

Supplemental Statement
Bank Secrecy Act Designation of Exempt Person Form
OMB Control Number 1506-0012

1. Circumstances Necessitating Collection of Information.

The statute generally referred to as the Bank Secrecy Act, Titles I and II of Public Law 91-508, as amended, codified at 12 U.S.C. 1829b, 12 U.S.C. 1951-1959, and 31 U.S.C. 5311-5332 (“BSA”), authorizes the Secretary of the Treasury, to require, among other things, financial institutions to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax, and regulatory matters, or in the conduct of intelligence or counter-intelligence activities, to protect against international terrorism.¹ Regulations implementing Title II of the BSA appear at 31 CFR Chapter X. The authority of the Secretary to administer the BSA has been delegated to the Director of the Financial Crimes Enforcement Network.

Pursuant to the BSA and its implementing regulations, financial institutions are required to file currency transaction reports (CTRs) on transactions in currency that total over \$10,000 by or on behalf of any person over one day. Depository institutions are permitted to exempt the transactions of certain eligible customers from the CTR reporting requirement. For certain of those customers, a bank must file a designation of exempt person (“DOEP”) report (FinCEN Form 110) with FinCEN and annually review the customer’s account activity and eligibility for exemption.

2. Method of Collection and Use of Data.

The collection of information is electronically reported to the Federal government on FinCEN Form 110. The information collected in that form helps protect the U.S. financial system from abuse by money launderers and others engaged in financial crimes and terrorist financing.

3. Use of Improved Information Technology to Reduce Burden.

FinCEN provides a free BSA E-Filing system that accepts the DOEP. Financial institutions are required to electronically file this report.

4. Efforts to Identify Duplication.

There is no similar information available; thus, there is no duplication.

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

¹ Language expanding the scope of the Bank Secrecy Act to intelligence or counter-intelligence activities to protect against international terrorism was added by Section 358 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, P.L. 107-56.

Per FinCEN's regulations, all financial institutions are required, when appropriate, to file CTRs, but depository institutions may exempt eligible customer's transactions from CTR reporting requirements.

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

Without the information gathered through CTR and DOEP filings, the Federal government's efforts to prevent money laundering and terrorist financing would be weakened. CTR filings, as a result of their objective nature, provide law enforcement with very useful information in a unique manner. Filing the DOEP identifies eligible customers that a financial institution has chosen to exempt from CTR filing; this information is used by law enforcement as a complement to the CTR filings.

7. Special Circumstances Requiring Data Collection Inconsistent with Guidelines.

Under 31 CFR 1010.430, records must be kept for 5 years. This retention period is necessary to substantiate violations that have occurred within the Statute of Limitations.

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

On June 13, 2017, FinCEN published in the *Federal Register* a notice of intent to update and renew the current collection (See 82 FR 27102). FinCEN received no comments in response to the notice.

9. Payments and Gifts

No payments or gifts were made to respondents.

10. Assurance of Confidentiality of Responses.

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 FinCEN's Systems of Records Notice http://www.fincen.gov/foia/files/FinCEN_79_FR_20969.pdf.

11. Justification of Sensitive Questions.

No sensitive questions are asked.

12. Estimated Annual Hourly Burden.

Frequency: As required.

Estimated Number of Respondents: 13,520.

Estimated Annual Responses: 27,040.

We are estimating an average of one hour to complete the report for a total of 27,040 hours.

13. Estimated Annual Cost to Respondents for Hour Burdens.

Estimated burden cost: 27,040 hours X \$33.77 per hour = \$913,141.²

14. Estimated Annual Cost to the Federal Government.

Electronic processing cost to the Federal Government 27,040 responses X \$0.10 per response = \$2,704.³

15. Reason for Change in Burden.

There is an increase in the number of responses due to increased filings by depository institutions filing the report, however the overall burden is reduced due to a change in the estimated burden per response from 1 hour 15 minutes to just one hour.

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

This collection of information will not be published.

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

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

18. Exceptions.

There are no exceptions to the certification statement.

² The above Average Hourly Wage Rate is calculated from the May 2017 Bureau of Labor Statistics average wage for “13-1041 Compliance Officers” of \$33.77.

³ Cost per response received as listed in the BSA E-Filing Federal contract for 2017.