

From Policy to Proof

The role of internal control in testing AML/CFT effectiveness

What could you defend?

AML Center | 17 September 2026





The question changes with the evidence.

Legal, consulting, AML and anti-bribery audit, financial services.

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Gérant, Nox Foundry | Spanish-qualified lawyer (ICAM)

Onboarding > CDD/EDD > Sanctions > Monitoring > Escalation > MI > Remediation

Practitioner perspective

Confidential, or unreviewable?

Sensitive client. Restricted records.

Who can approve, challenge and retrieve?

Barclays | FCA finding, 2015 | Confidentiality is not itself a breach.



Approval without a usable view.

Standard process

Ordinary approval with full, informed access to the due-diligence record.

Displaced process

Approval under confidentiality arrangements, without a usable view of the record.

Confidentiality arrangements displaced the ordinary process.

Approval needed an informed alternative.

Barclays | FCA finding, 2015 | Restricted access can be legitimate.

Evidence comparison. Which approval could a reviewer reperform today?



Fail the control. Do not invent the crime.

Test informed approval and retrieval.

Preserve the FCA's boundary.

Barclays | FCA finding, 2015 | No finding that financial crime was facilitated.

Two trades. One unanswered purpose.



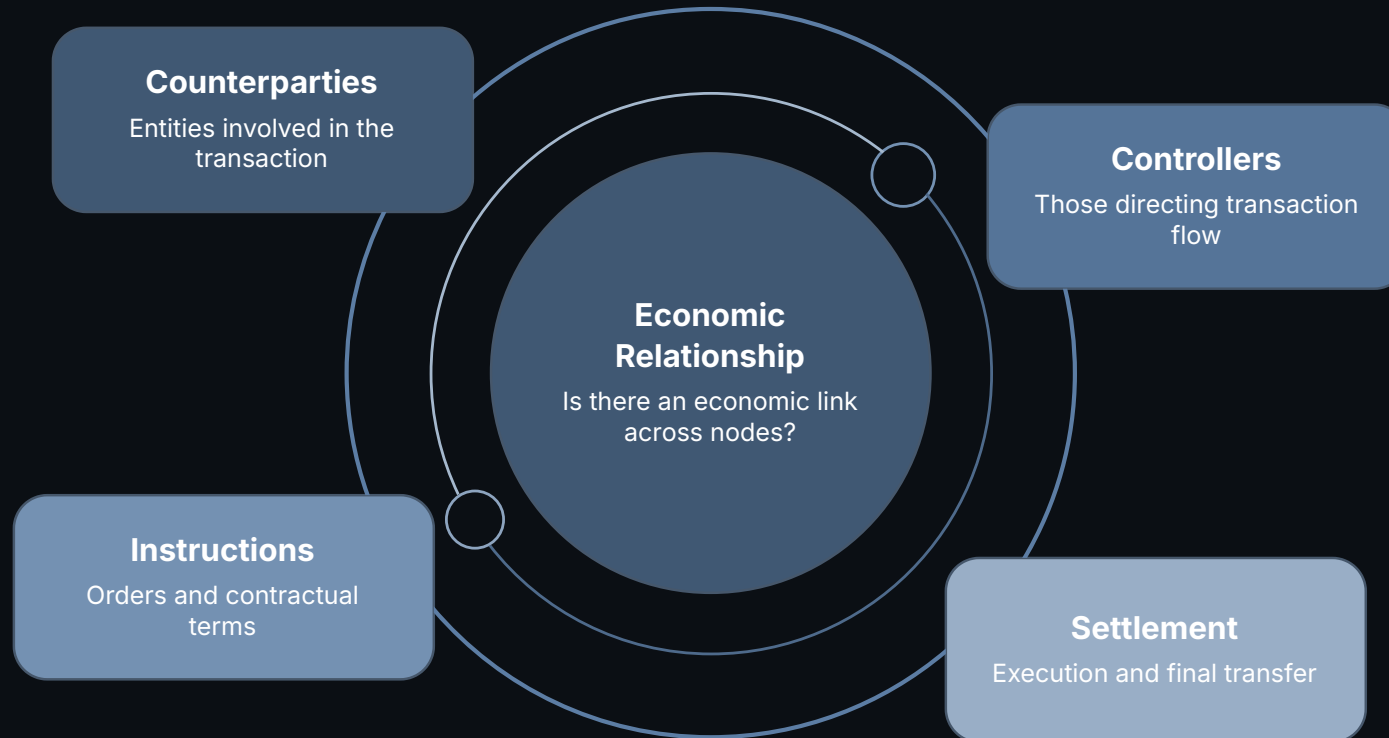
Moscow: purchase in roubles.

London: corresponding sale in foreign currency.

What connects the customers?

Deutsche Bank | FCA finding, 2017 | Matching trades alone prove no offence.

