Trade Based Money Laundering

2011 Mid-Atlantic Anti-Money Laundering Conference
Brown Brothers Harriman
Overview

• Founded in 1818, Brown Brothers Harriman is a globally diversified financial services company, concentrating on three main businesses
  – Investor Services
  – Investment & Wealth Management
  – Banking & Advisory
• Irish Shipping Merchants
• Created the first US Letters of Credit
• Created the Bankers Acceptance
• Created a strong AML Program
Basic Letter of Credit Structure

1. Contract

SELLER

Advise

4.

BUYER

2. L/C

Advising bank

Issuing bank

3. Doc Credit

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Introducing the Commodity Broker

1. Advising bank
2. Issuing bank
3. Doc Credit
4. Advise

SELLER

BUYER

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Settlement of Goods Away from the Bank

1. Seller

2. Buyer

3. Commodity Broker

4. Trading Places
Bank Surveillance: The Space Agent?

Seller Ships Goods

Goods are Delivered

Broker Finds Space on Ship

Comm. Merchant Pays Broker Excessive Fees

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“If we look round here, we find that those persons who have kept steadily to one pursuit are far the richest men, & those who are interested with one & another in different pursuits, no matter how profitable they may be or appear to be at first, are always ruined sooner or later.”

In a letter from James Brown 1819