



November 15, 2011

VIA E-MAIL AND U.S. MAIL

Regulatory Policy and Programs Division
Financial Crimes Enforcement Network
Department of the Treasury
P.O. Box 39
Vienna, Virginia 22183

Attention: PRA Comments—BSA Required Electronic Filing

RE: Notice and Request for Comments on the Proposal That Electronic Filing of Bank Secrecy Act (BSA) Reports be Required

Dear Sir or Madam:

Western Union Financial Services, Inc. (“Western Union”) appreciates the opportunity to comment on the above-referenced Notice and Request for Comments (“NRC”).

Western Union is a leading provider of consumer payment services to both consumers and commercial clients in the United States and over 200 countries and territories. Through our extensive authorized delegate network and various electronic channels, we provide money transfer and money order services to consumers who send funds to family and friends across the world, who need to send and receive cash quickly in emergencies, or who want a convenient way to pay their monthly bills. Additionally, our services allow businesses and commercial entities to securely transfer funds or make payments through electronic channels or using money orders. Western Union is registered as a money services business (“MSB”) with FinCEN, and is licensed to engage in money transmission activities in 48 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and Guam.

Introduction

Western Union has a large footprint in the United States, offering our money transfer, money order, bill payment and other Western Union-branded MSB services through tens of thousands of third-party delegate locations. Our delegates range from large national and regional companies such as Kroger, U.S. Bank, KeyBank, Publix and Safeway with hundreds or even thousands of locations, to small independent businesses with just a single location.

In our consumer-to-consumer and consumer-to-business funds transfer segment we provide our delegates with access to our multi-currency, real-time money transfer processing system to originate and pay money transfers using one of several different service platforms. Our delegates provide the physical infrastructure and staff required to complete the transfers. Western Union provides central operating functions such as transaction processing, settlement, marketing support and customer relationship management to our delegates. For most delegates, the costs of providing the physical infrastructure and staff are typically covered by the delegate’s primary business (e.g., grocery, banking, check cashing, travel or other retail), making the economics of being a Western Union delegate attractive.

As a MSB and as a significant filer of Suspicious Activity Reports (“SARs”) and Currency Transaction Reports (“CTRs”), Western Union has a strong interest in the NRC. Similarly, our delegates collectively file a significant number SARs and CTRs in the normal course of offering our and other MSB services.

We should note, given that transaction structuring in the MSB segment often takes place among different delegate locations of one service and/or among multiple services, Western Union assumes responsibility for filing CTRs on reportable transactions that take place within our system. In order to maintain consistency and avoid confusion with our delegates, Western Union assumes this responsibility even when there is an appearance of structuring within a single delegate entity or location. However, delegates have a responsibility for filing CTRs on reportable transactions that aggregate to more than \$10,000 when they include multiple unaffiliated services – such as a combination, for example, of a check cashing transaction, several bill payments and a Western Union transaction. In these cases, Western Union has a view only to its own transactions and delegates are responsible for filing in these instances.

The move to a paperless filing system will have a large and significant impact across our business. We would like to take this opportunity to explain our concerns and help shape the proposal in a manner that addresses the needs and concerns of all stakeholders.

Comments

1. Move to a paperless, electronic BSA filing system

Western Union acknowledges the significant benefits of mandatory E-Filing as described in the NRC. However, elimination of paper filing will significantly impact a substantial portion of our delegate population and we strongly suggest that some form of paper filing remain acceptable for at least six months beyond the effective date of June 30, 2012, or for a minimum of one year from publication of the final rule.

In general, the move to mandatory E-Filing will have either no effect or a minor effect on Western Union’s larger delegates – those with several dozen to thousands of locations – which comprise about half of our delegate network. Many of these delegates already E-File. However, the E-Filing requirement is likely to have a significant effect on small, independent delegates – those with just one or two locations – which comprise the remaining half of our delegate network.

Approximately 25% - 30% of our total delegate network conducts transactions without the use of a computer. Depending on the Western Union service they provide, these delegates conduct transactions via either telephone or a combination of a non-PC transaction processing terminal (such as the Hypercom T7Plus) and a money order processing and printing machine (Western Union’s proprietary FDX 400) (both machines are pictured in Attachment A). While difficult to accurately determine, it would be fair to state that many of these locations also do not have internet access or have policies to restrict internet access and depend on paper filings to fulfill their reporting duties. And, while internet

service may be easy to obtain, many of these locations would first have to equip their businesses with a PC that could be used to access the internet.

