



Overcoming the “Addiction to the Status Quo”

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TRANSFORMING AML COMPLIANCE

CHANGING THE FACE OF ANTI-MONEY
LAUNDERING TOGETHER



AML Sentinel is a full service AML transaction monitoring and enhanced due diligence provider that delivers a comprehensive and affordable service solution to meet the growing AML threat faced by the financial industry. We provide a customized solution to small and mid size enterprises faced with the ever increasing cost and risks of compliance with the Bank Secrecy Act / AML laws and regulations.

The AML Sentinel approach gives each partner the benefits of deep industry expertise, cutting edge technology and analytical capabilities. We provide investigative expertise with the specialized skills to address the growing anti money laundering threat.

We have multiple, flexible approaches to integrate with and support your AML compliance activities based on your needs. But in all cases we will stand with you to reduce regulatory compliance risks.

We live and breath AML so that you don't have to.

Money Laundering is a growing worldwide problem



Financial institutions maybe unwittingly enabling criminal and terrorist activities without a strong and effective AML program

“The estimated amount of money laundered globally in one year is 5% of global GDP, or \$2 trillion in current US dollars.”*

Only ~ 1% of illicit funds going through the world financial system are confiscated*

* Source: United Nations Office on Drugs and Crime: <https://www.unodc.org/unodc/en/money-laundering/globalization.html>

Regulatory expectations are going to increase until this problem is brought under control

Money Laundering includes:

- Human Slavery
- Human Trafficking
- Child Pornography
- Terrorism
- Tax Evasion
- ANY Crime that uses a Financial Institution

Financial Institutions are:

- Banks
- Credit Unions
- Casinos
- Insurance Companies
- Accountants
- Lawyers
- Check Cashers
- ANY Institution that takes deposits or disperses money

All financial services firms are at risk

Compliance Risk

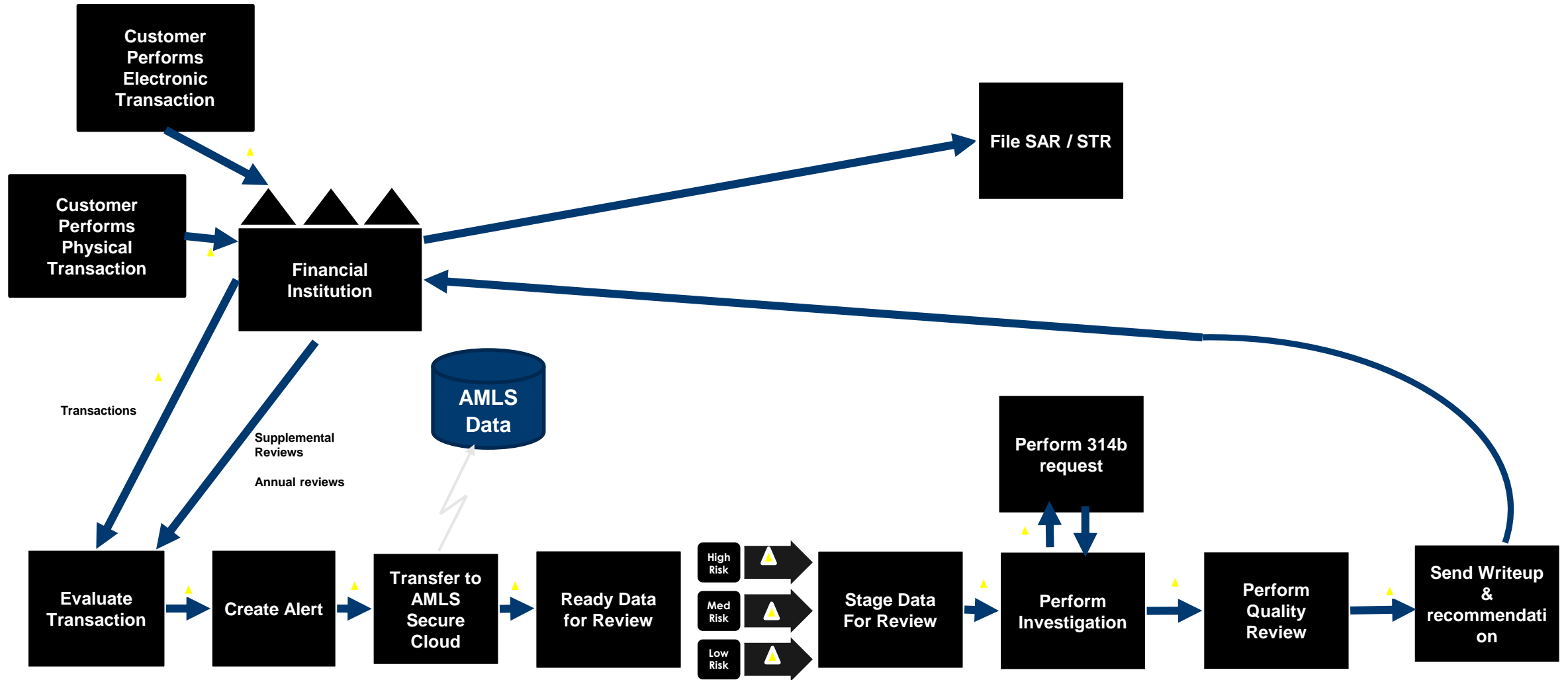
- ▶ Enforcement actions are up with 1 in 5 audits resulting in an action
- ▶ \$321 billion in fines since 2008
- ▶ Regulators expect consistent, well documented, timely, and effective investigations

Financial Risk

- ▶ Alerts requiring investigation are growing at 9% compounded annually
- ▶ Est. costs of working an alert ~ \$100 – 300 / alert and require specialized resources
- ▶ Is a major expenditure for many institutions

Fine \$	Date	Fin Institution
613,000,000	2/15/2018	US Bank
70,000,000	1/4/2018	Citi Bank
8,000,000	11/15/2017	Artichoke Joe's Casino
2,000,000	11/1/2017	Lone Star National Bank
41,000,000	5/26/2017	Deutsche Bank
7,000,000	2/27/2017	Merchants Bank of California
190,000	2/14/2017	Banamex Bankers
500,000	12/15/2016	Liquidated Credit Union
16,500,000	12/5/2016	Credit Suisse Securities
22,500,000	10/3/2016	Cantor Gaming
2,800,000	7/15/2016	Hawaiian Gardens Casino
300,000	6/1/2016	Albert Fried & Co
17,000,000	5/18/2016	Brokers
40,000	5/10/2016	TSB Bank
1,000,000	4/18/2016	Stearns Bank
1,000,000	4/5/2016	Nevada Casino
4,000,000	2/25/2016	Gibraltar Bank and Trust
1,000,000	2/4/2016	Brokerage firm