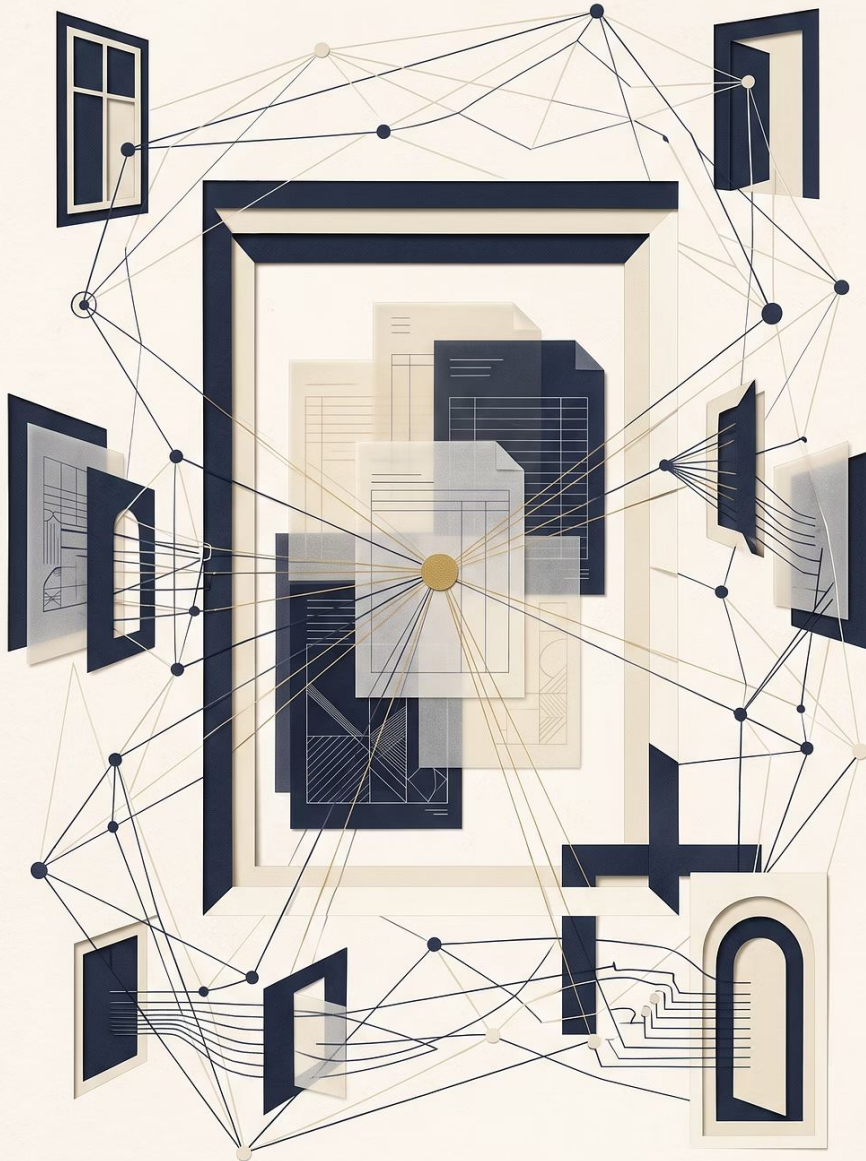
Join before judging.



Counterparties. Controllers.
Instructions. Settlement.

Test the economic relationship, not just
separate files.

Deutsche Bank | FCA finding, 2017 | A network
link requires corroboration.



Clear the exception you can explain.

Matched trades initially unexplained.

Mandate, ownership and settlement corroborate rebalancing.

Clear the unexplained-purpose exception.

Teaching adaptation | Not a Deutsche finding or customer-wide clearance.

The restriction and the business model.

Compare the formal restriction with routes that retained users.

Binance | OFAC settlement, 2023 | Settlement without a finding of fault.





An exception is not an exemption.

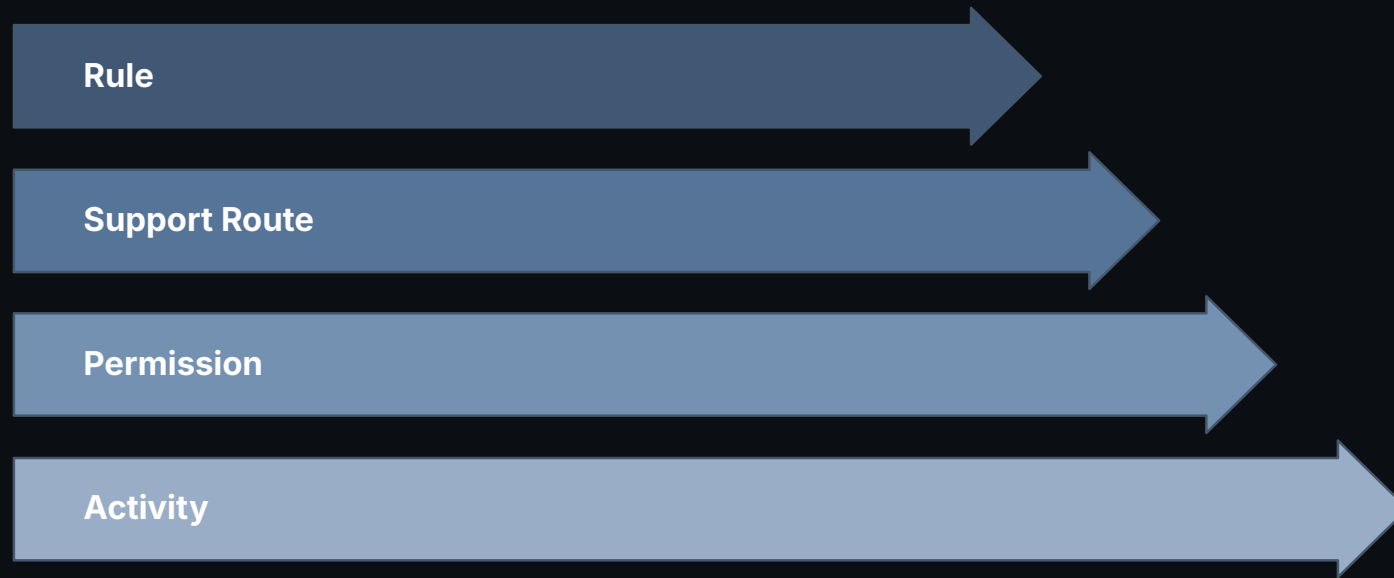
Location can be wrong.

Corroborate the correction.

Do not silently defeat the restriction.

Binance | OFAC settlement, 2023 | US nexus is not Lithuanian law.