With this in mind, and given the fact that offering MSB services is generally not their primary business line, we are concerned that the increased costs associated with mandatory E-Filing and the near-term deadline will result in some delegates opting not to file reports and many delegates simply exiting the business.

Given the reach and diversity of our U.S. delegate network, it will take us a substantial amount of time to reach every independent location. While we have back-office processes to monitor delegate-level transaction activity, there are a large number of small, independent delegates whose transactions do not arouse suspicion and with which we do not have ongoing one-to-one contact. While their legal obligation for filing is separate from and independent of our obligation, we have a responsibility to monitor their compliance with the law and we anticipate that it will take us approximately 12 months to reach all of these locations and work with them to implement their E-Filing process.

2. Currency Transaction Report (CTR) E-Filing system compatibility

Western Union and many of its large, strategic authorized delegates – generally those with 100+ plus locations – use the BSA E-Filing system to make SAR-MSB filings. However, we are not able to file CTRs electronically because the edits/validations in the E-Filing System prevent our reports from being accepted. Moreover, when reports are batch-filed, an edit/validation mismatch on a single report causes an entire batch to be rejected. As a result, Western Union and its delegates have essentially been forced to file paper CTRs. (We have discussed this issue with FinCEN on several occasions).

The issue is that, as currently organized, the BSA E-Filing system validations require the Social Security Number (SSN) field to be populated. However, in order to meet BSA filing requirements under which multiple currency transactions totaling more than \$10,000 during any one business day are treated as a single transaction if the MSB has knowledge that they are conducted by or on behalf of the same person, the transactions that together aggregate to the reporting threshold may individually fall under the \$3,000 threshold for collecting a SSN or tax ID.

In order for us to comply with the electronic filing requirement for all BSA forms, we request that the SSN field issue be rectified and that Western Union have an appropriate amount of time to implement any necessary changes in its system.

3. FinCEN Proposed Collection; Comment Request; Bank Secrecy Act Suspicious Activity Report Database Proposed Data Fields – October 15, 2010

We refer to FinCEN's intent to design a new Bank Secrecy Act database and the list of proposed data fields that will support Suspicious Activity Report (SAR) filings as described in the Notice and Request for Comments of October 15, 2010.

Because FinCEN has taken no action to implement any SAR data field changes and the current NRC regarding required E-Filing of BSA reports does not discuss data field changes, we are unclear of FinCEN's plans to implement such changes. We respectfully request that FinCEN clarify its intent to implement any data field changes and/or introduce a common SAR form to be used by all filers across all industry segments. To the extent that FinCEN is considering such changes, by way of reference and attachment, we request that our comments in response to the October 15, 2010 NRC – dated December 13, 2010 and submitted by Jaime Brown – are incorporated as part of these comments.

In particular, we wish to emphasize from that response:

Western Union is concerned that the proposed changes will result in significant costs to implement and maintain the new filing system, as well as a substantial increase in the staff necessary to accurately file the revised SAR. Western Union conservatively estimates that systems and procedural changes necessary to support the new requirements will take up to 12 months to develop and implement. Initial costs are conservatively estimated at \$200,000 for initial development, and \$700,000 annually thereafter for ongoing system maintenance. Further, at a minimum, we expect to incur tens of thousands of dollars in additional costs at the outset for necessary tasks such as updating our internal authorized delegate manuals and procedures, mailing costs for distributing updated materials and guidance to authorized delegates, time and expenses associated with training authorized delegates on the revised SAR process, and other similar items. These costs will further increase if we are required to purchase and incorporate additional third-party data services. Finally, Western Union estimates that the additional data fields proposed in the NRC will increase time spent on recording and reporting SARs by over 58%.

We have similar concerns about the burden the NRC will impose on our authorized delegates. As stated, our authorized delegates have varying processes in place for SAR filings depending on business size and sophistication. Many small authorized delegates file SARs using paper forms. Larger delegates may file SARs from each location, or may utilize the paper forms to report SARs to a corporate office for centralized filing. All of these processes will require adjustment - at significant cost – to comply with the revised SAR filing requirement.

Again, we would like to thank FinCEN for this opportunity to provide our thoughts and recommendations on this important topic. We look forward to continuing to work with FinCEN on this issue and would be happy to answer any questions that you may have regarding our comments.

Sincerely,



Joseph Cachey III
Acting General Counsel & Chief Compliance Officer

Attachment A



In a money order sales environment, a Hypercom terminal (black box with keypad) is affixed to the top of Western Union's proprietary FDX 400 money order printing and processing machine (gray unit). Together, these devices print, log and report money order sales to Western Union but they are not PC-based and are not connected to the Internet.