Transaction Monitoring Value Chain



These statistics should cause each of us to question *Our Assumptions* about the processes we use to facilitate change

- **97% of all transformations Fail**
- **90% of individuals will relapse and try to return to the before change condition**
- **50% associates are not engaged**
- **88% of associates don't have passion for their work**
- **80% of senior managers are not passionate about their work**

**We have been doing the same thing over and over again and expect a different result
– It is time for a change**

The question is:

**Why do people resist change
and how do we get them to
change?**

Our two hypothesis I would like to share with you and ask you to consider are:

- The classic methods leaders, trainers and coaches use are creating more resistance and lowering the rate of real change for people in the “Do Not Get It” and the “Not On Board”**
- The classic methods leaders, trainers, and coaches use for people in the “Do Not Get It” and the “Not On Board” cause compliance not real change**

Five Wisdoms from the Clinical Community

Our focus for today

A large percentage of people in an organization are:

“Addicted to the Status Quo”[©]

Addiction is defined as:

a state defined by compulsive engagement in rewarding stimuli, despite consequences. The term has little or no pejorative meaning attached to it.

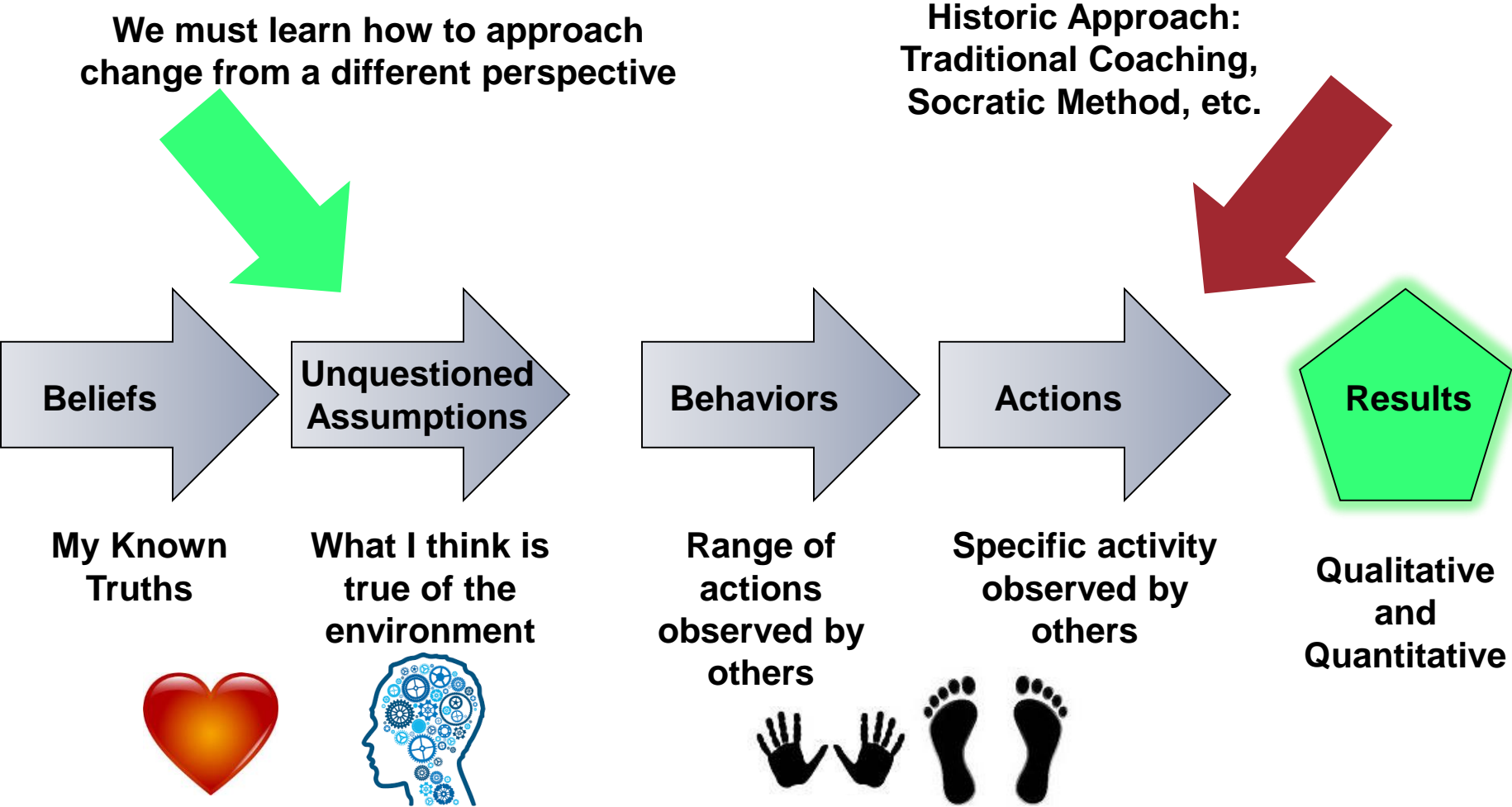
Examples:

- **A business implements a new state of the art computer system and within months the reports and in some cases the screens look like the old system**
- **A team improves their process and moves the furniture and within months things are back or almost the same as before the change**
- **Trainers, coaches and leaders acknowledge the method they use is ineffective and continue to employ the same method**

**No Person Can Change
Another Person!**

**No Person Can Motivate
Another Person!**

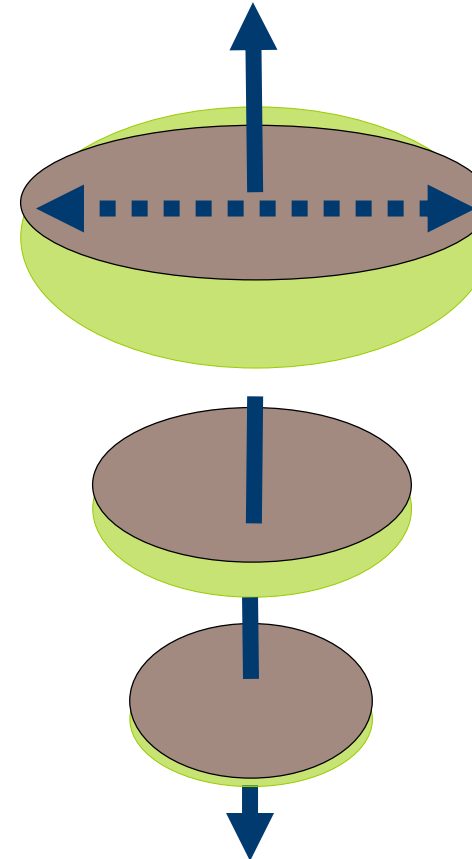
If our expectation is *Behavioral Change* we must change our approach to “Change Management”



