

# The SAR Activity Review

*Trends  
Tips &  
Issues*

**Issue 21**

**In focus: Money Services Businesses**

Published under the auspices of the BSA Advisory Group.  
May 2012





*The*  
*SAR*  
*Activity*  
*Review*  
*Trends*  
*Tips &*  
*Issues*

*Issue 21*

**In Focus: Money Services Businesses**

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The SAR Activity Review **Index** is available on the FinCEN website at:

[http://www.fincen.gov/news\\_room/rp/files/reg\\_sar\\_index.html](http://www.fincen.gov/news_room/rp/files/reg_sar_index.html)

For your convenience, topics are indexed alphabetically by subject matter.



# Introduction

*The SAR Activity Review – Trends, Tips & Issues* is a product of continual dialogue and collaboration among the nation’s financial institutions, law enforcement officials and regulatory agencies to provide meaningful information about the preparation, use and value of Suspicious Activity Reports (SARs) and other reports filed by financial institutions under FinCEN’s regulations.

This issue of *The SAR Activity Review* focuses on trends and issues related to Money Services Businesses. In 2011, FinCEN finalized rules on definitions and other regulations related to MSBs, and to pre-paid access as a subcomponent of MSB activity. Also in 2011, FinCEN engaged in an initiative to collect information on the MSB agent population. Two articles in the *Trends & Analysis* section focus on this initiative: an analysis of the data collected, and an analysis of related calls to FinCEN’s Regulatory Helpline. In addition, FinCEN’s Office of Outreach Resources provides an update on SAR-related inquiries to our Regulatory Helpline as well as other inquiries received on our Helpline related to MSBs, including the MSB Registrant Search Web page launched in January 2012. Finally, our Office of Regulatory Analysis looks at 2011 depository institution SAR filings related to potentially unregistered or unlicensed MSBs.

The *Law Enforcement Cases* section highlights the use of FinCEN information, particularly SARs, by providing specific examples of how the detection and analysis of suspect transactions by financial institutions led to the prosecution of criminals in a wide range of cases.

In *Issues & Guidance*, we include several articles focusing on a variety of topics of interest for financial institutions. We open this section with a short article clarifying regulatory obligations related to SAR filings on ongoing activity. We follow with an article highlighting FinCEN’s numerous MSB related activities and an article that provides tips to MSBs on completing the electronic registration of money services business form. We close this section with an article from the Conference of State Bank Supervisors on two important activities at the state level, expansion of the Nationwide Mortgage Licensing System & Registry to include MSBs, and a nationwide cooperative agreement on MSB supervision.

As always, we very much appreciate your feedback. Please take a moment to fill in the form in Section 5 to let us know if the topics we have covered are helpful to you, as well as what you would like to see covered in future editions. The form may be forwarded to FinCEN at the email address [sar.review@fincen.gov](mailto:sar.review@fincen.gov). Please do not submit questions regarding suspicious activity reports to *The SAR Activity Review* mailbox.

Barbara Bishop  
Regulatory Outreach Project Officer  
Financial Crimes Enforcement Network

*The SAR Activity Review – Trends, Tips & Issues* is possible only as a result of the extraordinary work of many FinCEN employees and FinCEN’s regulatory, law enforcement and industry partners. FinCEN would also like to acknowledge the members of the Bank Secrecy Act Advisory Group (BSAAG) SAR Activity Review Subcommittee for their contributions to the development of this publication, particularly the Co-chairs noted below.

Helene Schroeder  
Special Counsel  
Commodity Futures Trading Commission

Michael Cho  
Global Head, Anti-Money Laundering Compliance  
Northern Trust



## Section 1 — Director's Forum



Thank you for your continued interest in *The SAR Activity Review – Trends, Tips & Issues*. I am proud that this edition is focused on Money Services Businesses (MSBs) as these businesses play such an important role in the economic lives of millions of Americans, and issues relating to MSBs deserve careful and thoughtful consideration. This *Review* follows other themed reports like one focused on [Foreign Corruption](#) last year, the [Casino and Gaming Industry](#) prior to that, and one concerning the [Securities and Futures Industries](#). Though this issue focuses on MSBs, I believe it will be of value to a broad range of financial industry sectors subject to FinCEN regulations including those served by MSBs or banks that provide financial services to MSBs.

This *Review* is particularly timely, because FinCEN's accomplishments in recent months with respect to the MSB sector are perhaps the most important at any point since MSBs were first brought under FinCEN's regulations almost 13 years ago. It was then that FinCEN first coined the very term "money services business."

Foremost among those milestones are the two rules, finalized in 2011, that modernized and clarified the [definition of MSBs](#) and expanded regulatory requirements with respect to [prepaid access](#). Each of these rules recognizes the rapid evolution in MSB products and services and was carefully drafted with the intention of establishing a technologically neutral framework flexible enough to adapt to future advances in smart phones, Internet payments, and money transmission methods yet to come.

