



ANTI-MONEY LAUNDERING LAWS: GOLD BUYERS ARE COVERED AND MUST COMPLY

Any company, such as a retail store, that purchases and sells precious metals and stones, and jewelry containing those items, valued at \$50,000 or more in one calendar year is covered by the US Patriot Act. These companies must create and implement a written anti-money laundering (AML) program. The law has been in effect since 2006. Fortunately, the Jewelers Vigilance Committee (JVC) offers a Patriot Act Compliance Kit to help jewelers establish and implement a Program that is fully compliant with law. The Kit is available on JVC's website at www.jvclegal.org.

The AML laws are enforced by the IRS, and agents are now actively reviewing the books and records of numerous jewelry companies throughout the country to determine if they are meeting the requirements of the Patriot Act. The agency's goal is to ensure that those who buy and sell precious metals and stones are meeting their obligations under the law.

For those who are just entering the gold-buying market, and are just becoming familiar with the Patriot Act, there are five primary elements to a compliant AML Program. First, a compliance officer must be appointed to develop, implement and administer the Program. Second, a risk assessment must be conducted to identify the red-flags of money laundering. Third, the company must prepare a written AML Program that reflects the identified risks. Fourth, employees must be trained regarding the Program. And, fifth, the Program must be periodically tested. The JVC Kit provides guidance and templates to accomplish each of these five elements.

An AML Program for gold buyers will require the integration of several practices into daily business operations. These include fully identifying the persons or entities selling gold, and obtaining government-issued identification from each seller. Buyers will also need to determine whether a seller is in the gold trading business, and, if so, if the seller is itself compliant with the US Patriot Act. JVC suggests that when gold purchases from a particular entity approaches the \$50,000 level, the buyer should make sure that the seller has an AML Program. Another good practice is to keep records of actions taken pursuant to the Program. A log sheet is included in the JVC Kit, to record employee training, transaction monitoring, testing and other AML related activity.

Gold buyers must also be aware that the U.S. government maintains a list of persons and entities that are suspected of engaging in terrorism, money laundering and other crimes, known as the Specially Designated Nationals List. It is illegal to do business with anyone on the list. Anyone buying or selling gold should become familiar with the list, published by the Treasury Department's Office of Foreign Assets Control, and check it as necessary

to avoid illegal transactions. A link to the list is available on the JVC website at www.jvclegal.org.

Once created, the written AML Program must become part of a company's business operations. Compliance requires active engagement and, as noted above, periodic testing. The testing aspect of the Program must be performed by someone other than the compliance officer, which could be anyone in the company who is fully familiar with AML requirements. JVC is also available to perform the test, and has done many over the last several years.

For more information please visit the JVC website at www.jvclegal.org. If you have specific questions regarding purchasing from members of the public, or any other inquiries, please e-mail askamlexpert@aol.com.