Insanity – Continuing to do the same thing expecting different results

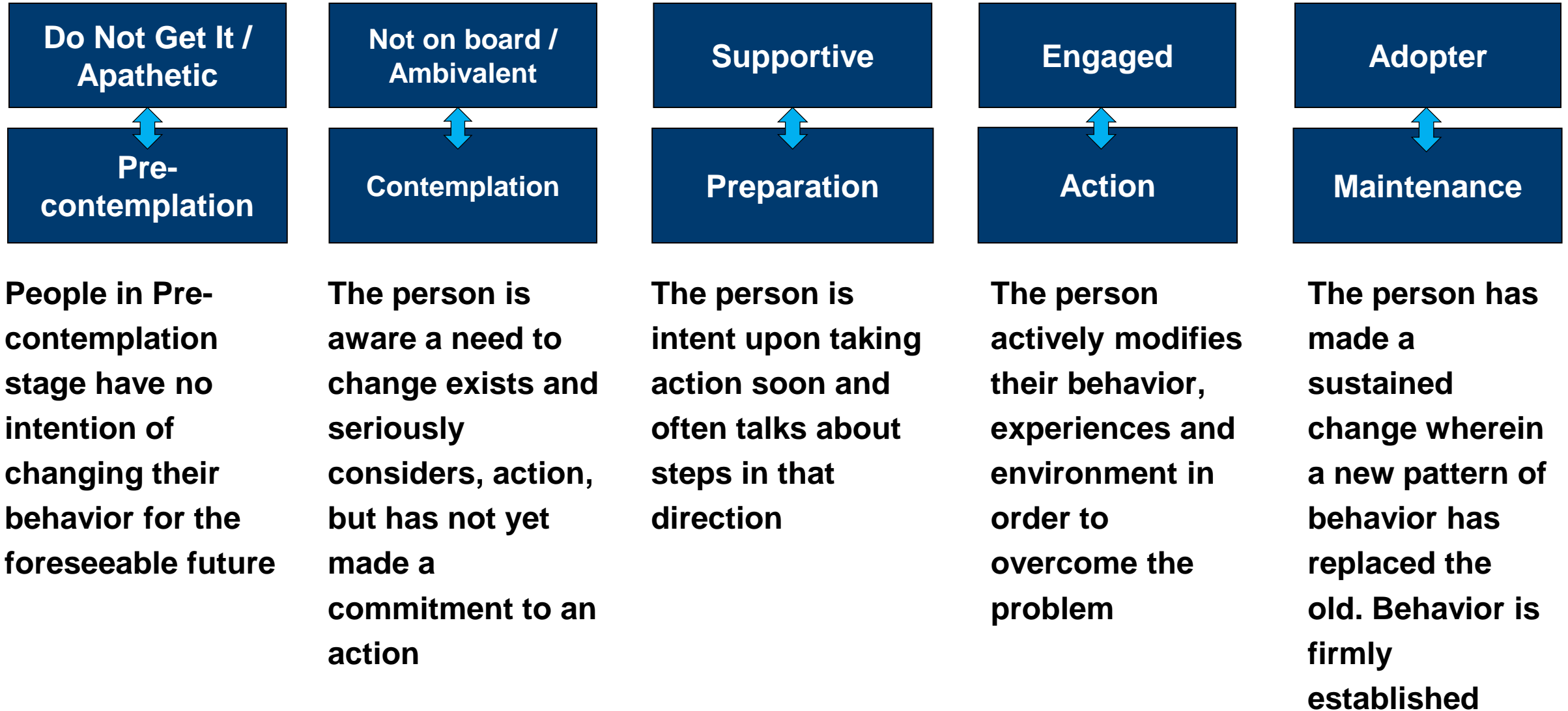
There are three types of development/change and before we attempt change we must know what type of change we seek from ourselves and others

- **Horizontal (Growth)**
 - Skill
- **Vertical (Transformation)**
 - Thinking
- **Stage Regression (Fallback)**

