

Supporting Statement  
OMB Control Number 1506-0020

Anti-Money Laundering Programs for Money Services Businesses, Mutual Funds, and Operators of Credit Card Systems

1. Circumstances necessitating collection of information.

The statute generally referred to as the “Bank Secrecy Act” (“BSA”), 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, 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.<sup>1</sup> 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 352 of the USA PATRIOT Act added a new subsection (h) to 31 U.S.C. 5318 of the BSA that requires the Secretary of the Treasury to require financial institutions to establish and maintain anti-money laundering (“AML”) programs in order to guard against money laundering through the financial institutions. Pursuant to section 352, FinCEN issued regulations requiring money services businesses (31 CFR 1022.210), mutual funds (31 CFR 1024.210), and operators of credit card systems (31 CFR 1028.210) to develop and implement a written AML program.

2. Method of collection and use of data.

The AML program requirements will be used by money services businesses, mutual funds, and operators of credit card systems to detect the occurrence of transactions required to be recorded or reported under the BSA and to ensure that such institutions are not used to facilitate money laundering or terrorist financing. The compliance program will be reviewed by Federal agencies during the course of BSA compliance examinations.

3. Use of improved information technology to reduce burden.

Financial institutions are permitted to automate their AML program to meet their requirements. There is no specific government mandate to do so.

4. Efforts to identify duplication.

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

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<sup>1</sup> 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”).

5. Methods to minimize burden on small businesses or other small entities.

All financial institutions are required to document their AML program and are permitted to use the method most suitable to their requirement.

6. Consequences to the Federal government of not collecting this information.

The Federal government requires reporting of a financial institution's AML program only upon request of appropriate law enforcement agencies and supervisory agencies.

7. Special circumstances requiring data collection to be inconsistent with guidelines in 5 CFR 1320.5(d)(2).

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 (5 years).

8. Consultation with individuals outside of the agency on availability of data, frequency of collection, and clarity of instructions and forms, and data elements.

On August 22, 2018, we issued a notice and request for comment concerning the AML program requirements for money services businesses, mutual funds, and operators of credit card systems (See 83 FR 42558). A copy of the notice and request for comments is attached. We received no comments in response to the *Federal Register* 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 collected under 31 U.S.C. 5318(h) may be made available to appropriate law enforcement agencies and supervisory agencies.

11. Justification of sensitive questions.

No sensitive questions are asked.

12 & 13. Estimated burden & cost of information collection.

<b>Information Collection</b>	<b># of Respondents</b>	<b>Annual # of Responses per Respondent</b>	<b>Total Responses</b>	<b>Hours per response</b>	<b>Total Hours</b>	<b>Labor Cost per Hour</b>	<b>Total Labor Costs</b>
MSB -	324,100	1	324,100	1 hour	324,100	\$63.5	\$20,590,07

AML					0	3	3
MSB - Prepaid Cards	72,000 <sup>2</sup>	~36	2,583,300	2 minutes	86,110	\$63.53	\$5,470,568
Mutual Funds	3,000	1	3,000	1 hour	3,000	\$63.53	\$190,590
Operators of Credit Card Systems	6	1	6	1	6	\$63.53	\$381.18
<b>TOTAL</b>			<b>2,910,406</b>		<b>413,216</b>		<b>\$26,251,612</b>

Estimated Number of Respondents: 327,106 broken out as follows:

- MSBs: 31 CFR 1022.210 = 324,100
- Mutual Funds: 31 CFR 1024.210 = 3,000
- Operators of Credit Card Systems: 31 CFR 1028.210 = 6

Estimated Annual Responses: 2,910,406 broken out as follows:

- MSBs (AML Program): 31 CFR 1022.210 = 324,100
- MSBs (Prepaid Cards – Customer Identity Verification): 31 CFR 1022.210(d)(iv) = 2,583,300<sup>3</sup>
- Mutual Funds (AML Program): 31 CFR 1024.210 = 3,000
- Operators of Credit Card Systems (AML Program): 31 CFR 1028.210 = 6

AML Program-Related Hourly Burdens, estimated at one hour per respondent:

- MSBs: 31 CFR 1022.210 = 324,100
- Mutual Funds: 31 CFR 1024.210 = 3,000
- Operators of Credit Card Systems: 31 CFR 1028.210 = 6

Prepaid Card-Related Hourly Burden:

- MSBs (Prepaid Cards – Customer Identity Verification): 31 CFR 1022.210(d)(iv) = 86,110.<sup>4</sup>

Estimated Total Number of Burden Hours: 413,216.<sup>5</sup>

<sup>2</sup> FinCEN estimates 72,000 MSBs are issuers of prepaid cards. Because these MSBs would also be required to have an AML program, they are already included in the number of MSBs above.

<sup>3</sup> In addition to maintaining an AML program, providers and sellers of prepaid access are required to collect and maintain the customer's name, date of birth, address, and identification number for five years. This collection is automated. FinCEN estimates that approximately 2,583,300 prepaid cards are issued annually. See 31 CFR 1022.210(d)(iv).

<sup>4</sup> 2,583,300 prepaid cards multiplied by 2 minutes per card and converted to hours equals 86,110 hours.

<sup>5</sup> (324,100 + 300 + 6 + 86,110 = 413,216).

Estimated burden cost: 413,216 hours X \$63.53<sup>6</sup> per hour = \$26,251,612.

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

14. Estimated annual cost to the Federal government.

This information is not required to be submitted to the Federal government unless requested by FinCEN or another regulator.

15. Reason for change in burden.

There are higher numbers of entities required to maintain written AML programs.

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

This collection of information will not be published.

17. Request not to display the OMB expiration date.

There is no form for this information collection. The information will not be collected unless a regulatory agency or law enforcement agency requests it.

18. Exceptions to the certification statement.

There are no exceptions to the certification statement.

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<sup>6</sup> 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.