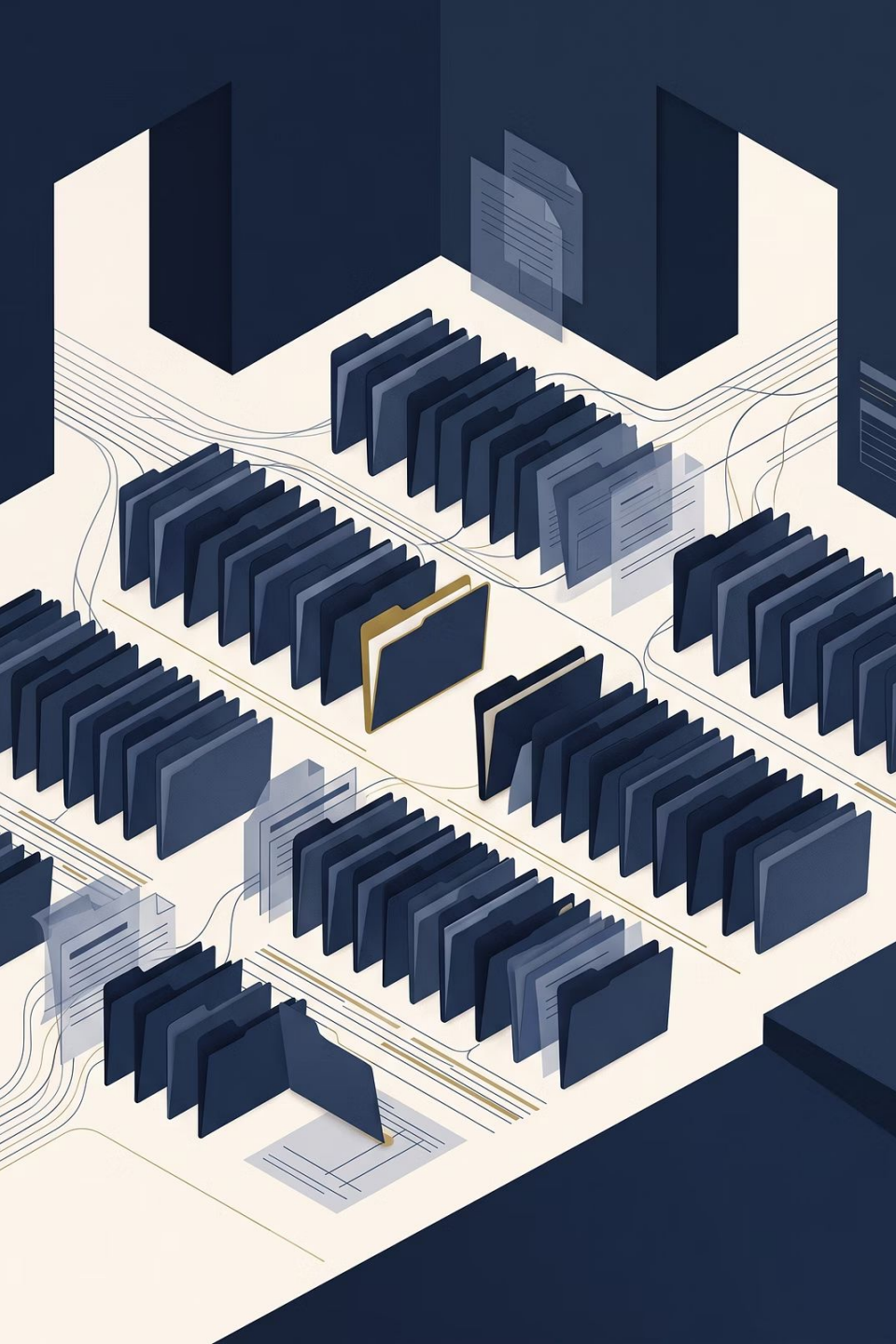
Follow the override to its owner.



Rule > Support route > Permission > Activity

Who can change the boundary?

Binance | OFAC settlement, 2023 | Geofencing is not all sanctions compliance.



What did "covered" include?

Domestic ACH was omitted.

International ACH coverage did not answer that question.

TD Bank | FinCEN order, 2024 | Unmonitored does not mean criminal proceeds.

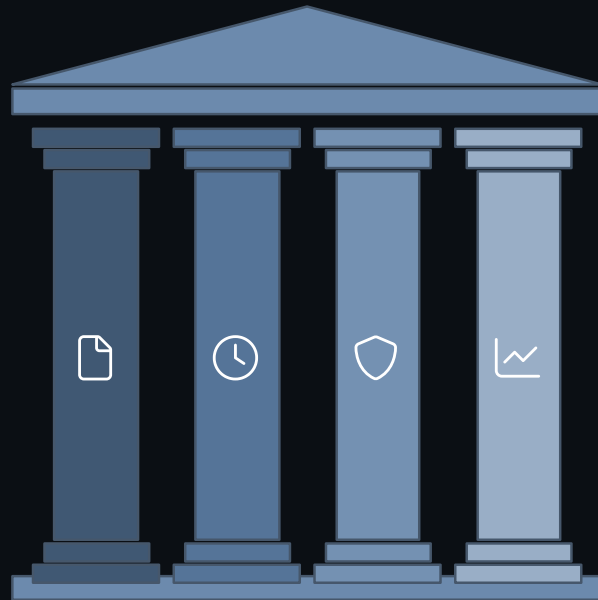
Risk-based is an argument, not a label.

