures that identify the beneficial owners of shell companies and trusts; standards for identifying the level of risk associated with various clients; procedures to evaluate the source of client funds deposited into attorney-client or law office bank accounts; and designation of a firm-wide anti-money laundering compliance officer.

“For many years the ABA resisted applying anti-money laundering responsibilities to U.S. lawyers, so this guidance represents a significant and welcome advance, even though the guidance is voluntary. The next step hopefully will be for the ABA to undertake an intensive effort to publicize the guidance and convince U.S. law firms to implement it.

“In February 2010, the Permanent Subcommittee on Investigations issued a bipartisan report on “Keeping Foreign Corruption Out of the United States,” with specific case histories showing how attorneys were helping some foreign heads of state or their relatives establish U.S. shell companies and move suspect funds through attorney-client and law office bank accounts here in the United States. Our report recommended that professional organizations like the ABA issue guidance to their members to prevent such misconduct. The ABA guidance issued last week specifically designates foreign political figures as higher risk clients warranting enhanced due diligence, and urges careful measures, especially when handling client funds, to prevent money

laundering. If put into place by U.S. lawyers, the ABA guidance should help put an end to attorneys facilitating the movement of suspect funds by senior foreign political figures.”

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