

Supplemental Statement
Suspicious Activity Report-Money Services Business
Office of Management and Budget Control Number 1506-0015

1. Circumstances Necessitating Collection of Information.

The Bank Secrecy Act, Titles I and II of Pub. L. 91-508, as amended, codified at 12 U.S.C. 1829, 12 U.S.C. 1951-1959, and 31 U.S.C. 5311-5330, authorizes the Secretary of the Treasury (Secretary), inter alia, to issue regulations requiring records and reports that are determined to have a high degree of usefulness in criminal, tax, and regulatory matters. Regulations implementing Title II of the Bank Secrecy Act (codified-at 31 U.S. C. 5311-5330) appear at 31 CFR Chapter X. The authority of the Secretary to administer the Bank Secrecy Act (BSA) regulations has been delegated to the Director of the Financial Crimes Enforcement Network (FinCEN).

Section 5318(g) of the BSA authorizes the Secretary to require financial institutions to report suspicious transactions. Section 5318(g) also prohibits the notification of any person involved in the transaction that a suspicious activity report has been filed. Section 5318(g) was added to the BSA by section 1517 of the Annunzio- Wylie Anti-Money Laundering Act, Title XV of the Housing and Community Development Act of 1992, Pub. L. 102-550.

Under the BSA regulations, financial institutions include certain non-bank financial institutions called money services businesses (MSBs). MSBs are generally defined as dealers in foreign exchange; check cashers; issuers or sellers of traveler's checks or money orders; money transmitters, and providers and certain sellers of prepaid access. (See 31 CFR 1010.100(ff)).

Certain MSBs -- dealers in foreign exchange; money transmitters; and issuers or sellers of money orders or travelers checks, and providers and certain sellers of prepaid access -- are required under 31 CFR 1022.320 to report suspicious transactions. A transaction is reportable if the transaction is conducted or attempted by, at, or through these MSBs, involves or aggregates funds of at least \$2,000 (\$5,000 in certain cases), and the MSB knows, suspects, or has reason to suspect that the transaction or the pattern of transactions of which the transaction is a part:

- (i) involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity,
- (ii) is designed to evade a record-keeping or reporting requirement of a regulation promulgated under the Bank Secrecy Act; or
- (iii) serves no business or apparent lawful purpose.

Under 31 CFR 1022.320, reporting MSBs are required to retain a copy of the any Suspicious Activity Report (SAR) filed and supporting documentation for the filing of the SAR for five years. These documents are necessary for criminal investigations and prosecutions.

2. Method of Collection and Use of Data.

Information about suspicious transactions conducted or attempted by, at, through, or otherwise involving reporting MSBs will be collected through the filing by these businesses with FinCEN of a form (the SAR form). FinCEN and law enforcement agencies will use the information on the SAR for criminal investigation and prosecution purposes.

3. Use of Improved Information Technology to Reduce Burden.

By using FinCEN's computerized filing system (BSA E-filing), an MSB can reduce the time required for its compliance staff to complete the report. Discrete and batch versions are available on the FinCEN BSA E-File web site at <http://bsaefiling.fincen.treas.gov/main.html>.

4. Efforts to Identify Duplication.

No other similar information exists.

5. Methods to Minimize Burden on Small Businesses or Other Small Entities.

The design of the SAR is such that only the fields normally associated with the filing institution are displayed. This design reduces the time required to complete the report and thus the impact on small businesses is minimal.

6. Consequences to the Federal Government of not Collecting the Information.

With the SAR system, law enforcement and industry alike benefit from improved detection of financial crime, analysis of trends, and coordination of investigative efforts. Failure to collect this information would limit law enforcement's ability to investigate and prosecute money laundering and other financial crimes conducted at or through these businesses.

7. Special Circumstances Requiring Data Collection Inconsistent with Guidelines.

Respondents must report a suspicious transaction within 30 days after the transaction, which may result in reporting more frequently than quarterly. Prompt reporting is vital to the detection of money laundering and other financial crime, including the financing of terrorism.

8. Consultation with Individuals Outside of the Agency on Availability of Data, Frequency of Collection, Clarity of Instructions and Forms, and Data Elements.

On February 10, 2015, the FinCEN published in the Federal Register a notice inviting comment for 60 days on the reporting of suspicious activity by MSBs in accordance with 31 CFR 1022.320. See 80 FR 7528. FinCEN received no comments in response to the notice.

9. Payments or Gifts.

No payments or gifts will be made to respondent.

10. Assurance of Confidentiality of Responses.

Information provided to the government on the SAR form is expressly prohibited from disclosure under 31 U.S.C. 5318(g) (2), and the participating agencies' Privacy Act notices make clear that the system of records is intended for the official use of law enforcement. Appropriate system security safeguards have been put in place to protect against unauthorized access.

11. Justification of Sensitive Questions.

There are no questions of a sensitive nature in the collection of information. Any personally identifiable information collected under the BSA is strictly controlled as outlined in FinCEN's Systems of Records Notice http://www.fincen.gov/foia/files/FinCEN_79_FR_20969.pdf.

12. Estimated Annual Hourly Burden.

The administrative burden of one hour is assigned to maintain the regulatory requirement in force. The burden for actual reporting is reflected in OMB Control number 1506-0065.

13. Estimated Annual Cost to Respondents.

Not applicable.

14. Estimated Annual Cost to the Federal Government.

Not applicable.

15. Reasons for Change in Burden.

There is no change in burden.

16. Plans for Tabulation, Statistical Analysis, and Publication.

Not applicable.

17. Request not to Display Expiration Date of OMB Control Number.

To avoid having to reprint the form to show a new date, FinCEN is requesting permission not to display the OMB expiration date on the SAR form.

18. Exceptions.

Not applicable.