History of the Financial Crimes Enforcement Network

*Protecting the U.S. and international financial systems by helping financial institutions serve **customers**, not **criminals***

"Our overall aim is to build a system to combat organized crime and white-collar crime and to deter and prevent the use of secret foreign bank accounts for tax fraud and their use to screen from view a wide variety of criminally related financial activities, and to conceal and cleanse criminal wealth.

"This administration recognizes the widespread moral decay that would result these practices are permitted to continue and expand. We are determined to do something about them."

Statement of Eugene T. Rossides
Former Assistant Secretary of the Treasury for Enforcement and Operations
Senate Hearing on Foreign Bank Secrecy
June 9, 1970

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1970

- *Passage of the Currency and Foreign Transactions Reporting Act* (now known as the Bank Secrecy Act)

12 U.S.C. 1951(b)

"It is the purpose of this chapter to require the maintenance of appropriate types of records and the making of appropriate reports by such businesses in the United States where such records or reports have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings."

Pub. L. 91-508, title I, Sec. 121, Oct. 26, 1970, 84 Stat. 1116

FinCEN's first address, Arlington VA

FinCEN's original seal

FinCEN's 1st Director Brian M. Bruh

1990

- Establishment of FinCEN MORE >
- Brian M. Bruh leads FinCEN as its first director; focuses on analyzing data and tracking financial criminals
- Original Mission Statement

"The mission of FinCEN is to provide a governmentwide, multi-source intelligence and analytical network in support of the detection, investigation, and prosecution of domestic and international money laundering and other financial crimes by Federal, State, local, and foreign law enforcement agencies."

Robert Rubin
Former Secretary of the Treasury
Department of the Treasury Order:
Establishment of the Financial Crimes Enforcement Network [105-08]
April 25, 1990

- Original org chart MORE >
- Original FinCEN seal (above)

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1991

- First domestic Memoranda of Understanding are signed

FinCEN's first international MOU (French FIU)

1992

- Annunzio-Wylie Anti-Money Laundering Act requires financial institutions to report suspicious activity

- First international Memorandum of Understanding is signed

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1993

- Project Gateway is initiated; Texas is FinCEN's first partner. The Gateway program allows law enforcement agencies in all 50 states, the District of Columbia, and the Commonwealth of Puerto Rico to have access to all BSA reports under a carefully monitored system that FinCEN controls and audits.

Federal Technology Leadership Award

FinCEN's 2nd Director Stanley E. Morris

1994

- Project Gateway grows to 45 states plus Washington, D.C.
- Stanley E. Morris becomes FinCEN's second director; focuses on FinCEN's networking abilities to combat transnational organized crime
- Treasury's Office of Financial Enforcement merges with FinCEN; MORE > FinCEN's mission expands to include regulatory authority
- Bank Secrecy Act Advisory Group (BSAAG) is created MORE >
- FinCEN receives prestigious Federal Technology Leadership Award for Artificial Intelligence System
- FinCEN's first public Web site goes live
- Platform program begins - The Platform access program enables Federal agencies to send their representatives to FinCEN to use its databases and receive technical assistance, when requested, for their pending cases.

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1995

- FinCEN and other financial intelligence units co-found the Egmont Group; William F. Baity, FinCEN's Deputy Director from 1995-2009, leads U.S. efforts in the expansion of the Egmont Group
- FinCEN hosts Summit of the Americas Ministerial Conference on Money Laundering, Chaired by Treasury Secretary Robert E. Rubin
- FinCEN provides support for U.S. Presidency of the Financial Action Task Force

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Secretary Rubin and FinCEN Director Stan Morris

1996

- Visit by Treasury Secretary Robert E. Rubin
- Egmont Secure Web Developed – The Egmont Group's secure Internet system, the Egmont Secure Web, permits members to communicate with one another via secure e-mail, requesting and sharing case information as well as posting and assessing information on typologies, analytical tools and technological developments. FinCEN, on behalf of the Egmont Group, maintains the Egmont Secure Web (ESW).
- First FATF Mutual Evaluation Report
- FinCEN Advisory program begins MORE >
- Depository Institutions begin filing Suspicious Activity Reports (SARs)
- Geographic Targeting Order (GTO) in NY Metropolitan Area MORE >

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1997

- U.S. receives an "outstanding" evaluation for its anti-money laundering efforts MORE >

