

Harbor Funds Chooses ACE Software for AML and Anti-Terror Compliance

Submitted by: Rivercalm

Tuesday, 12 December 2006

* AML Toolkit™ Provides Flexible Options

New York and London, 12th December 2006. ACE Software Solutions, a developer of fully integrated Straight Through Processing (STP), and Anti Money Laundering (AML) solution provider for payments and transaction processing solutions for the financial sector, today announced Harbor Funds Distributors, Inc., (Harbor), the distributor of Harbor Funds, has purchased and will soon implement ACE Software Solutions' AML Toolkit, combining AML Guard and OFAC Guard to comply with anti-money laundering and anti-terrorism regulations.

Ohio-based Harbor chose ACE Software Solutions from a range of 10 vendors offering various levels and types of compliance products. "We were looking for a solution that would work well in a fund management and broker/dealer environment," said Harbor Funds VP Constance Souders. "Most of the solutions we encountered were for banks with multiple locations. ACE, while able to serve such distributed organizations, works just as well for our less complex geographical requirement."

Harbor needed to improve the automation of monitoring for suspicious transactions such as the rapid movement of funds and structuring, while also checking counterparty names against embargo lists such as OFAC, FATF, EU, and PEP in real-time. Harbor opted for ACE's AML Toolkit solution because it combines both activities. "Automating transaction pattern monitoring had proved difficult for us," said Souders. "ACE's AML Toolkit will allow us to speed up that process, and get rid of a lot of paper. ACE's case management tools will also allow us to develop an ongoing and permanent digital record that can be replicated easily offsite for disaster recovery purposes. The low false-positive rate for OFAC checking will clearly deliver cost advantages and higher efficiency."

Harbor also needed a solution that was light on its IT administration. "ACE's software is very configurable, allowing us to change our business rules with much less intervention from IT support personnel. Going forward that makes implementation and support a whole lot more cost effective, while allowing us to be in the vanguard of achieving best practice in this vitally important financial security arena."

Given the dramatic growth in Harbor Funds the past five years, Harbor also expects the solution to be future proof. "Our next growth phase will expand the complexity of the business, so we need systems that will not constrain us as we scale up. For example, if in future we decided to register some of our funds offshore, we needed to know our compliance software would be equal to that task."

Harbor is encouraged by its collaboration with ACE Software and the two companies are already planning further work together. "The risk profiling capabilities provided by the ACE system has helped us to formalize risk categories [for each shareholder and account type.] Once initial implementation is completed in December, we hope to work together on further AML automation projects."

ACE Software CEO Parth Desai said: "Harbor's choice of ACE Software demonstrates how its flexible deployment options are as applicable to fund management and broker dealer industries, as well as the

banking and credit card sector. It is particularly gratifying to have succeeded in such a wide-ranging and rigorous review of available products and we look forward to helping Harbor add value to the compliance process.”

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