

Supporting Statement
OMB Control Number 1506-0030

Anti-Money Laundering Programs for Dealers in Precious Metals, Precious Stones, or Jewels

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 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. Pursuant to section 352, FinCEN issued regulations requiring dealers in precious metals, precious stones, or jewels (31 CFR 1027.210) to develop and implement a written anti-money laundering program. The program must be reasonably designed to prevent these financial institutions from being used for money laundering or the financing of terrorist activities, and to achieve and monitor compliance with applicable BSA requirements.

2. Method of collection and use of data.

The AML program requirements will be used by dealers in precious metals, precious stones, or jewels 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.

Dealers in precious metals, precious stones, or jewels 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.

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”).

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

All dealers in precious metals, precious stones, or jewels 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 the 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, clarity of instructions and forms, and data elements.

On September 11, 2018, FinCEN issued a notice and request for comment concerning the AML program requirement for dealers in precious metals, precious stones, or jewels (See 83 FR 46014). FinCEN 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.

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. See <https://www.gpo.gov/fdsys/pkg/FR-2014-04-14/pdf/2014-08254.pdf>.

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

- Estimated Number of Respondents: 20,000.²

² During the last information collection renewal, FinCEN did not receive any comments suggesting or requesting a different estimated number of respondents. The respondents are required to develop, implement, and maintain a copy of their program, but there is no requirement to report it to FinCEN. Therefore, FinCEN does not have an independent means of verifying this number.

- Estimated Number of Responses: 20,000.
- Estimated Average Annual Burden Per Response: 1 hour.
- Estimated Total Annual Respondent Burden: 20,000 hours.
- Estimated Burden Cost: 20,000 hours X \$63.53 per hour = \$1,270,600.³

Information Collection	# of Respondents	Annual # of Responses per Respondent	Total Responses	Hours per Response	Total Hours	Labor Cost per Hour	Total Labor Costs
AML Program	20,000	1	20,000	1	20,000	\$63.53	\$1,270,600
TOTAL			20,000		20,000		\$1,270,600

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

14. Estimated annualized cost to the Federal government.

This information is not required to be submitted to the Federal government unless requested by FinCEN, or an appropriate law enforcement agency or Federal regulatory agency.

15. Reasons for change in burden.

There is no change in burden.

16. Plans for tabulation, statistical analysis, and publication

The information will not be tabulated or compiled for publication.

17. Request not to display the OMB expiration date.

Not applicable.

18. Exceptions to the certification statement.

There are no exceptions to the certification statement.

³ 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.