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1998

- National Money Laundering Strategy establishes High Intensity Financial Crime Areas (HIFCAs) MORE >

FinCEN's 3rd Director
James F. Sloan

Treasury Deputy Secretary
Stuart E. Eizenstat and Attorney General Janet W. Reno

1999

- James F. Sloan becomes FinCEN's 3rd director; focuses on highlighting FinCEN's analytical expertise in financial crime and terrorist financing MORE >
- MSBs are required to register with FinCEN MORE >
- Visit by Treasury Deputy Secretary Stuart E. Eizenstat and Attorney General Janet W. Reno

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2000

- FinCEN HIFCA liaisons established MORE >
- FinCEN celebrates its 10th anniversary
- Visit by Treasury Secretary Lawrence A. Summers and Deputy Secretary Stuart E. Eizenstat
- MSBs required to file SARs MORE >

9-11-2001 Memorial

2001

- Following the 9/11 terror attacks, the USA PATRIOT Act is enacted. It establishes FinCEN as a bureau within the Treasury and broadens the scope of the BSA to focus on terrorist financing as well as money laundering. MORE >
- President George W. Bush, Secretary of the Treasury Paul H. O'Neill, Secretary of State Colin L. Powell, and Attorney General John D. Ashcroft visit FinCEN to thank employees for their hard work; announces crack down on terrorist financial network MORE >
- FinCEN assumes responsibility for issuing reporting forms implementing BSA requirements

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2002

- FinCEN launches PATRIOT Act Communications System (PACS; later renamed BSA E-Filing). Financial institutions can expedite the reporting process and reduce costs in complying with BSA requirements by filing certain BSA reports electronically. MORE >
- FinCEN begins processing USA PATRIOT Act section 314(a) information sharing requests MORE >
- FinCEN issues report on informal value transfer systems, including hawalas
- USA PATRIOT Act expands regulatory definition of "financial institution"; brokers and dealers in securities required to file SARs
- U.S. financial institutions prohibited from providing correspondent accounts to foreign shell banks MORE >

FinCEN's 4th Director
William J. Fox

2003

- William J. Fox becomes FinCEN's fourth director, and focuses on the importance of partnerships, information sharing, and communication with the financial industry and law enforcement MORE >
- Currency dealers/exchangers required to file SARs
- Customer Identification Programs required for most financial institutions
- Casinos and card clubs required to file SARs (including those operated on tribal lands)
- Futures commission merchants and introducing brokers in commodities required to report suspicious transactions

History of the Financial Crimes Enforcement Network

*Protecting the U.S. and international financial systems by helping financial institutions serve **customers**, not **criminals***

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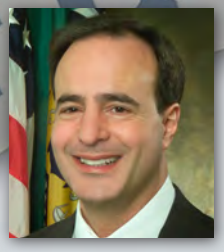
2004

- Bush administration announces budget increase to help fight terrorist financing and financial crime; increases FinCEN's budget by more than 12% MORE >
- Federal court reaffirms protections for financial institutions filing SARs
- Creation of Treasury's Office of Terrorism and Financial Intelligence (TFI) MORE >

2005

- FinCEN hosts Egmont Group's 10th Anniversary Plenary in Washington, D.C.
- Egmont Group exceeds 100-member mark
- Dealers in precious metals, stones, and jewels required to establish AML programs
- Certain insurance companies required to establish AML programs and file SARs
- Federal banking agencies issue BSA/AML Examination Manual out of a need to ensure consistent application of the BSA to all banking organizations



FinCEN's 5th Director
Robert W. Werner

Treasury Secretary
John W. Snow

2006

- Robert W. Werner becomes FinCEN's fifth director ; focuses on FinCEN's ability to integrate its regulatory, international, and law enforcement efforts to achieve consistency across the regulatory regime MORE >
- Visit by Treasury Secretary John W. Snow
- FinCEN publishes 10-year review of mortgage loan fraud SAR filings by depository institutions, raising concerns of growing trend
- Mutual funds required to file SARs
- Private banking and foreign correspondent due diligence programs are required for certain financial institutions

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FinCEN's 6th Director
James H. Freis, Jr.

Treasury Secretary
Henry M. Paulson, Jr.