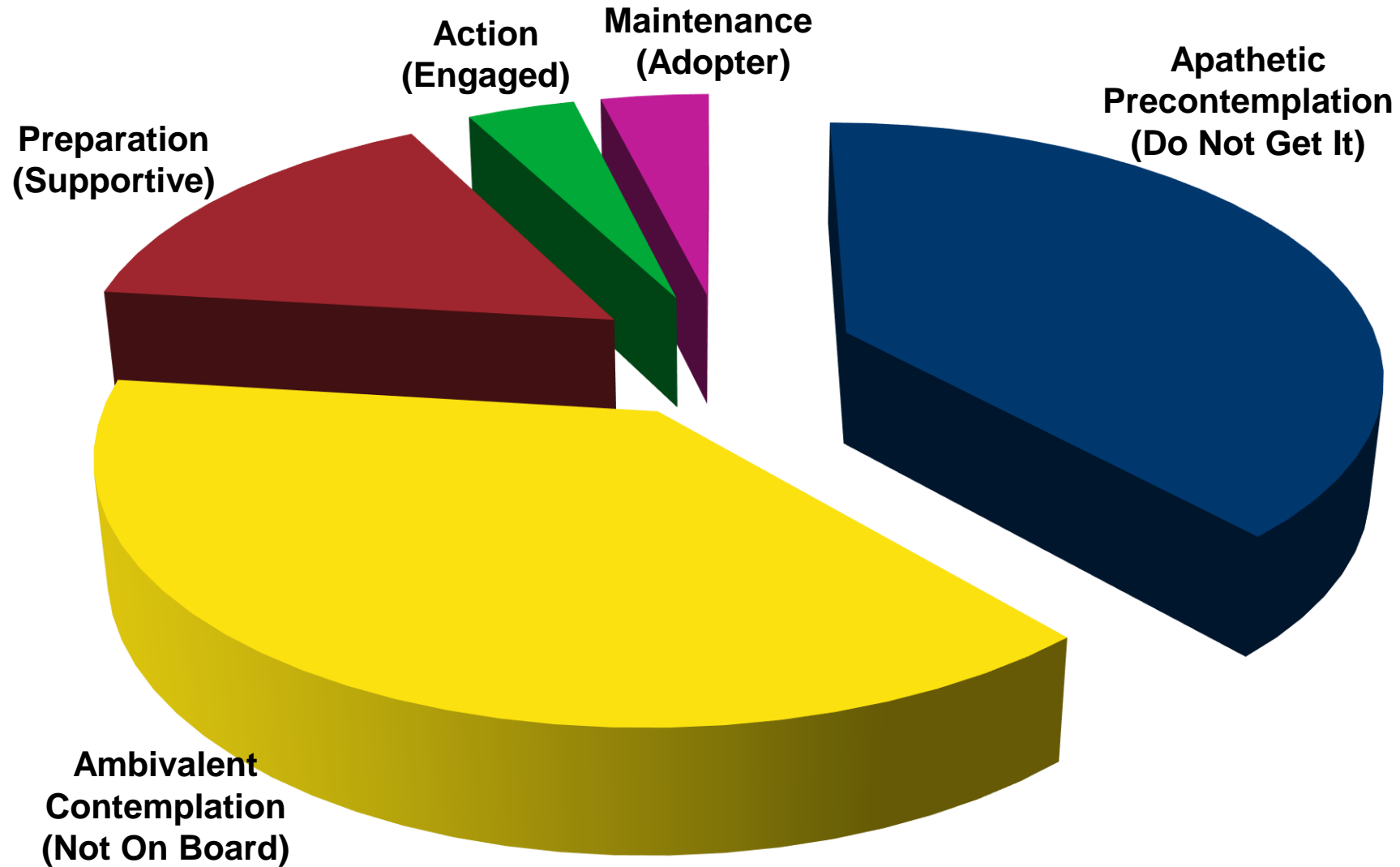


Knowledge We Had to Learn

Stages of readiness to Change

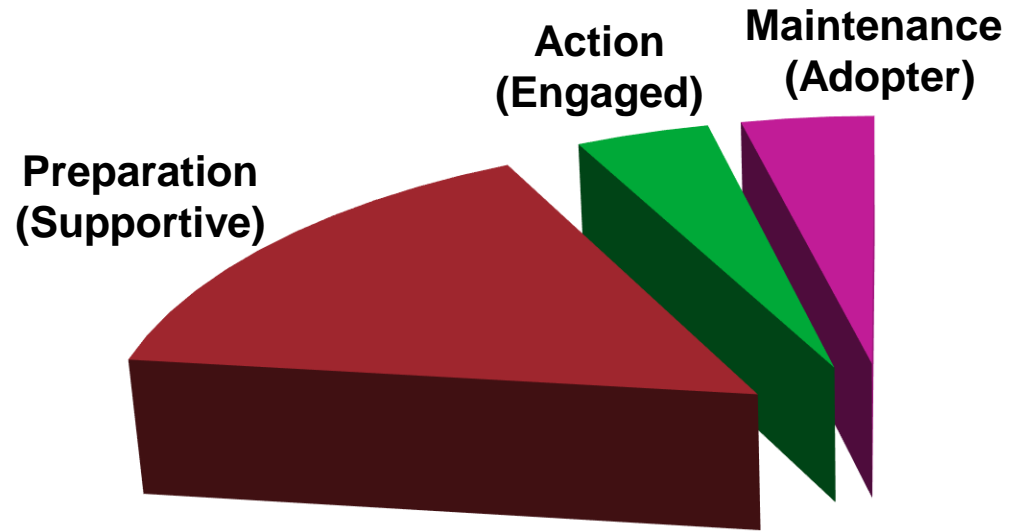


Typical Employee Segmentation for most changes



Data is based on several research studies

Typical Employee Segmentation

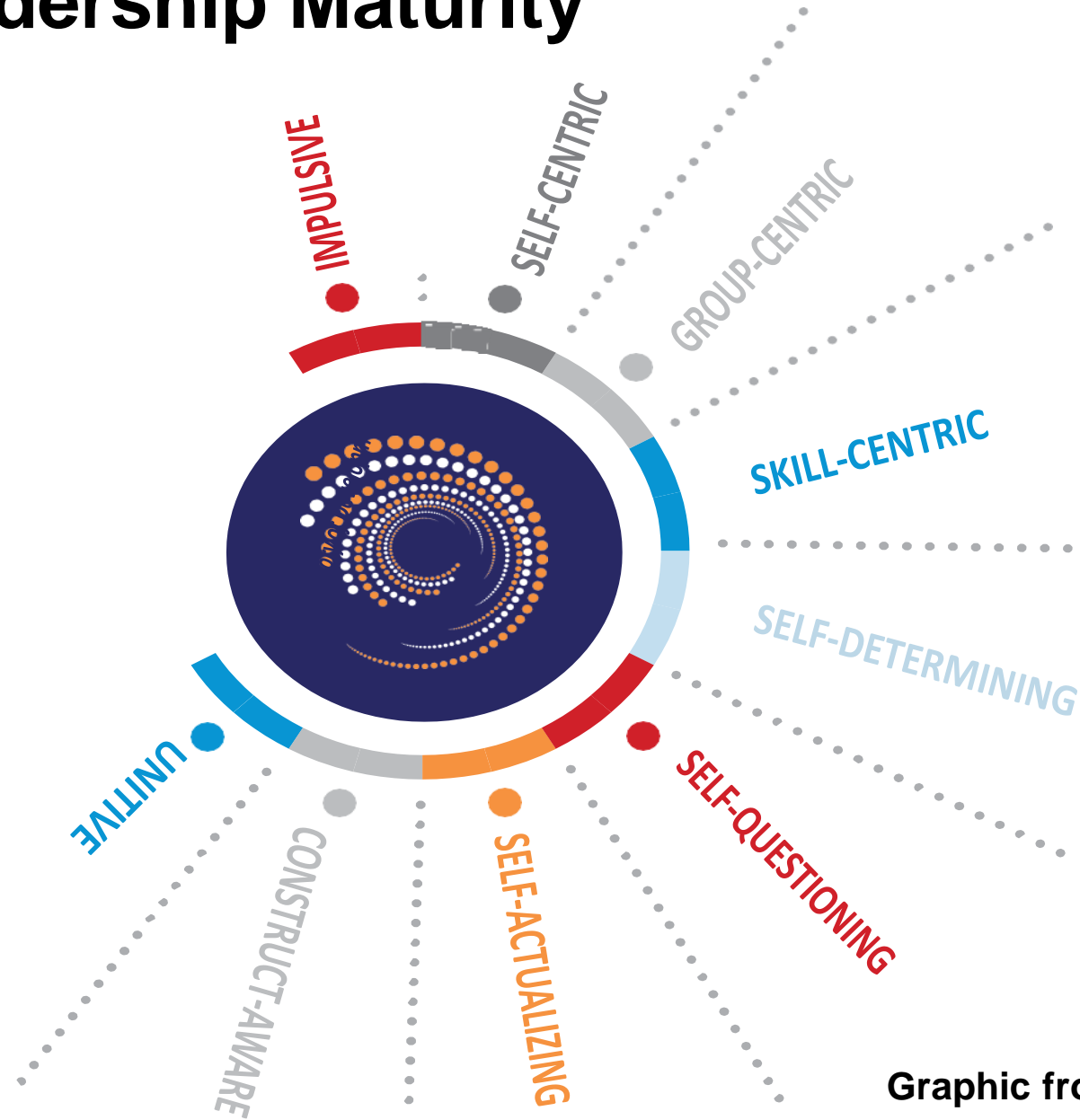


The classical coaching methods change agents are taught and use can be effective in these segments to lower resistance and increase change

