

Supporting Statement
OMB Control Number 1506-0015

Suspicious Activity Report-Money Services Business

1. Circumstances necessitating collection of information.

The statute generally referred to as the “Bank Secrecy Act,” (“BSA”) 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, authorizes the Secretary of the Treasury, among other things, to require 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, and to implement counter-money laundering programs and compliance procedures.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 (“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 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; issuers or sellers of money orders or travelers’ checks; and providers and 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 BSA; or
- (iii) serves no business or apparent lawful purpose.

Under 31 CFR 1022.320 and 31 CFR 1010.430(d), reporting MSBs are required to retain a copy of 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.

¹ Language expanding the scope of the BSA 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 (“USA PATRIOT Act”).

2. Method of collection and use of data.

MSBs must submit their SAR forms through FinCEN's BSA E-Filing System web page, located at <https://bsaefiling.fincen.treas.gov/main.html>.

Information about suspicious transactions conducted or attempted by, at, through, or otherwise involving reporting MSBs is collected through the filing by these businesses with FinCEN of the SAR form. FinCEN and law enforcement agencies 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.

The information contained in SARs benefits law enforcement and industry through facilitating 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 initial detection of facts that may constitute a basis for filing a SAR, 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 July 19, 2018, the FinCEN published in the Federal Register a notice inviting comment for 60 days on MSB reporting of suspicious activity in accordance with 31 CFR 1022.320. See 83 FR 34298. FinCEN received no comments in response to the notice.

9. Explanation of decision to provide any payment or gift to respondents.

No payments or gifts were made to respondents.

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 & 13. Estimated burden & cost of information collection.

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, the Bank Secrecy Act Suspicious Activity Report ("BSA-SAR").

Estimated burden cost: 1 hours X \$63.53 per hour = \$64.¹

Total burden hours: 1.

Total cost: \$64.

Information Collection	# of Respondents	Annual # of Responses per Respondent	Total Responses	Hours per Response	Total Hours	Labor Cost per Hour	Total Labor Costs
Regulatory requirement	1	1	1	1	1	\$63.53	\$64
TOTAL			1		1		\$1

There are no non-labor costs associated with this collection of information.

14. Estimated annual cost to the Federal Government.

Electronic processing cost to the Federal Government for 2,019,022 responses X \$0.10 per response = \$201,902.²

15. Reasons for change in burden.

There is no change in burden.

16. Plans for tabulation, statistical analysis, and publication.

¹ The above Average Hourly Wage Rate is calculated from the May 2017 Bureau of Labor Statistics average hourly wage for "13-2061 Financial Examiners" of \$44.12, plus an additional 44% for benefits to produce a fully-loaded rate of \$63.53.

² Cost per response received as listed in the BSA E-Filing Federal contract for 2018.

There are no plans for tabulation, statistical analysis and publication.

17. Request not to display the OMB expiration date of OMB control number.

FinCEN requests that the expiration date of the control number of the regulation not be displayed so that there is no confusion as to whether the certification form is still valid. This request will not affect the normal 3-year Paperwork Reduction Act renewal process.

18. Exceptions to the certification statement.

There are no exceptions.