As FinCEN looks to the future, we are in the late stages of modernizing our Information Technology systems and have begun to offer new, more efficient and effective ways for the financial industry to provide FinCEN and its law enforcement and regulatory partners with vital and timely information. Also, industry filers will get rapid confirmation so they will know that their registrations or reports have been properly received. [MSB registrations](#) are now E-Filed and soon all Suspicious Activity Reports (SARs) and Currency Transaction Reports (CTRs) will be E-Filed

too. If you, or your associates, are not yet familiar with the [new FinCEN SARs and CTRs](#), I encourage you to visit our [test site](#) and see how intuitive and user friendly the modernized reports have become.

FinCEN continues its efforts to better understand the MSB sector and be a responsible and responsive regulator focusing on risks. All of the included articles analyzing calls to our [Helpline](#) show not only that we are responsive to individual requests, but we also try to learn from these interactions. In many instances we discover where we may be more clear or need to provide further guidance. That is also where our [Agent Request Initiative](#) fits in. As detailed in the included article, there is more work to be done to improve our ability to collect information that MSBs have been required for over a decade to make available upon request. FinCEN is now looking to learn from that experience and will propose changes to the reporting requirement to make this framework work better.

This and other information is critical to a risk-based approach to regulatory compliance. In addition to more law enforcement case studies of successes from FinCEN data, we also have an article about how we gain regulatory insights from the included example of a depository institution SAR reporting potentially unregistered MSBs. This might lead to outreach to enhance understanding of purpose and import of our regulations or, in egregious cases, to enforcement actions. To reach out and cover the vast landscape of MSBs, we have made great progress in working with our State partners and with FinCEN's delegated representatives at the IRS, and we look forward to continued achievements.

The articles contained within will add to the wealth of other information targeted to MSBs available on our Web site, from [multiple-language materials](#), the [MSB exam manual](#), a [registration renewal calculator](#), and a [new Web page](#) that makes it easier to search for registration information on particular MSBs. Again, FinCEN is dedicated to the responsive and responsible regulation of our partners in the MSB sector and we will continue to seek the right balance between the needs and convenience of customers and the regulatory and informational requirements of investigators.

James H. Freis, Jr.  
Director  
Financial Crimes Enforcement Network

## Section 2 – Trends & Analysis

This section of *The SAR Activity Review – Trends, Tips & Issues* contains information on filing and reporting trends, and analysis of calls received by FinCEN's Regulatory Helpline.

### **Money Services Businesses Agent Request Initiative: An Insight into the MSB Agent Population**

*By FinCEN's Office of Outreach Resources*

In 2011, FinCEN undertook, for the first time on a comprehensive basis, an initiative to request agent information from all Money Services Businesses (MSBs) that indicated on their MSB registration form that they have agents who provide products or services to their customers on behalf of the registered (or "principal") MSB. FinCEN collected information through this initiative to better understand nation-wide the size and geographic distribution of the MSB agent population to further its mission needs. This article summarizes key findings from analysis conducted on the agent information collected in 2011.

For a decade now, principal MSBs have been required to prepare and maintain a list of agents annually and to report the information to FinCEN or the appropriate law enforcement agency upon request.<sup>1</sup> Information to be collected by the principal includes the agent's name, including any trade name or "doing business as" name, and the agent's address and telephone number. The principal must also note the type of services provided by the agent on behalf of the principal, and track which of the preceding 12 months the agent's gross transaction amount exceeded \$100,000 (with respect to financial products or services issued by the principal). Additionally, the principal must collect certain depository institution information about the agent, such as the name and address of any institution at which the agent maintains a

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1. See 31 CFR Chapter X, §1022.380(d).

transaction account for the MSB activities it conducts on behalf of the principal; the year in which each agent first became an agent of the principal; and, the number of branches or subagents of each agent.

## **Agent Request Initiative**

In April 2011, FinCEN mailed more than 24,600 letters to the person or entity listed as the owner of each MSB that reported one or more agents on the Registration of Money Services Business form<sup>2</sup> (RMSB or FinCEN Form 107) requesting that they provide their agent information. MSBs that received the letter were further requested to provide all of the underlying information required to be maintained on their agents. MSBs were required to respond to the request no later than June 20, 2011.

The letter described the manner in which MSBs were to provide the information and offered a template for reporting it – though use of this format was not mandatory. Additionally, MSBs that believed that they had incorrectly reported agent information were instructed as to the steps they should take to correct their registration information.

Not all MSBs that were sent a letter responded by the requested date. In an effort to insure that information collected on the MSB agent population was as complete as possible, FinCEN worked with the States<sup>3</sup> and the Internal Revenue Service (IRS)<sup>4</sup> to identify and (where necessary) verify contact information for MSBs believed to have agents who had not yet provided an agent list. For that reason, FinCEN continued to collect agent information through December 31, 2011. Analysis for this article is based on all agent data collected.