Classical Coaching is effective for 25% of the population

Data is based on several research studies

Nine Stages of Leadership Maturity



Graphic from Dr. Cook-Greuter

Tiers of Development

◆ Postconventional

◆ Conventional

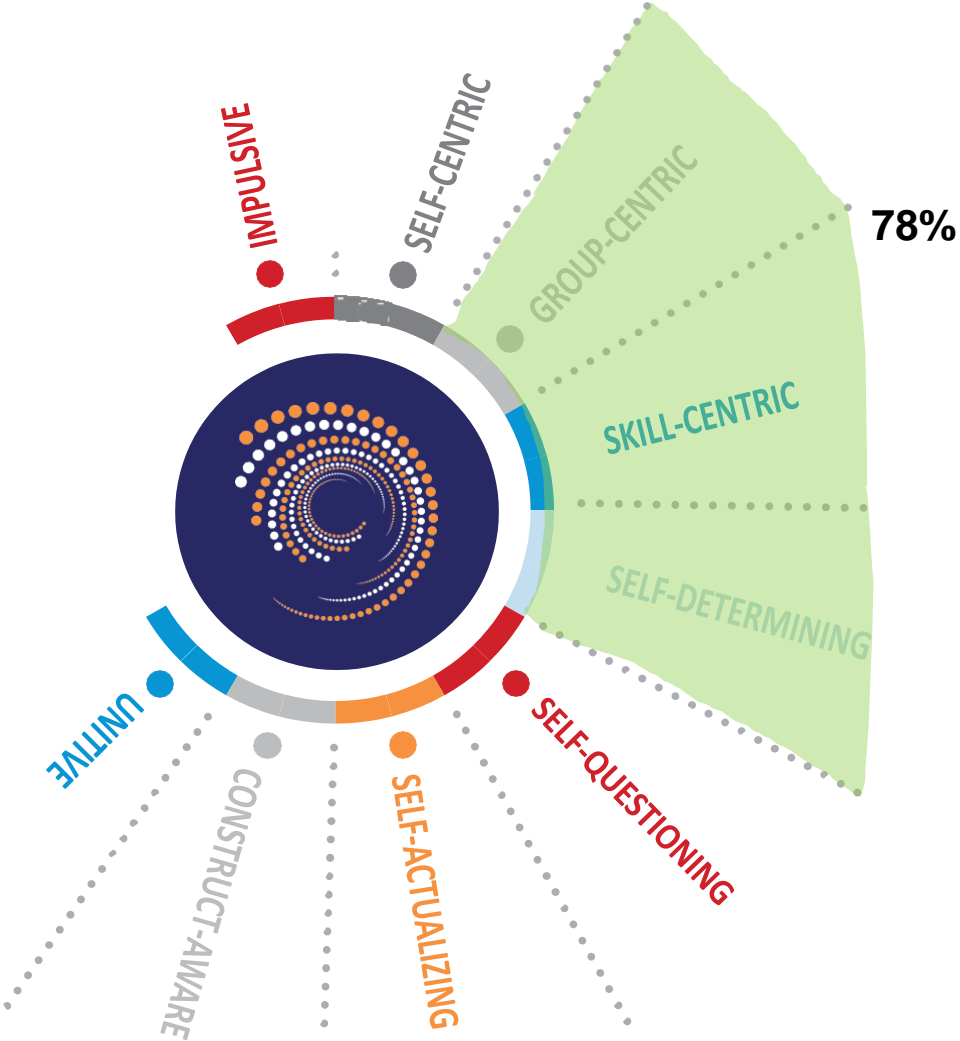
◆ Preconventional



Conventional Stages

11%	GROUP-CENTRIC (3)
37%	SKILL-CENTRIC (3/4)
30%	SELF-DETERMINING (4)

