



# FINRA PROBES MERRILL OVER ANTI-MONEY LAUNDERING COMPLIANCE: SOURCE

News / Finance



Wall Street's self-regulatory body has been probing Bank of America Merrill Lynch over its failure to detect the activities of a former financial adviser, who pleaded guilty to helping a client cover up an insider-trading scheme and launder the proceeds, said a source familiar with the matter.

The Financial Industry Regulatory Authority (FINRA), which has been in discussions with Merrill ([BAC.N](#)), may take enforcement action against the bank, most likely citing its alleged shortcomings in complying with anti-money laundering regulations, the source said.

The source asked not to be identified because the matter is not public. A spokeswoman for FINRA and a spokesman for Bank of America Merrill Lynch both declined comment.

Like other banking regulators and law enforcement agencies, FINRA has stepped up scrutiny of the securities industry over anti-money laundering compliance.

In February of last year, FINRA fined Brown Brothers Harriman \$8 million for failures in detecting suspicious penny stock transactions. The regulator also suspended Brown Brothers' global anti-money laundering compliance officer for one month.

In December 2014, FINRA ordered two brokerage units of Wells Fargo & Co ([WFC.N](#)) to pay a joint \$1.5 million fine for failing to verify 220,000 new accounts during a nine-year period.

In the latest case, former Merrill financial adviser Gary Yin helped his client, Jing Wang, launder money earned through insider trading in 2012, according to the U.S. Department of Justice.

Wang, a former Qualcomm Inc ([QCOM.O](#)) president of global business operations, made hundreds of thousands of dollars in illicit profits by purchasing shares of Qualcomm and another company based on knowledge gained through his job, according to U.S. prosecutors.

Wang, of Del Mar, California, pleaded guilty last year to charges of insider trading, money laundering and obstruction of justice.

Yin, who managed over \$200 million in assets at a Merrill office in San Diego, also pleaded guilty to conspiring to obstruct justice and launder money. He is scheduled to be sentenced on Friday in U.S. District Court in San Diego.

Among other things, Yin altered records in Merrill's computer system to distance Wang from the illicit trades, lied to Merrill compliance employees, and created British Virgin Islands shell companies "to conceal stock transactions from Merrill Lynch and others," his plea agreement stated.

(Editing by [Soyoung Kim](#) and Jeffrey Benkoe)

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