

OMB Number 1506-0061
Suspicious Activity Report Filing Requirements for Residential
Mortgage Lenders and Originators

Supporting Statement

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, *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 regulations has been delegated to the Director of the Financial Crimes Enforcement Network. FinCEN has determined that reports of suspicious transactions are necessary to prevent and detect the laundering of money and other funds involving residential mortgage lenders and originators (See 31 CFR 1029.320).

Residential mortgage lenders and originators are required to report suspicious transactions to the Department of the Treasury. A transaction would require reporting under the rule if the transaction is conducted or attempted by, at, or through the residential mortgage lender and originator, involves or aggregates funds of at least \$5,000 and the residential mortgage lender and originator 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 recordkeeping or reporting requirement of a regulation promulgated under the Bank Secrecy Act;

(iii) serves no business or apparent lawful purpose; or

(iv) involves the use of the business to facilitate criminal activity.

Under 31 CFR 1029.320(c), and 31 CFR 1010.430(d) residential mortgage lenders and originators are required to retain a copy of the any Suspicious Activity Report filed and supporting documentation for the Suspicious Activity Report for five years. These documents are necessary for criminal investigations and prosecution.

2. Method of Collection and Use of Data.

The Financial Crimes Enforcement Network and law enforcement agencies will use the information on the Suspicious Activity Report by residential mortgage lenders and originators 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), a bank 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 Suspicious Activity Report is such that only the fields normally associated with the filing institution are displayed. This design minimizes the time required to complete the report and thus the impact on small businesses.

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

With the Suspicious Activity Report both law enforcement and industry 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 but not later than 60 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, mortgage loan fraud or mortgage loan scams.

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 Financial Crimes Enforcement Network published in the Federal Register a notice inviting comment for 60 days on the reporting of suspicious activity by residential mortgage lenders and originators 31 CFR 1029.320. See 80 FR 7526. FinCEN received no comments in response to the notice.

9. Payments or Gifts.

No payments or gifts will be made to respondents.

10. Assurance of Confidentiality of Responses.

Information provided to the government on the Suspicious Activity Report form is expressly prohibited from disclosure to any person involved in the transaction under 31 U.S.C. 5318(g) (2), and implementing regulations, and the participating agencies' Privacy Act notices make clear that the system of records is intended for the official use of law enforcement and regulatory agencies. Appropriate system security safeguards will be 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 Bank Secrecy Act is strictly controlled as outlined in the FinCEN's Systems of Records Notice http://www.fincen.gov/foia/files/FinCEN_79_FR_20969.pdf.

12. Estimated Annual 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.

This is no change.

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, we are requesting permission not to display the Office of Management and Budget expiration date on the Suspicious Activity Report.

18. Exceptions.

Not applicable.