Exclusion Rationale

Document reasons for excluding risk

Alternative Control

Describe compensating safeguards



Contemporaneous Evidence

Capture timely supporting records

Actual Outcomes

Record real-world results observed

Exclusion rationale

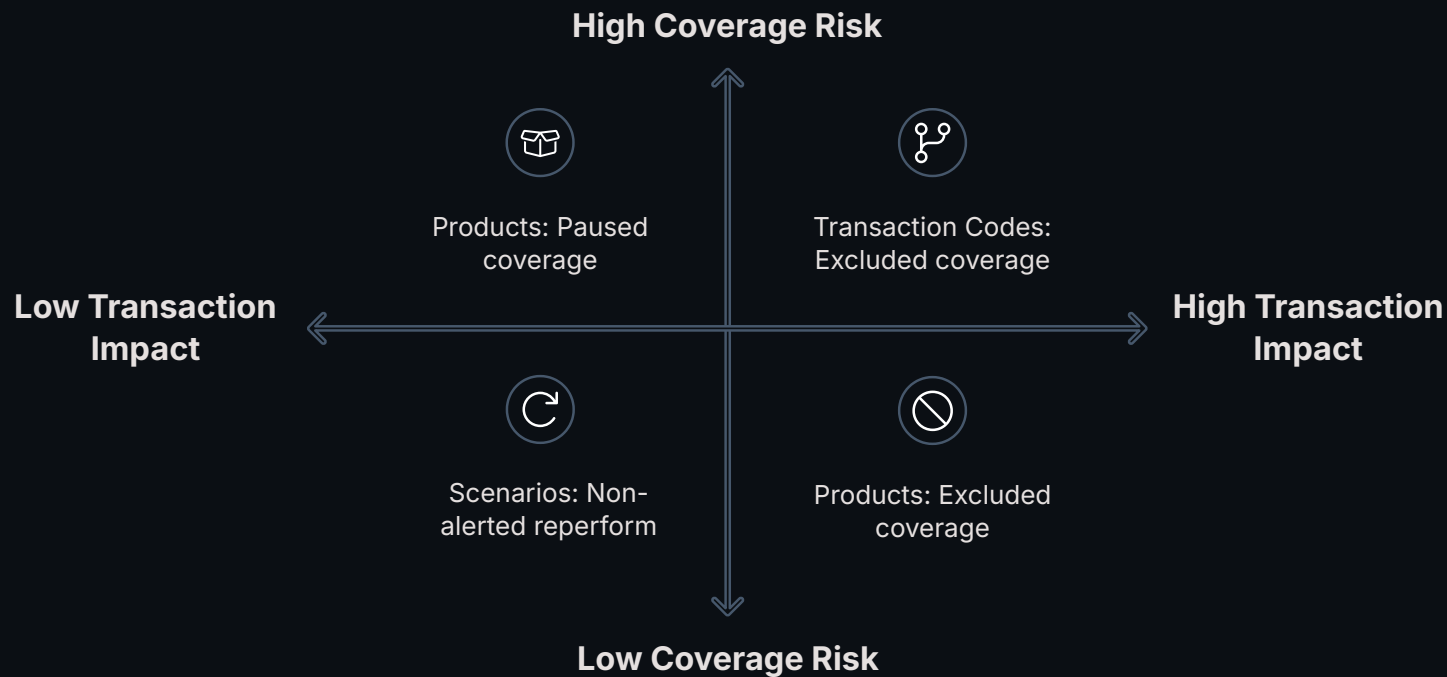
Contemporaneous evidence

Alternative control

Actual outcomes

TD Bank | FinCEN order, 2024 | Risk-based does not justify unsupported exclusion.

Test outside the queue.



Products > Transaction codes > Scenarios

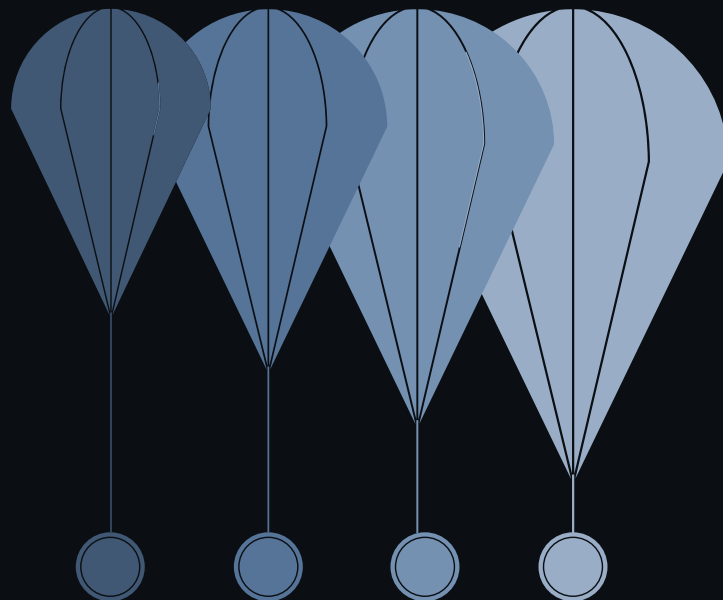
Include paused and excluded coverage.

Reperform non-alerted activity.

TD Bank | FinCEN order, 2024 | A clean alert sample cannot establish completeness.

The warning stopped below the decision.

-  **2017 Awareness**
Operational awareness recorded
-  **May 2018 Notice**
Group MLRO informed
-  **Trace Recipients**
Identify all recipients
-  **Accountable Action**
Assign and document steps



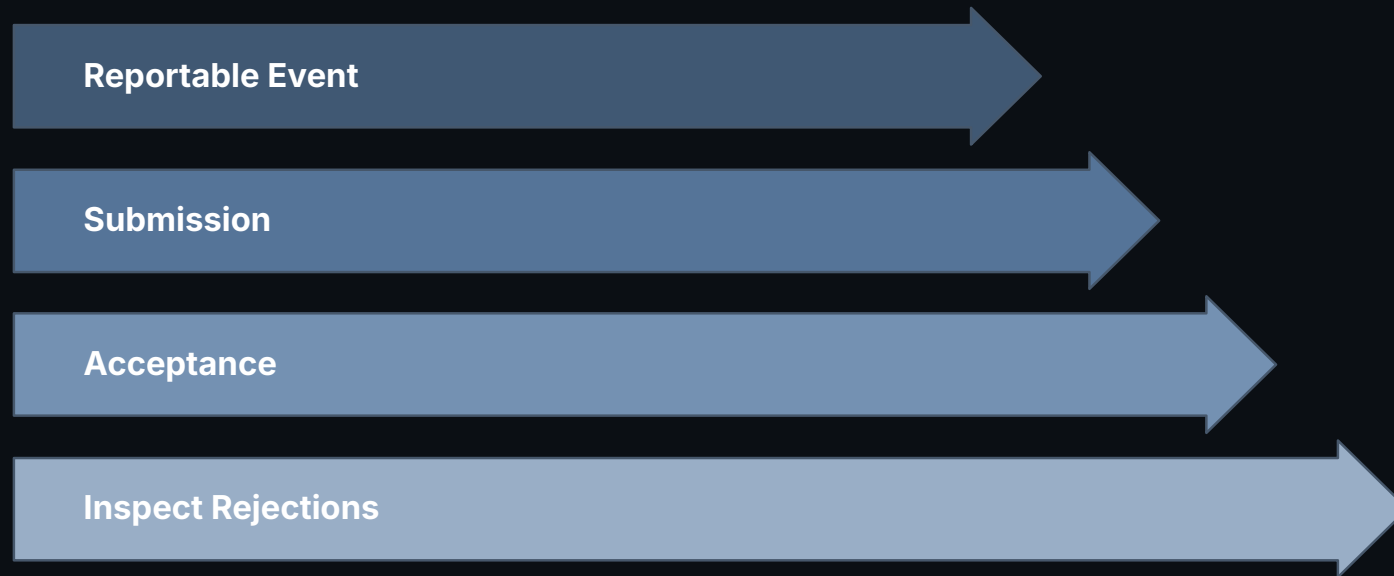
2017: operational awareness.

May 2018: Group MLRO informed.

Trace recipients and accountable action.

Westpac | Agreed facts, 2020 | Do not invent board concealment.

Payment delivered. Intelligence not delivered.



Reportable event > Submission > Acceptance

Inspect rejections and resubmissions.

