

WILL TREASURY HIRE THE GUY WHO ALLOWED JP MORGAN HELP IRAN LAUNDER MONEY?

Two weeks ago, Treasury fired the guy in charge of FinCEN (the part of Treasury that enforces and tracks Suspicious Activities Reports), Jim Freis, reportedly (pay wall) because he wanted to focus on law enforcement and financial crimes, rather than a more focused counterterrorism focus.

The issue wasn't Fincen's speed or personality conflicts, but more about control. To put it simply, Treasury wants more oversight of Fincen's activities, including additional focus on international areas such as terrorist financing. "Fincen ought to be better integrated and tethered to the policy issues that relate to money laundering, terrorist financing and economic sanctions on behalf of the U.S. government. It's not as well integrated as it should be," said a senior administration official who spoke on condition of anonymity.

Freis saw Fincen's role as more independent, and was primarily concerned with the agency's role in supporting law enforcement agencies as well as tackling other financial crimes such as mortgage fraud.

And if that isn't enough to make you wonder about this Administration's commitment to making banks obey the law, consider that the apparent leading candidate to replace Freis is JP Morgan's anti-money laundering VP, William Langford.

In December 2009, when JPMC extended a \$2.9

million loan to the Islamic Republic of Iran Shipping lines, in violation of WMD sanctions, Langford was the VP at JPMC in charge of money laundering. He was there, too, when JPMC decided not to self-disclose the loan until they had almost been repaid.

In the months before March 2011, when JPMC repeatedly claimed it didn't have 20 documents relating to a wire transfer with Khartoum? Langford was at JPMC for that too.

The 9 wire transfers since April 2006 in violation of a range of sanctions? He was there for most of those.

And he was probably at JPM—though just barely—when JPMC transferred \$20M in gold bullion—a ton of gold!—for an Iranian bank?

Now, presumably all this money laundering and sanctions violating happened in remote corners of JPMC, far from Langford's views (though you would think his office would be involved in the non-responsive answers about the Khartoum documents and decisions about when and whether to self-disclose some of these violations). There is no reason to believe Langford facilitated any of this money laundering and sanctions violating.

Still, even aside from the whole revolving door problem, from the centrality of JPMC in both the MF Global and JPMC's won Fail Whale investigations, it seems like Treasury might hire someone who couldn't keep one bank in line, much less all of them.