2007

- James H. Freis, Jr. named as FinCEN's 6th director MORE >
- Treasury Secretary Henry M. Paulson, Jr. visits FinCEN to discuss how FinCEN is working to administer the BSA more efficiently and effectively MORE >
- FinCEN announces its BSA Efficiency and Effectiveness Initiative MORE >
- FinCEN begins annual delivery of data filing profiles to banking regulators in each state
- Enhanced due diligence is required for certain foreign correspondent banks

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Retired magnetic data submissions

Financial Industry Outreach

2008

- Magnetic submission of BSA forms retired (cost per e-filed report decreases from $0.64 in FY04 to $0.13 in FY08)
- FinCEN launches Financial Institutions Outreach Initiative MORE >
- FinCEN releases manual to aid examiners of MSBs MORE >
- FinCEN issues final rule on CTR exemptions

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Cabinet level anti-fraud in housing market discussions

2009

- FinCEN meets with Cabinet and state prosecutors for anti-fraud in housing market discussions
- President Obama establishes Financial Fraud Enforcement Task Force; FinCEN co-chairs the Training and Information Sharing Committee MORE >
- FinCEN promotes SAR sharing with the financial industry MORE >

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20th Anniversary of FinCEN | *Treasury Deputy Secretary Wolin* | *Financial Fraud Enforcement Task Force*

2010

- 40th Anniversary of the BSA, 20th Anniversary of FinCEN

  "FinCEN was created to be the bridge between law enforcement agencies and the financial industry. Our prescient designers saw the need for a central repository of financial intelligence that would collect, protect, and analyze the valuable information that industry could provide and then share it with law enforcement agencies, which at the time were holding several disparate and unconnected databases of their own. At the time a novel concept, the connections that FinCEN made, and the investigatory efficiency it provided, allowed users of the data to avoid duplicative efforts and to target their resources more effectively."

  James H. Freis, Jr.
  Director, FinCEN
  The SAR Activity Review – Trends, Tips & Issues (Issue 17)
  May 2010

- Treasury Deputy Secretary Wolin visits FinCEN to commemorate its anniversary
- FinCEN regulation improves domestic and international information sharing MORE >
- FinCEN strengthens SAR confidentiality regulations and issues SAR sharing guidance
- ‰ÐÕ " $ - ×ÙÖÝÐËÌÚÐÔ×ÖÙÛÈÕÛÚÜ××ÖÙÛÛÖ%%$3%ÚÞ . ×ÌÙÈÛÐÖÕ2ÛÖÓÌÕ #ÙÌÈÔÚÞ¦ÛÏÌÓÈÙÎÌÚÛÔÖÙÛÎÈÎÌÍÙÈÜËÚÞÌÌ×ÐÕÏÐÚÛÖÙà MORE >

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2011

- FinCEN streamlines its regulations and establishes its own chapter in the Code of Federal Regulations at 31 CFR Chapter X MORE >
- Providers and sellers of prepaid access programs must file SARs and maintain customer and transaction information records; providers must register with FinCEN as MSBs
- FinCEN issues final rule that more clearly defines which businesses qualify as MSBs and are therefore subject to AML rules under the BSA

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--H.R.3162--

H.R.3162

One Hundred Seventh Congress

of the

United States of America

AT THE FIRST SESSION

Begun and held at the City of Washington on Wednesday,

the third day of January, two thousand and one

An Act

To deter and punish terrorist acts in the United States and around the world, to enhance law enforcement investigatory tools, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE- This Act may be cited as the `Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001'.

(b) TABLE OF CONTENTS- The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.

Sec. 2. Construction; severability.

TITLE I--ENHANCING DOMESTIC SECURITY AGAINST TERRORISM

Sec. 101. Counterterrorism fund.

Sec. 102. Sense of Congress condemning discrimination against Arab and Muslim Americans.

Sec. 103. Increased funding for the technical support center at the Federal Bureau of Investigation.

Sec. 104. Requests for military assistance to enforce prohibition in certain emergencies.

Sec. 105. Expansion of National Electronic Crime Task Force Initiative.

Sec. 106. Presidential authority.