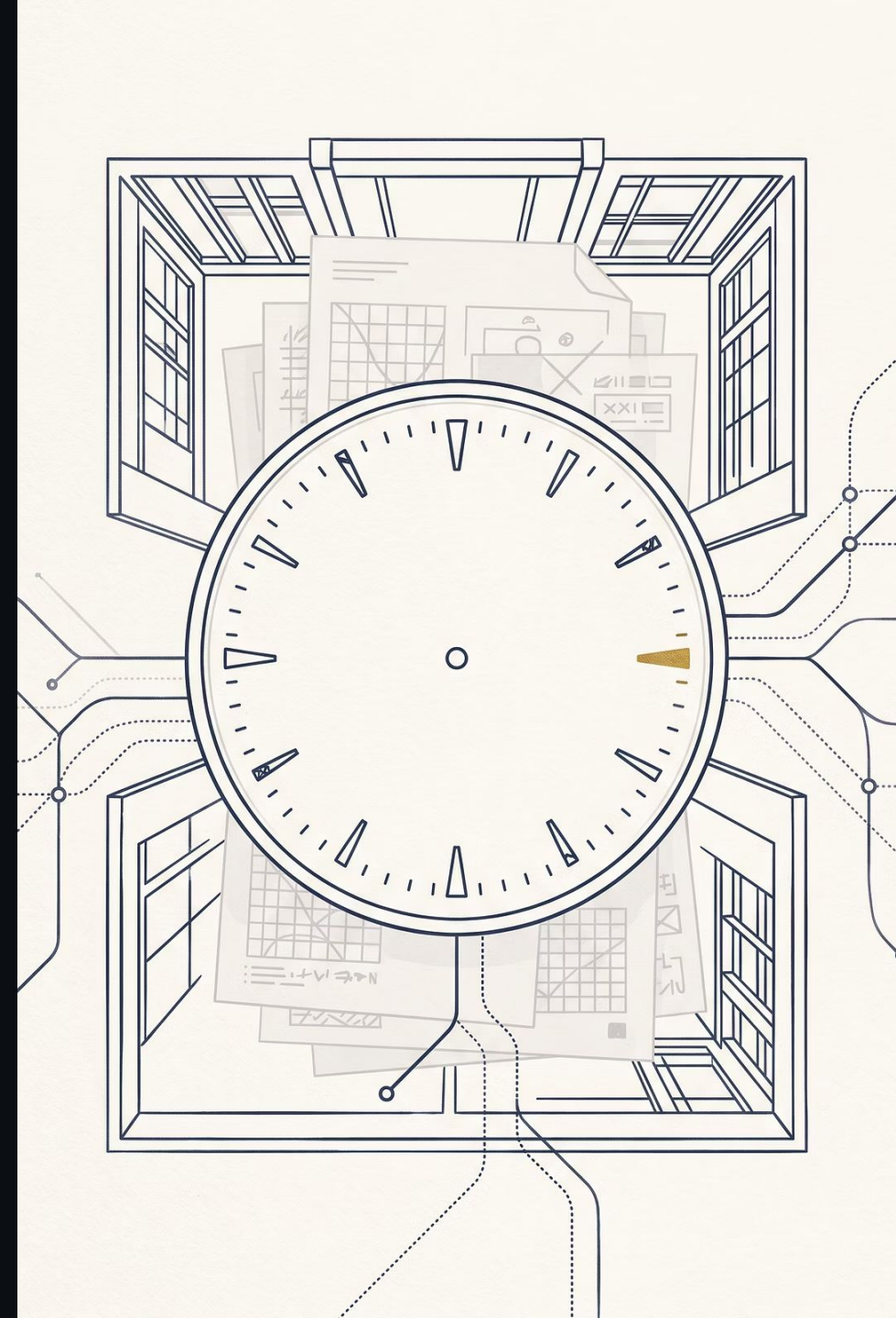
Westpac | Agreed facts, 2020 | Australian IFTI duties are not Lithuanian STR duties.

Do not move the clock to suit the workflow.

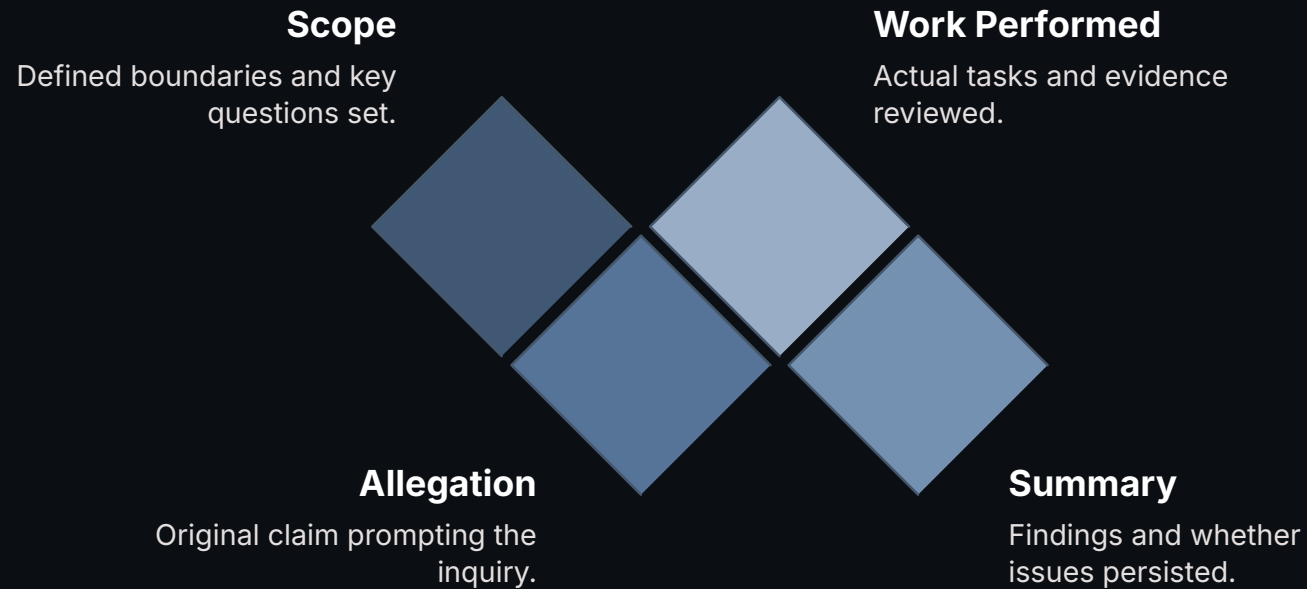
Grounds > Assessment > Action > Receipt

Article 16: distinct triggers and clocks.