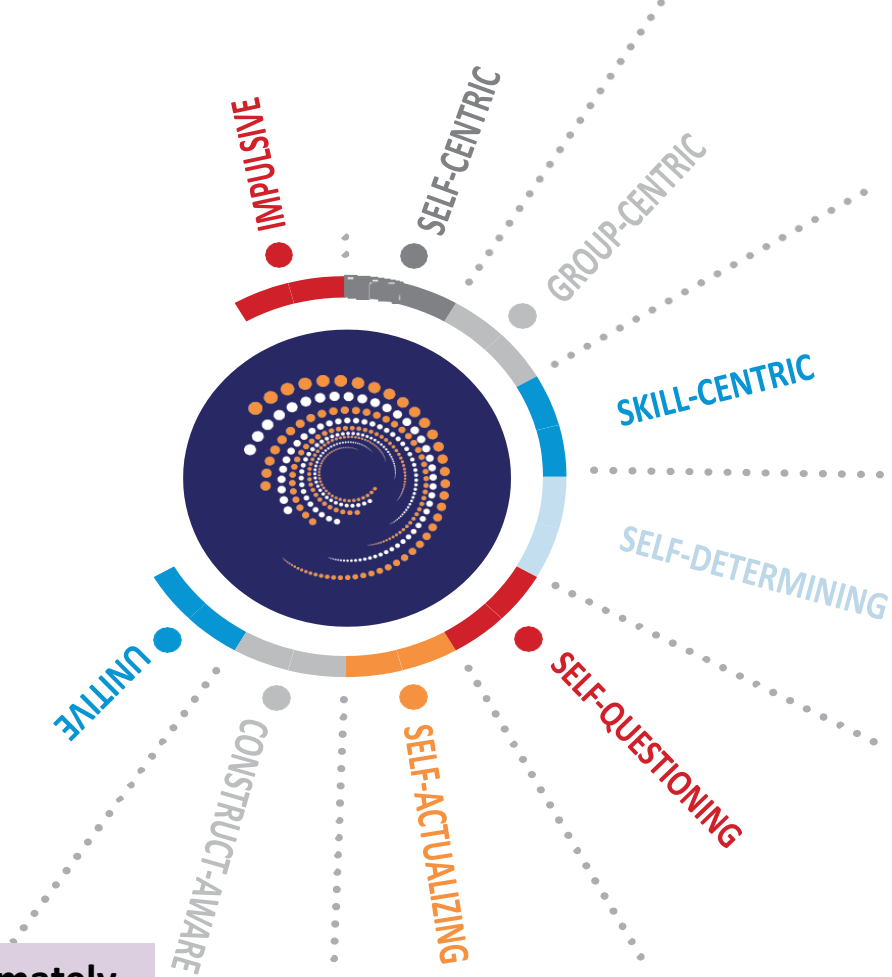
78% of leaders are in Stage 3, 3 / 4, & 4



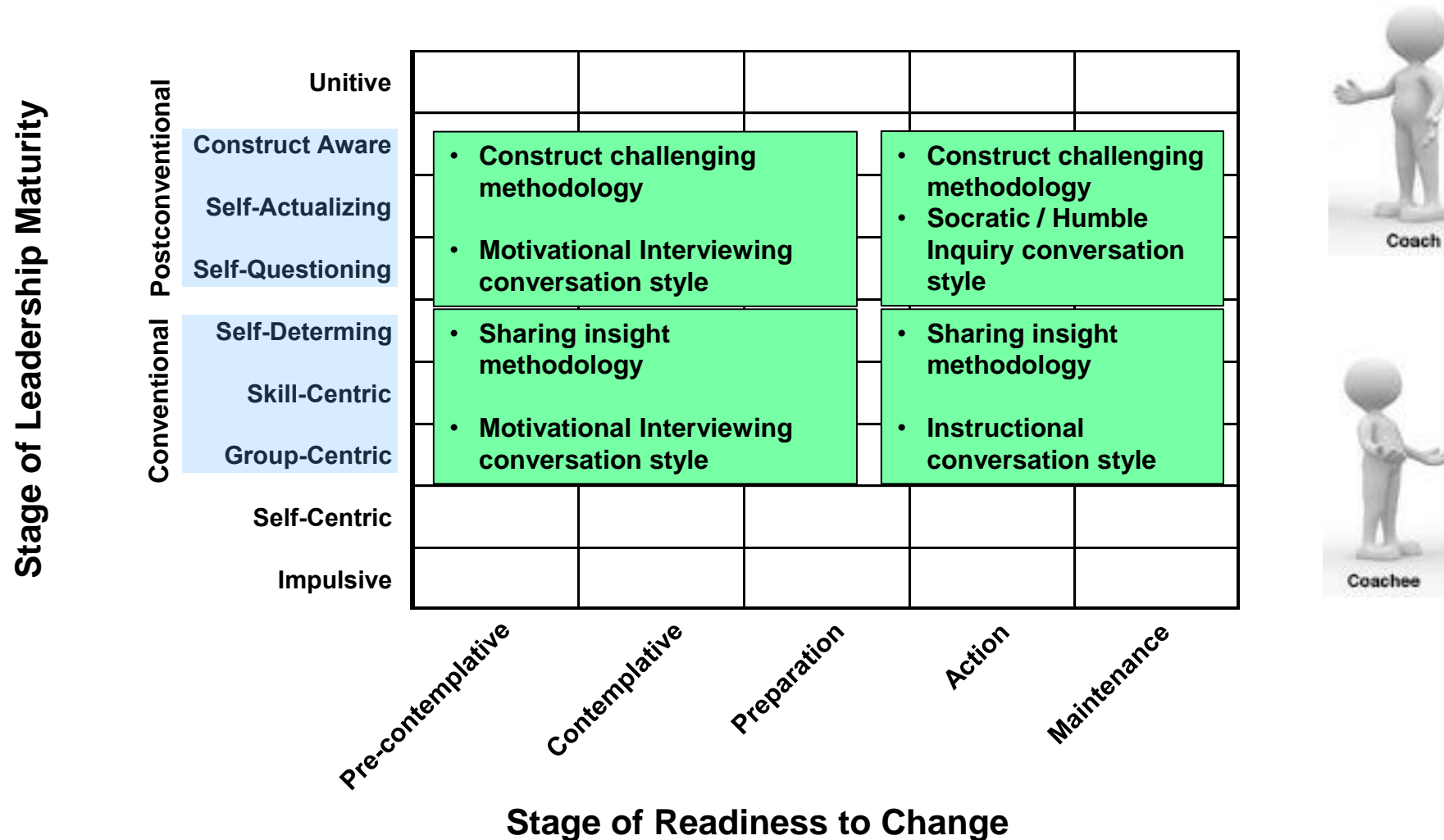
Postconventional Stages

11%	SELF-QUESTIONING (4/5)
5%	SELF-ACTUALIZING (5)
1%	CONSTRUCT-AWARE (5/6)
1%	UNITIVE (6)

While few leaders reach postconventional stages (based on an ‘n’ of approximately 15,000), research performed by Bob Anderson of the Leadership Circle and Susanne Cook-Greuter shows a correlation between highly positive business results and organizations led by visible leaders who are at stage (5).