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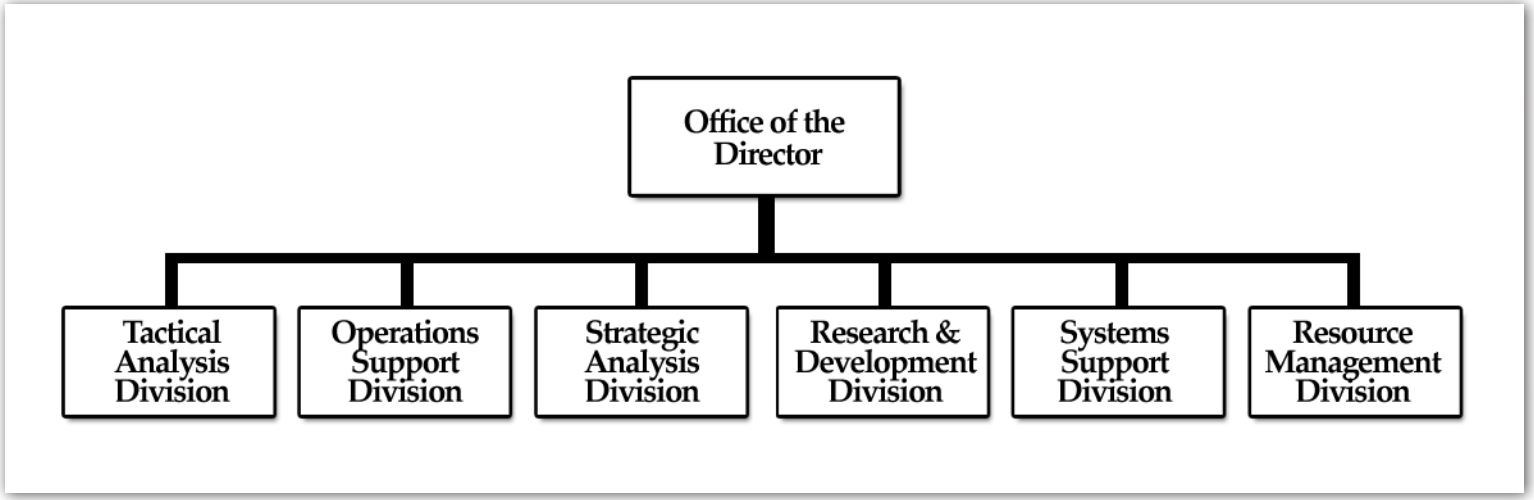
FinCEN's First Organization Chart



BACK

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

MAY 13 1994

MEMORANDUM FOR EDWARD KNIGHT
EXECUTIVE SECRETARY AND
SENIOR ADVISOR TO THE SECRETARY

JOSHUA L. STEINER
CHIEF OF STAFF

FROM: RONALD K. NOBLE RN
ASSISTANT SECRETARY (ENFORCEMENT)

SUBJECT: Delegation of Authority to the Director of the Financial Crimes Enforcement Network

Effective immediately, and notwithstanding the provisions of Treasury Directive 27-03, dated January 19, 1993:

1. The Office of Financial Enforcement (OFE) will report to the Director of the Financial Crimes Enforcement Network (FinCEN). Except as to the authority specifically delegated herein, this delegation does not alter or affect the functions of OFE as described in T.D. 27-03.

2. The Director of FinCEN is authorized to amend 31 C.F.R. Part 103 and to assess penalties under the Bank Secrecy Act.

3. The previous delegation of authority to the Deputy Assistant Secretary (Law Enforcement) to amend 31 C.F.R. Part 103 and to assess penalties under the Bank Secrecy Act contained in my memorandum dated April 29, 1994, (attached) is hereby revoked.

4. The delegation of authority dated April 17, 1979 (attached) concerning the performance of certain functions related to the administration of 31 C.F.R. Part 103 is hereby revoked and all the authority delegated therein is hereby delegated to the Director of FinCEN.

