

SEPTEMBER
2014

Webinar

**Deposit
Services for
Payment
Processors and
Lessons
Learned From
Operation
Choke Point**

Presented by Anne M. McEvilly

Wednesday, September 10
10:00 —11:30 a.m.



WHO SHOULD ATTEND?

- Chief executive officers
- Compliance officers, auditors and staff
- In-house counsel
- Operations administration
- Note department staff

Presented by Counsel for Bankers' Compliance Group®
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In March of this year, the Department of Justice announced an initiative informally known as “Operation Choke Point,” intended to stop financial institutions and payment processors from providing financial services to merchants that were suspected of consumer fraud. The initiative was under scrutiny during a Congressional hearing which considered arguments that the program could actively pressure institutions into denying financial services to legitimate businesses. On a related note, in July of this year, the FDIC clarified its supervisory approach with respect to its examination of institutions establishing deposit relationships with third-party payment processors. The agency had faced a backlash of criticism following its previous guidance which had enumerated examples of merchant categories that had been associated with higher-risk activity.

The Webinar will discuss Operation Choke Point and address the FDIC’s evolving guidance, including the agency’s position on the depository institution’s customer due diligence and ongoing monitoring obligations. We will look at the warning signs attributable to high-risk payment processor relationships. We will also address practical considerations that are triggered when managing these relationships, including how these accounts are structured, documentation challenges and the services usually needed to facilitate the payment process.

Highlighted Areas

Third-party Payment Processors

- ◆ FDIC’s evolving guidance
- ◆ Identifying “high-risk” activity
- ◆ Proper risk assessments
- ◆ Account opening documents
- ◆ Customer due diligence
- ◆ Payment types and service demands
- ◆ Ongoing monitoring
- ◆ Managing and mitigating risk



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