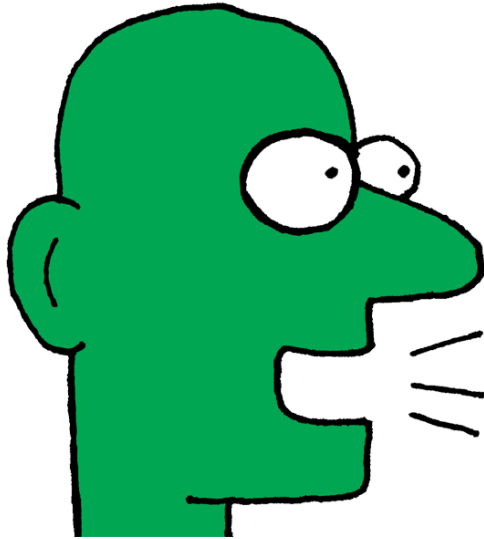


Effective coaching to change thinking means adjusting the coaching methodology and conversation style to meet the needs of the coachee

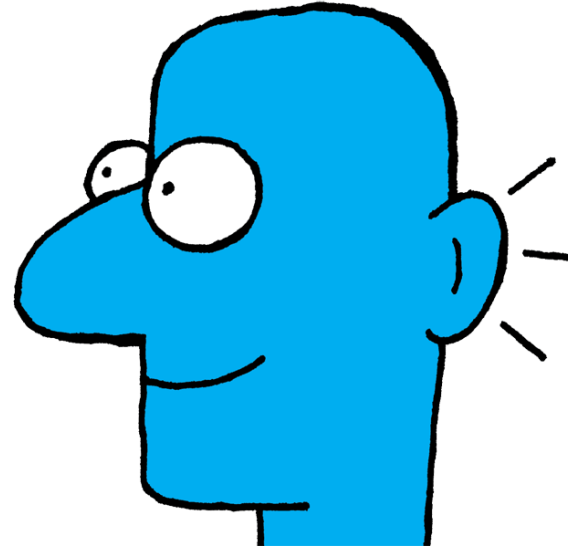


Meet the needs of the coachee NOT the coach

This is the typical interaction leaders have when trying to bring about change



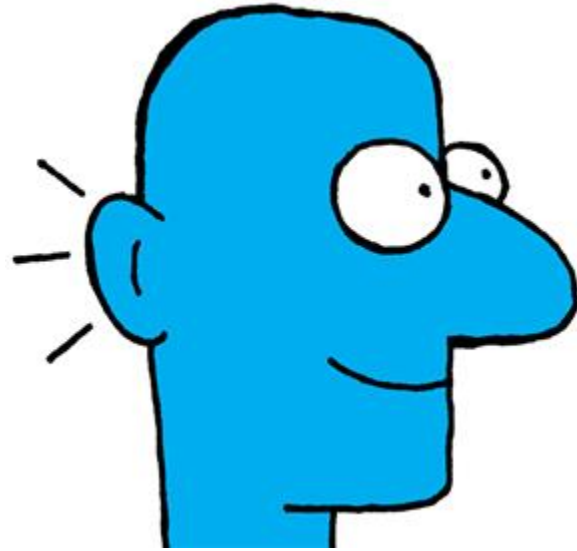
**Leader
(Speaker)**



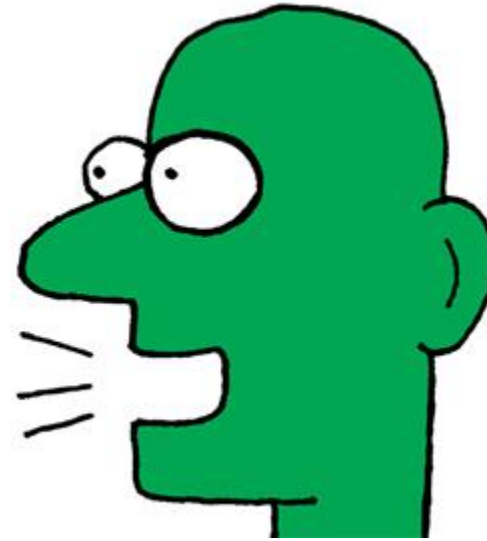
**Person Struggling
with Change
(Listener)**

This is referred to as the “Righting Reflex”

To support genuine change we must be willing to swap roles



**Leader
(Listener)**



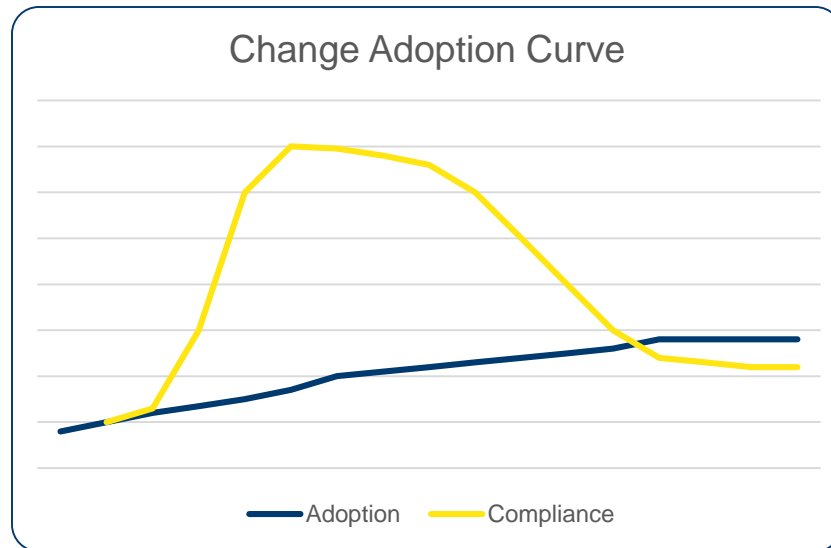
**Person Struggling
with Change
(Speaker)**

