

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
FINANCIAL CRIMES ENFORCEMENT NETWORK**

IN THE MATTER OF:)
)
)
) **Number 2014-02**
Saleh H. Adam dba Adam Service)
Dearborn, MI)

ASSESSMENT OF CIVIL MONEY PENALTY

I. INTRODUCTION

The Financial Crimes Enforcement Network has determined that grounds exist to assess a civil money penalty against Saleh H. Adam (“Mr. Adam”) doing business as Adam Service (“Adam Service” or the “MSB”), pursuant to the Bank Secrecy Act and regulations issued pursuant to that Act.¹

Adam Service admits to the facts set forth below and that its conduct violated the Bank Secrecy Act. Adam Service consents to the assessment of a civil money penalty and enters the CONSENT TO THE ASSESSMENT OF CIVIL MONEY PENALTY (“CONSENT”) with the Financial Crimes Enforcement Network.

The CONSENT is incorporated into this ASSESSMENT OF CIVIL MONEY PENALTY (“ASSESSMENT”) by reference.

The Financial Crimes Enforcement Network has authority to investigate money services businesses (“MSBs”) for compliance with and violation of the Bank Secrecy Act pursuant to

¹ The Bank Secrecy Act is codified at 12 U.S.C. §§ 1829b, 1951-1959 and 31 U.S.C. §§ 5311-5314, 5316-5332. Regulations implementing the Bank Secrecy Act appear at 31 C.F.R. Chapter X (formerly 31 C.F.R. Part 103).

31 C.F.R. § 1010.810, which grants the Financial Crimes Enforcement Network “[o]verall authority for enforcement and compliance, including coordination and direction of procedures and activities of all other agencies exercising delegated authority under this chapter.” Adam Service, an MSB in Michigan, was a “financial institution” and a “money services business” within the meaning of the Bank Secrecy Act and its implementing regulations during the time relevant to this action. 31 U.S.C. § 5312(a)(2) and 31 C.F.R. §§ 1010.100(t) and (ff). The Internal Revenue Service, through the Small Business/Self-Employed Division (“IRS SB/SE”), examines MSBs for compliance with the Bank Secrecy Act under authority delegated from the Financial Crimes Enforcement Network. IRS SB/SE conducted two exams of Adam Service.

II. DETERMINATIONS

An investigation conducted by the Financial Crimes Enforcement Network determined that, since November 2007, Adam Service willfully violated the Bank Secrecy Act’s program, recordkeeping, and reporting requirements.

A. Failure to Register as a Money Services Business

The Bank Secrecy Act and its implementing regulations require certain MSBs, including money transmitters, to register with the Financial Crimes Enforcement Network by filing a Registration of Money Services Business (“RMSB”), and renewing the registration every two years. 31 U.S.C. § 5330 and 31 C.F.R. § 1022.380. Adam Service was required to register as an MSB with the Financial Crimes Enforcement Network because it conducted business as a money transmitter. 31 C.F.R. §§ 1010.100(ff)(5) and 1022.380(a). Adam Service conducted a money services business without continuous registration with the Financial Crimes Enforcement Network for a period of 237 days during calendar year 2010.

B. Violations of the Requirement to Establish and Implement a Written Anti-Money Laundering Program

As of July 24, 2002, the Bank Secrecy Act and its implementing regulations required MSBs to develop, implement, and maintain an effective written anti-money laundering (“AML”) program. 31 U.S.C. §§ 5318(a)(2) and 5318(h); 31 C.F.R. § 1022.210. An MSB is deemed to have satisfied the requirements of 31 U.S.C. § 5318(h)(1), if it develops, maintains and implements an AML program that is reasonably designed to prevent the MSB from being used to facilitate money laundering and the financing of terrorist activities. 31 C.F.R. § 1022.210(a). Adam Service was required to implement a written AML program that, at a minimum: (a) incorporates policies, procedures and internal controls reasonably designed to assure ongoing compliance; (b) designates an individual responsible to assure day to day compliance with the program and Bank Secrecy Act requirements; (c) provides training for appropriate personnel including training in the detection of suspicious transactions; and (d) provides for independent review to monitor and maintain an adequate program. 31 C.F.R. §§ 1022.210(c) and (d).