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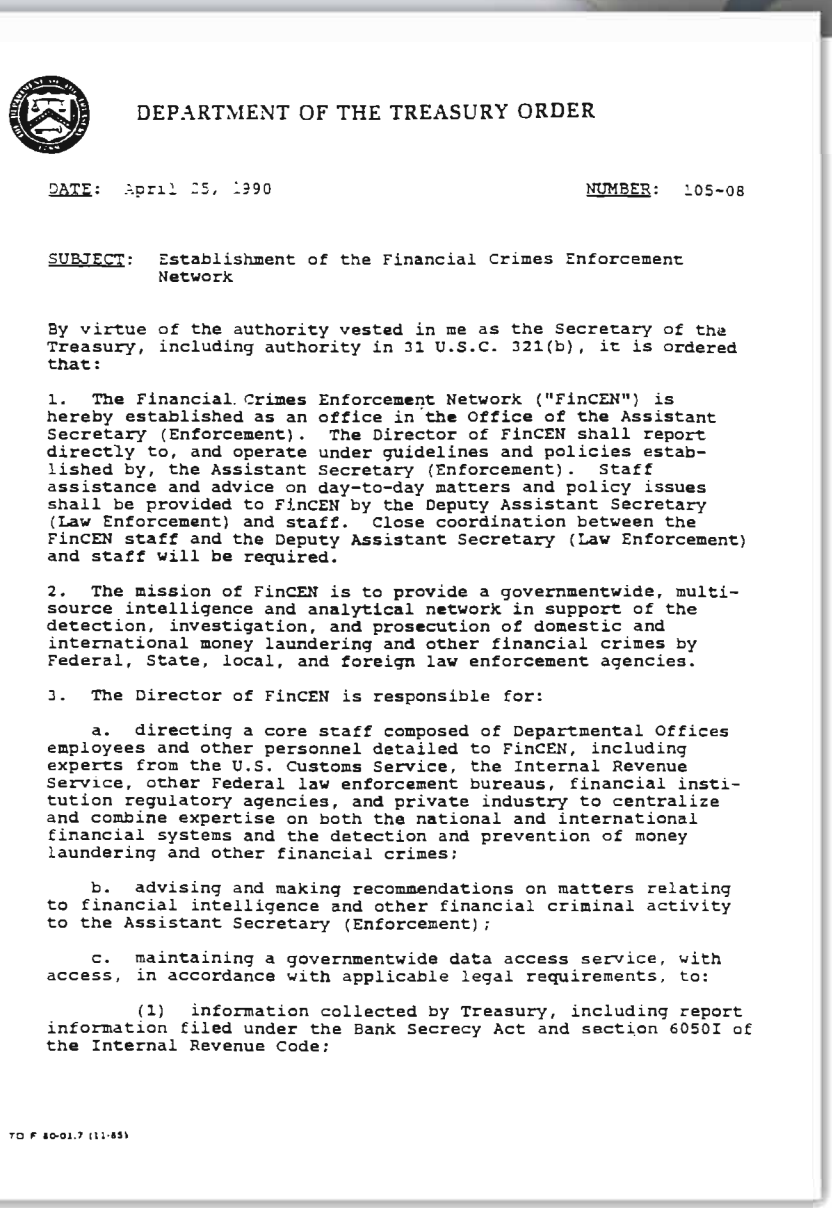
History of the Financial Crimes Enforcement Network

Protecting the U.S. and international financial systems by helping financial institutions serve customers, not criminals



DEPARTMENT OF THE TREASURY ORDER

DATE: April 25, 1990 NUMBER: 105-08

SUBJECT: Establishment of the Financial Crimes Enforcement Network

By virtue of the authority vested in me as the Secretary of the Treasury, including authority in 31 U.S.C. 321(b), it is ordered that:

1. The Financial Crimes Enforcement Network ("FinCEN") is hereby established as an office in the Office of the Assistant Secretary (Enforcement). The Director of FinCEN shall report directly to, and operate under guidelines and policies established by, the Assistant Secretary (Enforcement). Staff assistance and advice on day-to-day matters and policy issues shall be provided to FinCEN by the Deputy Assistant Secretary (Law Enforcement) and staff. Close coordination between the FinCEN staff and the Deputy Assistant Secretary (Law Enforcement) and staff will be required.

2. The mission of FinCEN is to provide a governmentwide, multi-source intelligence and analytical network in support of the detection, investigation, and prosecution of domestic and international money laundering and other financial crimes by Federal, State, local, and foreign law enforcement agencies.

3. The Director of FinCEN is responsible for:

a. directing a core staff composed of Departmental Offices employees and other personnel detailed to FinCEN, including experts from the U.S. Customs Service, the Internal Revenue Service, other Federal law enforcement bureaus, financial institution regulatory agencies, and private industry to centralize and combine expertise on both the national and international financial systems and the detection and prevention of money laundering and other financial crimes;

b. advising and making recommendations on matters relating to financial intelligence and other financial criminal activity to the Assistant Secretary (Enforcement);

c. maintaining a governmentwide data access service, with access, in accordance with applicable legal requirements, to:

(1) information collected by Treasury, including report information filed under the Bank Secrecy Act and section 6050I of the Internal Revenue Code;

TD F 80-01.7 (11-85)

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