Lithuania | Law VIII-275; FNTT explanation | An alert or block is not a report.



What question was actually investigated?



Allegation > Scope > Work performed
> Summary

Did the question shrink?

Danske Estonia | Bank-commissioned report,
2018 | Not a court or regulatory judgment.

An improvement can be real and insufficient.

New-customer improvements

Addressed for a specific group of customers after the changes.

Legacy-portfolio questions

Unresolved across older accounts and the period before the changes.

New-customer improvements

Legacy-portfolio questions

Different populations. Different conclusions.

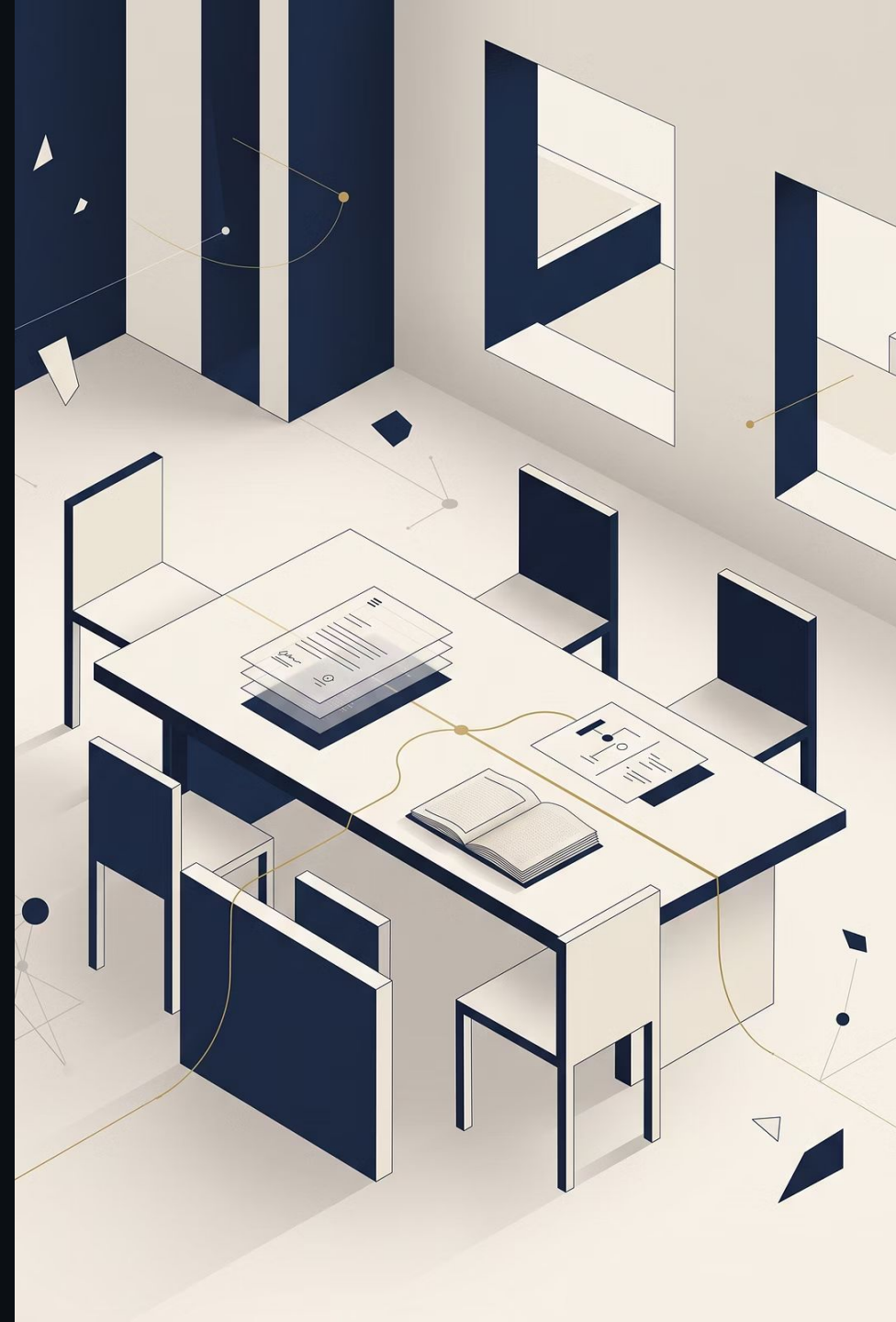
Danske Estonia | Bank-commissioned report, 2018 | Improvement does not settle wider allegations.

Different populations. Different conclusions. One summary cannot carry both.

Keep the uncertainty in the room.

Preserve exclusions, unresolved allegations and decisions through every summary.

Danske Estonia | Bank-commissioned report, 2018 | A missing minute alone proves no person's ignorance.