## **Analysis**

The level of detail provided by principals about their agents was not consistent among the principals, with some providing less data than is required to be maintained on their agents. Generally, MSBs provided complete name and address information for their agents, while banking information and gross revenue

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2. As identified in Section IV, Item 29.
  3. Certain MSB activity, the definition of which may vary from state to state, may also require state licensing. FinCEN engaged the Conference of State Bank Supervisors to better understand state licensing requirements and identify principals who may be state licensed but had not provided an agent list to FinCEN.
  4. The U.S. Department of the Treasury, through the Director of FinCEN, delegated to the IRS the authority to conduct BSA examinations of MSBs on FinCEN's behalf. FinCEN engaged the IRS to identify principal MSBs who had not provided an agent list to FinCEN.

information was less complete. As a result, for certain analysis summarized in this article we note when the information provided was not provided for the full agent population reported. The data which was provided under this initiative was analyzed to identify patterns and trends in the agent population, including geographic location, types of services provided and banking practices. For purposes of comparison in this analysis, principals that reported 1,000 or more agents are defined as large principals. Small principals are defined as those that reported fewer than 1,000 agents.

## Findings

Based upon the agent information reported in 2011, FinCEN identified a number of key attributes about the MSB agent population:

### *Size of the MSB Principal and Agent Populations*

FinCEN received 197 lists, reporting more than 230,000 agents, from 170 unique companies.<sup>5</sup> Twenty-five of the lists named 1,000 or more agents, and accounted for nearly 94 percent of the total agent population reported. Overall, principal MSBs reported agent totals ranging from only one or two agents to tens of thousands of agents. Table 1 illustrates the number of principals that reported agent volumes within each range listed, based on the 197 unique lists received.

<b>TABLE 1: Number of Principals by Volume of Agent Population</b>	
<b><i>Number of Agents Reported by Principal</i></b>	<b><i>Number of Principals</i></b>
20,000 or more	3
15,000 – 19,999	0
10,000 – 14,999	2
5,000 – 9,999	2
1,000 – 4,999	18
500 – 999	7
100 – 499	25
50 – 99	21
10 – 49	54
Less than 10	65

5. Several companies provided separate lists for related entities, including parent companies and subsidiary companies.

Information provided through this initiative indicated that principals have differing interpretations of *who* they have contracted with and, therefore, who they consider an agent (as opposed to a branch or a subagent of an agent). Some principals reported only the parent company of an agent as its agent, and not each underlying location of that parent company, while others reported each location of their agent population, whether it was one business or part of a chain – such as retail or food store chains. To illustrate, assume two money transmission companies have contracted with the same retail chain to provide their services. Company A considers only the retail chain owner to be their agent and listed the retail chain only once with a home office location. Company A reported the *number* of subagents the retailer has but did not provide the subagents underlying information. Company B considers all branches of the retail chain to be their agent and reported each location of the retail chain as a separate agent, and provided all of the underlying information on that agent.

The number of agents reported also differed, in some cases, from the volume of agents reported on the principal MSBs registration form. The agent numbers reported by some principals through the Agent Request Initiative were sometimes higher and sometimes lower in relation to the number of agents reported on their MSB registration, possibly because of business or economic factors. For example, some MSBs who were registered as having agents, but that did not provide lists, reported to FinCEN that they had either merged with, or been acquired by, another MSB or had ceased doing business for economic reasons.

