



Financial Crimes Enforcement Network

A bureau of the U.S. Department of the Treasury

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FinCEN Proposes Regulatory Requirement for Financial Institutions to Report Cross-Border Electronic Transmittals of Funds

VIENNA, Va. – The Financial Crimes Enforcement Network (FinCEN) today announced that it has submitted for publication in the *Federal Register* a notice of proposed rulemaking ([NPRM](#)) that would require certain depository institutions and money services businesses (MSBs) to affirmatively provide records to FinCEN of certain cross-border electronic transmittals of funds (CBETF). Current regulations already require that these financial institutions maintain and make available, but not affirmatively report, essentially the same CBETF information. FinCEN issued this proposal to meet the requirements of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA). Section 6302 of IRTPA directed the Secretary of the Treasury to study the feasibility of "requiring such financial institutions as the Secretary determines to be appropriate to report to the Financial Crimes Enforcement Network certain cross-border electronic transmittals of funds, if the Secretary determines that reporting of such transmittals is reasonably necessary to conduct the efforts of the Secretary against money laundering and terrorist financing."

“By establishing a centralized database, this regulatory plan will greatly assist law enforcement in detecting and ferreting out transnational organized crime, multinational drug cartels, terrorist financing, and international tax evasion,” said FinCEN Director James H. Freis, Jr. “FinCEN has examined the cross-border reporting issue, taking into account the exceptional benefit to law enforcement and the modest cost to industry, and we look forward to working closely with both as this rule moves forward through the public comment process.”

The proposal will produce valuable data for law enforcement agencies by having first-in and last-out depository institutions (those institutions that are the first to receive funds transferred electronically from outside the United States or the last U.S. institution to transmit funds internationally) to report all such transmittals of funds. MSBs that conduct CBETF will be required to report international transactions equal to or in excess of \$1,000. FinCEN estimates that fewer than 300 depository institutions and 700 MSBs will be subject to this requirement.

FinCEN conducted an extensive study of the technical feasibility to the government of imposing such a requirement and in January of 2007 published the congressionally mandated report; [Feasibility of a Cross-Border Electronic Funds Transfer Reporting System under the Bank Secrecy Act](#) that affirmed the feasibility of the reporting system. FinCEN, with the participation of both the financial services industry and law enforcement, then conducted a follow on study to determine and quantify both the benefits to the public of the system and the costs to parties affected by any such potential regulatory requirement. That study, [Implications and Benefits of Cross-Border Funds Transmittal Reporting](#), has also been made available today on FinCEN's web site. As required by the statute, FinCEN also will work to ensure that all technical capacity issues are addressed.

FinCEN is also proposing to require an annual filing by all depository institutions of a list of taxpayer identification numbers of accountholders who transmitted or received a CBETF. This additional information will facilitate the utilization of the CBETF data, in particular as part of efforts to combat tax evasion by those who would seek to hide assets in offshore accounts.

This proposed rulemaking encourages public comment for 90 days after publication in the *Federal Register*.

[Updated: Comments should be submitted on, or before, December 29, 2010]

[Fact Sheet](#): FinCEN NPRM; Cross-Border Electronic Transmittal of Funds

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FinCEN's mission is to enhance U.S. national security, deter and detect criminal activity, and safeguard financial systems from abuse by promoting transparency in the U.S. and international financial systems.