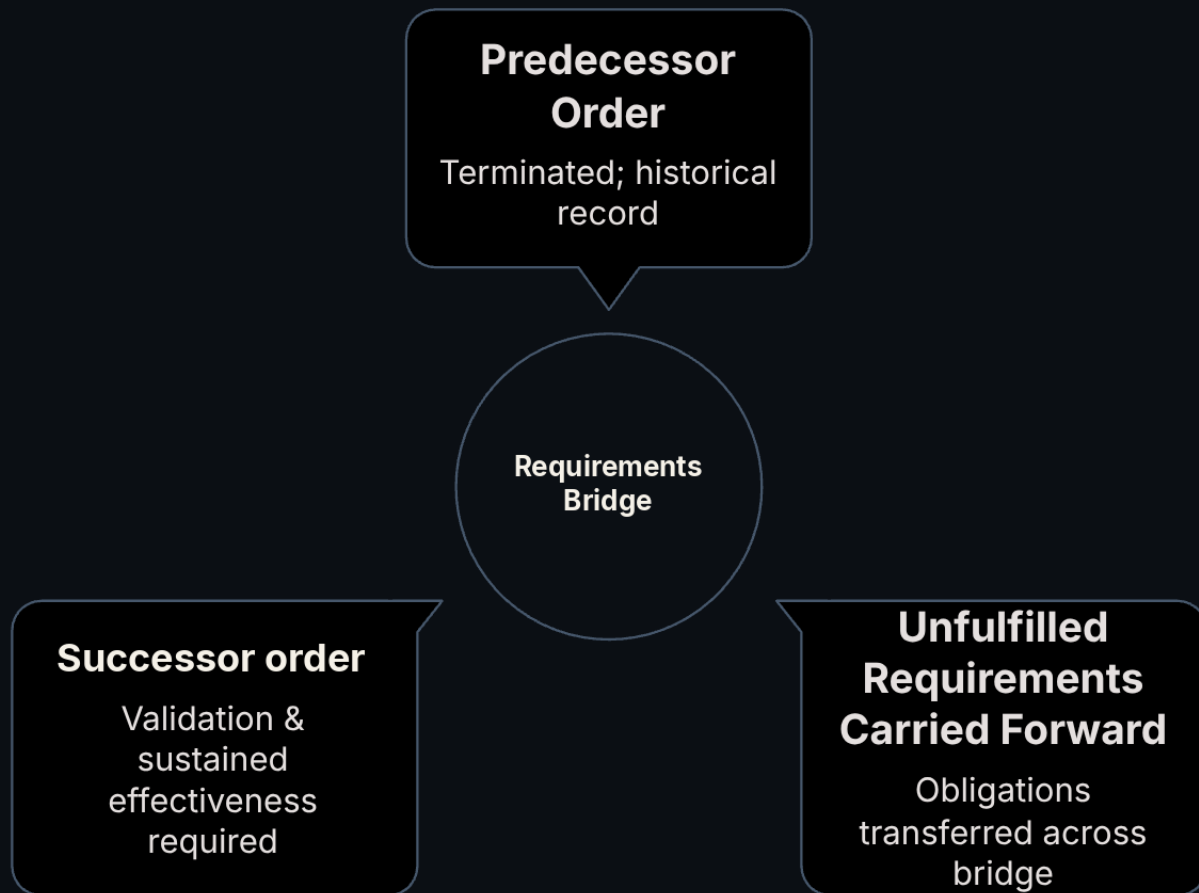
The order was terminated. Close the issue?

What evidence would you request before closing the internal obligation?

USAA | OCC consent order, 2024 | Termination is an administrative fact.



Superseded, not certified cured.

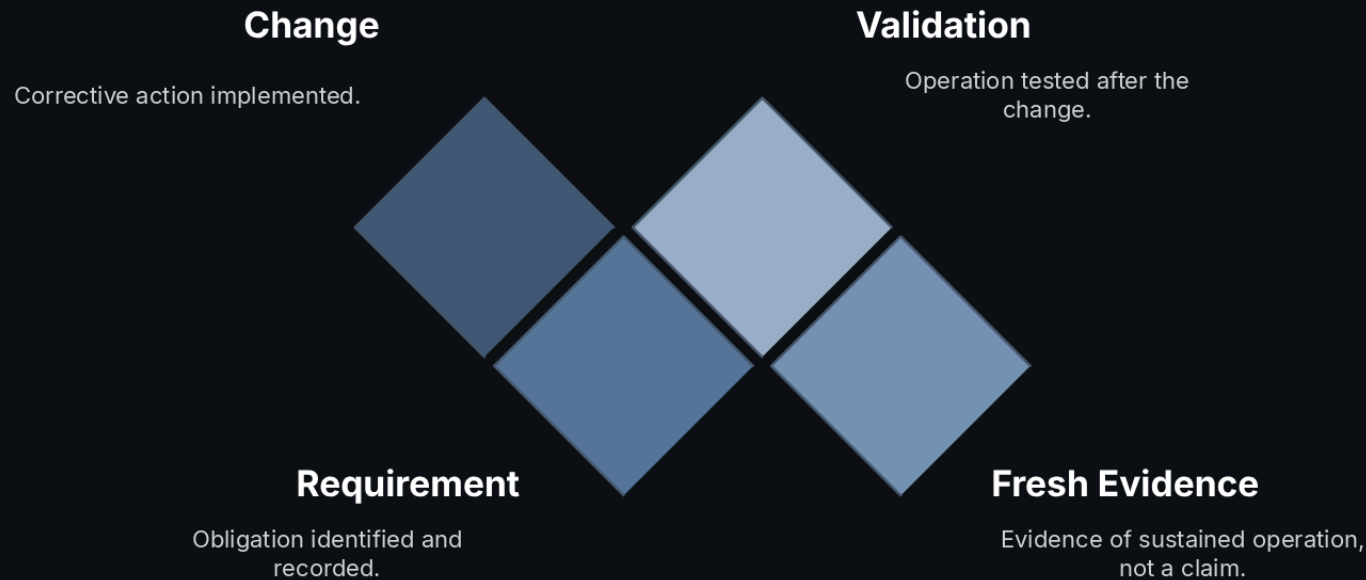


The successor carried unfulfilled requirements forward.

Validation and sustained effectiveness still mattered.

USAA | OCC consent order, 2024 | Historical record, not an asserted current condition.

Trace the obligation through the repair.



Requirement > Change > Validation >
Fresh evidence

Delivered. Effective. Sustained.

USAA | OCC consent order, 2024 | Neither
admits nor denies the findings.

What can the other side reconstruct?

Bank of Lithuania: financial-sector supervision.

FNTT: Lithuania's FIU.

Knowledge > Decision > Action

Article 19: record-specific retention.

Lithuanian framework | Control evidence is not, by itself, proof of crime.



Today. Transition. Next regime.

