



Financial Crimes Enforcement Network

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

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FinCEN Assesses Civil Money Penalty Against New Jersey Unregistered Money Transmitter Baltic Financial Services Fined for Failing to Act on Lapsed Registration

VIENNA, Va. – The Financial Crimes Enforcement Network (FinCEN) today announced an [assessment](#) of a \$12,000 civil money penalty against Baltic Financial Services, Inc. of Montclair, New Jersey, for non-compliance with Bank Secrecy Act (BSA) registration requirements applicable to money transmitters. Baltic provides customers with unlimited money transmission services to and from Latvia. While doing so, Baltic failed to maintain its registration with FinCEN as a money services business (MSB).

The BSA requires certain money transmitters to register with FinCEN by filing a registration of money services business (RMSB) form, and renewing the registration every two years. MSB registration is a critical part of the government's efforts against money laundering, terrorist financing, and other financial crimes. Registration is an initial and foundational step, required as part of BSA regulations, intended to assist law enforcement and other government agencies in the enforcement of criminal, tax and regulatory laws, and to prevent MSBs from engaging in, or being misused to facilitate, the flow of illicit proceeds. FinCEN's regulatory framework seeks to mitigate the risk of criminal abuse of MSBs and so promote the provision of legitimate financial services to consumers. RMSB forms are also an integral part of highly useful investigative audit trails utilized by law enforcement.

For a majority of the time between January 2005 and September 2010, Baltic failed to maintain its registration with FinCEN despite actual knowledge of registration obligations imposed on independent money transmitters by the BSA. Furthermore, Baltic failed to respond in a timely manner when repeatedly reminded that its registration with FinCEN lapsed, and continued to engage in money transmission without the benefit of registering under the BSA, which entails no registration fees for the MSB.

“Compliance with the registration requirements of the BSA, for money transmitters and MSBs in general, mitigates risk for this essential sector of the financial services industry,” noted FinCEN Director James H. Freis, Jr. “Through FinCEN’s education of and dialogue with the MSB community, operators of MSBs have increasingly recognized that BSA regulatory requirements are consistent with their business goals of providing services to legitimate customers while avoiding the risk of inadvertently facilitating criminal activity. But when persons fail to comply with the law, FinCEN will continue to seek out and apply our enforcement authorities, as appropriate.”

The New Jersey Department of Banking and Insurance assisted in the investigation and Commissioner Thomas Considine fully concurs with the FinCEN action. “Although Baltic Financial Services, Inc. holds a state money transmitter license, its registration and reporting obligations as a money services business under federal regulations must be met. Federal and state cooperation on anti-money laundering measures is critically important to protecting New Jersey and the nation from financial fraud and the criminals – and terrorists – who may use these services for their own illicit purposes, and we appreciate FinCEN’s cooperative approach in this matter.”

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The mission of the Financial Crimes Enforcement Network is to safeguard the financial system from the abuses of financial crime, including terrorist financing, money laundering, and other illicit activity. We achieve this mission by: administering the Bank Secrecy Act; supporting law enforcement, intelligence, and regulatory agencies through sharing and analysis of financial intelligence; building global cooperation with our counterpart financial intelligence units; and networking people, ideas, and information.