Adam Service wholly failed to implement an anti-money laundering program. Adam Service provided wire services from the United States to Yemen. Yemen is a high-risk country for terrorist activity and money laundering.² Adam Service has transmitted approximately 1,400 wires per year to Yemen since 2007. Mr. Adam admitted that he did not review transactions for suspicious activity. He stated that he “knows his customers,” and that he would lose business if he asked for customer identification or asked questions about the funds transfer in order to comply with the Bank Secrecy Act. Mr. Adam also admitted knowledge that his customers

² Yemen is classified by the United States Department of State as a “Country of Concern” in the 2012 United States Department of State International Narcotics Control Strategy Report to Congress, which classifies countries based on money laundering risk. *See* <http://www.state.gov/documents/organization/185866.pdf>

deposit funds on behalf of others and pool funds to transmit a lump sum. Mr. Adam transmitted funds to Yemen from customers in Michigan and from other states. For out-of-state customers, Mr. Adam provided the customers with his U.S. bank account number over the phone and allowed them to directly deposit funds into his bank account. The Financial Crimes Enforcement Network's investigation also established that, over a multi-year period, Mr. Adam committed multiple violations of Bank Secrecy Act reporting and recordkeeping requirements. In summary, Mr. Adam conducted his money service business and repeatedly wired funds to a high-risk jurisdiction with reckless disregard for anti-money laundering requirements.

III. CIVIL MONEY PENALTY

The Financial Crimes Enforcement Network has determined that grounds exist to assess a civil money penalty for violations of the Bank Secrecy Act and its implementing regulations, as described in this ASSESSMENT. 31 U.S.C. § 5321 and 31 C.F.R. § 1010.820.

The Financial Crimes Enforcement Network has determined that the penalty in this matter will be \$12,000.

IV. CONSENT TO ASSESSMENT

To resolve this matter, and only for that purpose, Adam Service consents to the assessment of a civil money penalty in the sum of \$12,000, and to the UNDERTAKING set forth in Section V below. Adam Service also admits that it violated the Bank Secrecy Act's program, recordkeeping, and reporting requirements.

Adam Service recognizes and states that it enters into the CONSENT freely and voluntarily and that no offers, promises, or inducements of any nature whatsoever have been made by the Financial Crimes Enforcement Network or any employee, agent, or representative

of the Financial Crimes Enforcement Network to induce Adam Service to enter into the CONSENT, except for those specified in the CONSENT.

Adam Service understands and agrees that the CONSENT embodies the entire agreement between Adam Service and the Financial Crimes Enforcement Network relating to this enforcement matter only, as described in Section II above. Adam Service further understands and agrees that there are no express or implied promises, representations, or agreements between Adam Service and the Financial Crimes Enforcement Network other than those expressly set forth or referred to in this document and that nothing in the CONSENT or in this ASSESSMENT is binding on any other agency of government, whether Federal, State, or local.

V. UNDERTAKING

By its execution of the CONSENT, Adam Service and Saleh H. Adam, to resolve this matter, and only for that purpose, agree to the following UNDERTAKING. Contemporaneous with the execution of the CONSENT, Adam Service and Saleh H. Adam shall immediately cease engaging directly or indirectly in conduct and transactional activities related to money transmission and other money services that require registration with the Financial Crimes Enforcement Network. The Director of the Financial Crimes Enforcement Network accepts the voluntary surrender of Adam Service's registration effective February 4, 2014 (the "Date of Surrender").

Failure to comply with the UNDERTAKING will constitute a violation of the CONSENT. If the Financial Crimes Enforcement Network determines that a failure to comply with the UNDERTAKING has occurred, the Financial Crimes Enforcement Network may take any enforcement action against Adam Service and Saleh H. Adam it deems appropriate, notwithstanding the Release in Part VI below. Additional actions taken by the Financial Crimes

Enforcement Network may include, but are not limited to, the imposition of additional civil money penalties, injunctive orders, or ordering other remedial actions within the authorities of the Financial Crimes Enforcement Network.

VI. RELEASE

Execution of the CONSENT, and compliance with the terms of this ASSESSMENT and the CONSENT, settles all claims that the Financial Crimes Enforcement Network may have against Adam Service and Saleh H. Adam for the conduct described in Section II of this ASSESSMENT. Execution of the CONSENT, and compliance with the terms of this ASSESSMENT and the CONSENT, does not release any claim that the Financial Crimes Enforcement Network may have for conduct by Adam Service and Saleh H. Adam other than the conduct described in Section II of this ASSESSMENT, or any claim that the Financial Crimes Enforcement Network may have against any party other than Adam Service or Saleh H. Adam, such parties to include, without limitation, any director, officer, employee, or agent of Adam Service. Upon request, Adam Service through Saleh H. Adam shall truthfully disclose to the Financial Crimes Enforcement Network all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to the participation of its current or former directors, officers, employees, or agents in the conduct described in Section II of this ASSESSMENT.

By:

/S/

February 7, 2014

Jennifer Shasky Calvery
Director

Date

FINANCIAL CRIMES ENFORCEMENT NETWORK
U.S. Department of the Treasury