1

TODAY

Lithuanian duties

2

10 July 2027

AMLR general application

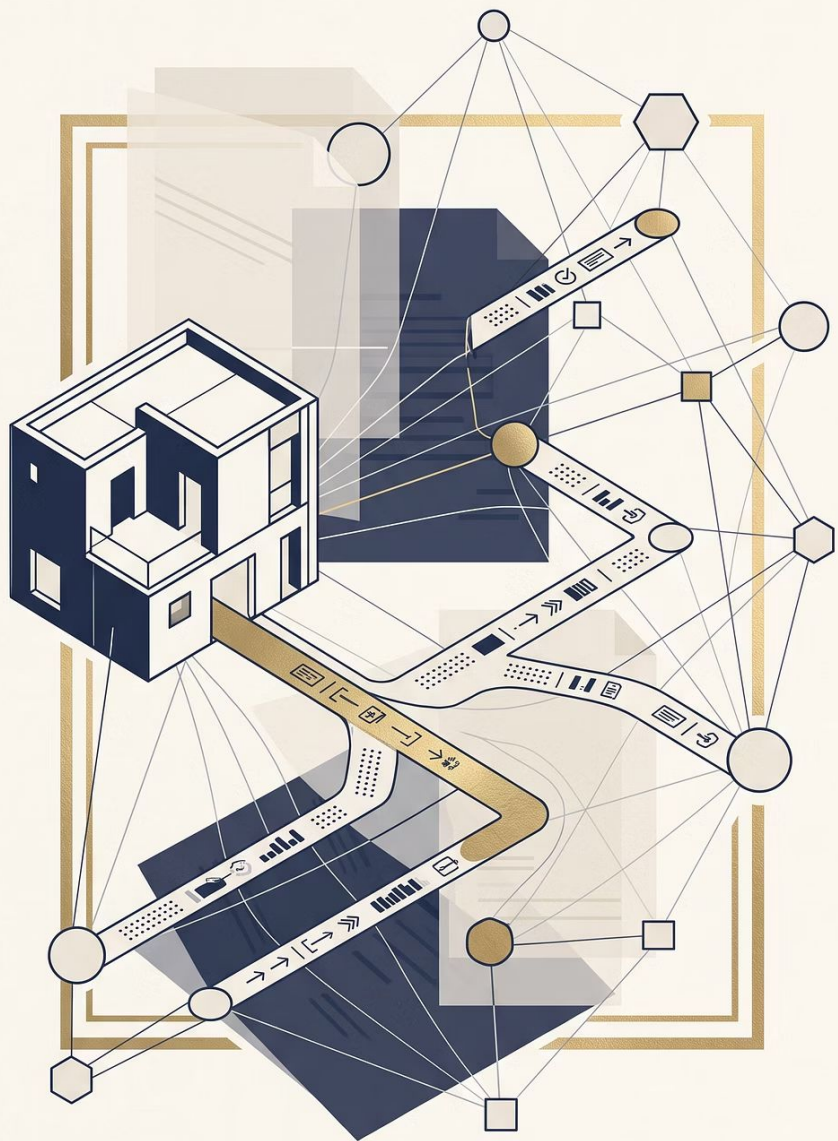
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2028

AMLA direct supervision, selected entities

EU law | Future application | AMLD6 general deadline: 10 July 2027; exceptions in notes.





Scale the method, not the certainty.

An EMI outsources onboarding and monitoring.

Choose the method that tests its actual exposure.

Teaching adaptation | No real institution or invented enforcement history.

What would change your conclusion?

Test evidence that supports confidence.

Test evidence that challenges it.

Alexis Luque | Nox Foundry

Practitioner assessment



Optional workshop: a provider says covered.

11 minutes, separate from the core.

An EMI launches a new payout route.

What would justify reliance?

Teaching adaptation | Synthetic exercise, not a public case.

The pack: covered, but what scope?



Contract: monitoring.

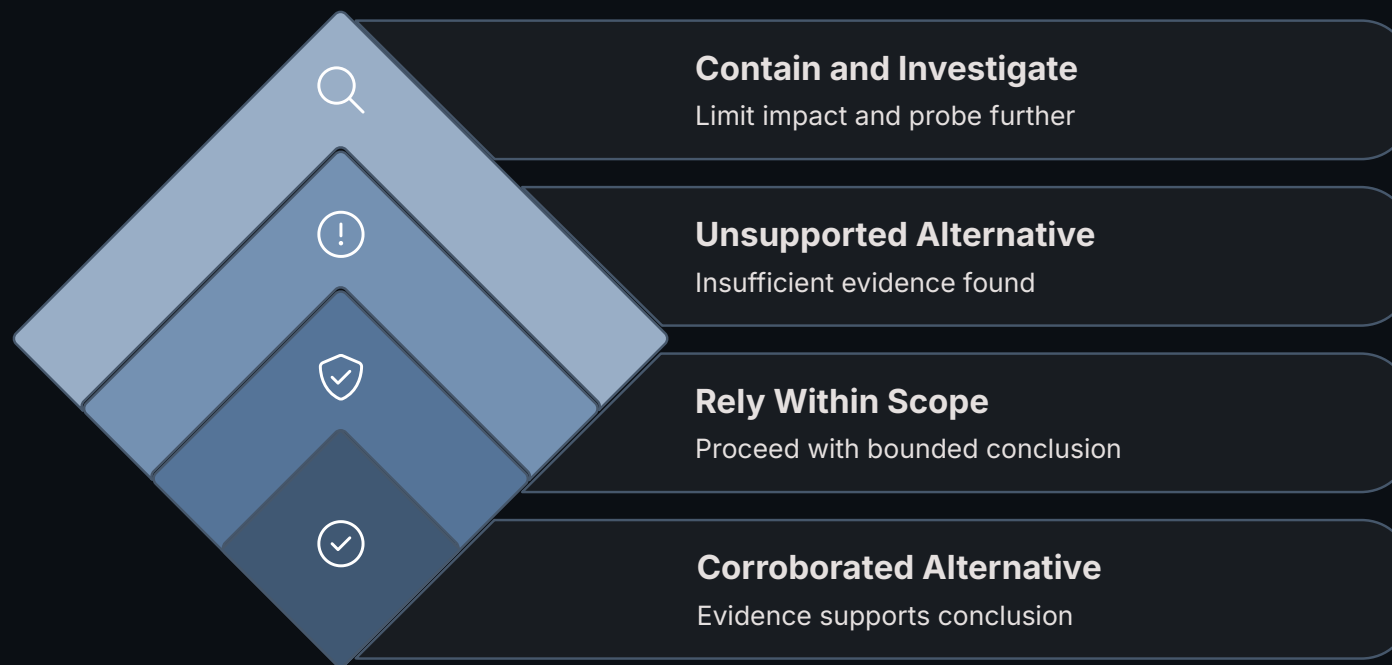
Assurance: standard routes only.

Launch: client-specific route.

Alternative review claimed; output absent.

Teaching adaptation | An assurance exclusion does not itself prove control failure.

A bounded conclusion.



Corroborated alternative: rely within scope.

Unsupported alternative: contain and investigate.

What would change your conclusion?

Teaching adaptation | No automatic inference that laundering occurred.