It is the Speaker's responsibility to resolve their struggle

Experiments are yielding positive results

Where coach projects their needs on the coachee

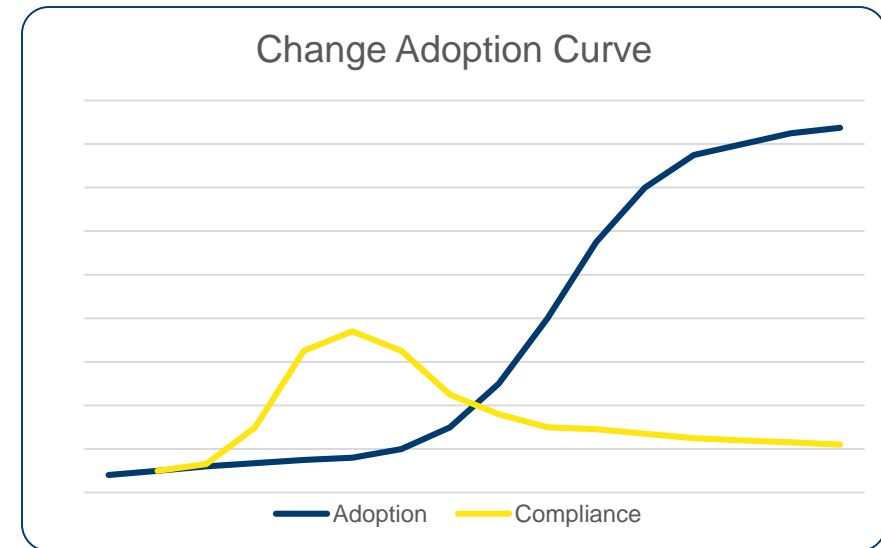
- Change adoption appears fast but is actually compliance
- Leaders spending more time on oversight
- Engagement scores drop
- Turnover increases
- Training cost rise



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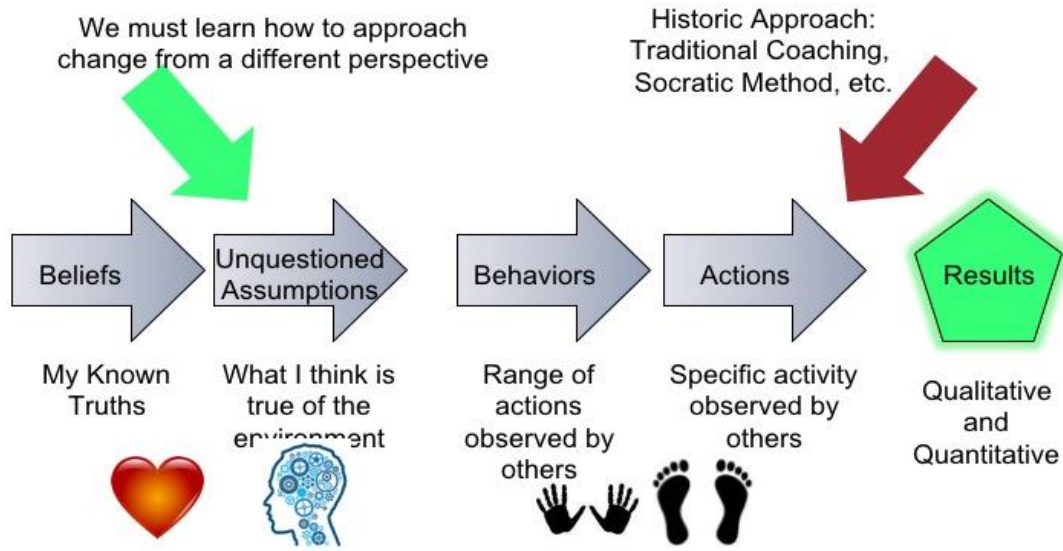
Where coach meets the coachee where they are:

- Change adoption appears slower but is real adoption
- Leaders spend less time and cost on oversight and more performing leadership
- Engagement scores rise Turnover decreases
- Training cost decrease



Confidential

We are driven by principles



Postconventional	Unitive					
	Construct Aware	<ul style="list-style-type: none">Construct challenging methodologyMotivational Interviewing conversation style	<ul style="list-style-type: none">Construct challenging methodologySocratic / Humble Inquiry conversation style			
	Self-Actualizing					
Conventional	Self-Questioning					
	Self-Determining	<ul style="list-style-type: none">Sharing insight methodologyMotivational Interviewing conversation style	<ul style="list-style-type: none">Sharing insight methodologyInstructional conversation style			
	Skill-Centric					
Group-Centric						
	Self-Centric					
	Impulsive					
		Pre-contemplative	Contemplative	Preparation	Action	Maintenance

- We understand unquestioned assumptions before we approach behaviors or actions
- We formally test every leader with THE LEADERSHIP MATURITY ASSESSMENT INSTRUMENT (MAP)
- Every associate is taught how to do horizontal coaching
- Annual reviews only look forward, past performance cannot be discussed
- Leaders are accountable for their direct's development
- Every role as a Role Description and A Leadership Maturity Stage companion

If you do not have at least 1 coach and 1 mentor you should get your resume in order

Four questions we would like you to ponder:

- **When I enter a coaching conversation do I assume they want to be coached?**
- **When I speak am I trying to be interested or interesting?**
- **When I ask a question is it for my understanding or to deepen theirs?**
- **Is my objective compliance or behavioral change?**

What Questions Do You Have?

One System/ One Voice

Home	Coaching Past Denial and Resistance	Education	Survey	One System / One Voice Leadership Model
Customer Back Relationship Model	Change Model	Contact	Aid Change App	
Workshops	Upcoming Workshops	Workshop Materials		

Below are the materials used in our workshops:

- **Lean Coaching - Overcoming the "Addiction to the Status Quo" - Target Magazine Article** ([Download](#))
- **Coaching Past Denial and Resistance: Motivational Interviewing (MI) 8hr Workshop** ([Download](#))
- **Video used in MI 8hr workshop** ([View](#))
- **Hearts and Minds Workshop** ([Download](#))
- **Overcoming the Addiction to Status Quo Webinar** ([Download](#))
- **9 Stages of Leadership Maturity White Paper** ([Download](#))
- **Keynote address: Maryland World Class Consortia Conference 2013** ([Video Link](#))
- **Motivational Interviewing 1/2 day workshop** ([Download](#))
- **A deeper look at the four elements of the Spirit of Motivational Interviewing** ([Download](#))
- **Key Motivational Interviewing Points** ([Download](#))
- **Questions the Coach should Reflect On** ([Download](#))
- **Precontemplation & Contemplation Stage of Change Poster** ([Download](#))
- **Preparation Stage of Change Poster** ([Download](#))
- **Traps to Avoid Poster** ([Download](#))
- **Reflection Exercise Worksheet** ([Download](#))
- **One System One Voice Survey** ([Download](#))
- **Forming Deeper Reflections Reference** ([Download](#))



Thank You!

***Your opinion is important to us!
Please take a moment to complete the
survey using the conference mobile app.***

Session No: ThS/53

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