### ***Location of the MSB Agent Population***

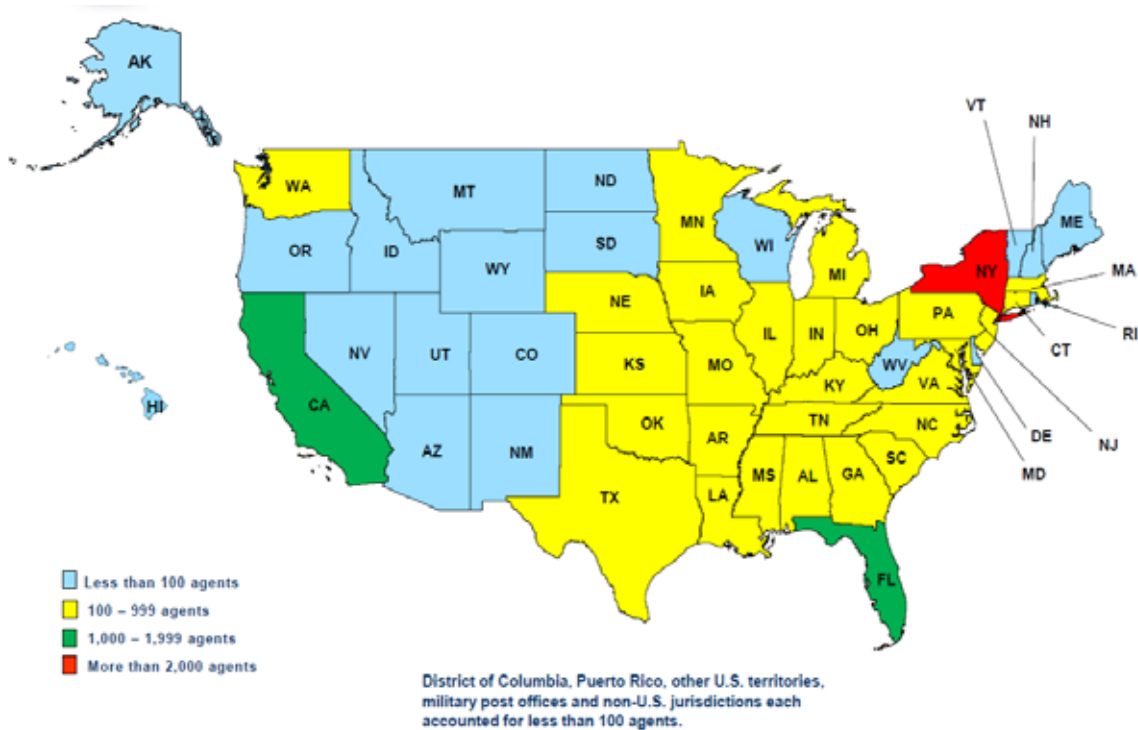
A geographic analysis of the agent population showed that most of the large principals covered wide geographic areas, with some having a national presence. Many of the small principals reflected a more concentrated customer base, such as specific geographic areas or particular communities they primarily serve. Principal MSBs reported agents in all 50 states, as well as the District of Columbia, several United States territories and military post office locations. Agent information was also reported in several non-U.S. jurisdictions.

The highest volume of agents was reported in California, followed by Texas, New York and Florida. Two additional Southern States, Georgia and North Carolina, also had a high volume of agents, as did some Midwestern States and Mid-Atlantic States with large metropolitan areas, such as Illinois, Michigan and Virginia. As expected, the agent population was highest in the more densely populated metropolitan areas. The highest volume of agents in California was reported in the





The following map breaks down the volume of agents by state for small principals who reported less than 1,000 agents.



### **Agents of Multiple Principals**

As previously indicated, some principals listed every location of their agents on their list, while others listed only a parent company and not the underlying subagents of that company. Principal MSBs are required to maintain a count of the number of subagents or branches of each agent they report, but are not required to collect and maintain the same level of information on the subagent or branch. Due to the varying levels of agent information provided by principal MSBs who responded to this initiative (including those who provided information on only a parent company and those who provided information on each branch or subagent), the varying format in which information was provided, and the absence of a requirement to provide the information in a specific format, such as United States Post Office address standards, it is not possible to accurately determine how many agents have contracted with more than one principal to offer its products or service. However, a sampling of 2,300 agent records, roughly 1 percent of the total records submitted, identified approximately 150 (6.5 percent of the 2,300 reviewed)



duplicate agents name and address combinations<sup>6</sup> linked to two or more principals. Nearly 50 of these entities (just over 2 percent of the 2,300 reviewed) were identified as an agent for three or more principals.

### **Services Provided**

Principals were asked to identify which MSB activities their agents conducted on behalf of the principal. Nearly 179,000 agents were characterized by the principal MSB as providing money transmission services; just over 96,000 agents were characterized as being a seller of money orders. In some cases, principals indicated that certain agents engaged in more than one of the activities listed on behalf of that principal, most frequently money transmission and selling of money orders. Table 2 shows the totals reported for each category of agent activity listed.

<b>TABLE 2: Number of Agents by MSB Activity</b>	
<b>Category of MSB Activity Reported</b>	<b>Number of Agents Reported</b>
Issuer of Traveler's Checks	16
Seller of Traveler's Checks	29
Issuer of Money Orders	1,289
Seller of Money Orders	95,975
Dealer in Foreign Exchange	435
Money Transmitter	178,944
Check Cashier	275

*Note:* Totals are approximate and based on totals reported, as not every principal checked a box for every agent.

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6. Entities that could not be fully determined by name and address as being the same entity were not included in the count of businesses acting as agents for more than one principal.

## **Types of Businesses that Provide the Services**

MSB principals listed both individuals and businesses as agents. The most common types of agent businesses reported were retail establishments, food and beverage establishments, and service-oriented businesses. Many larger principals also listed depository institutions as being providers of their products and services. Table 3 provides an example of the categories of businesses identified through this initiative, and examples of businesses within each category.

<b>TABLE 3: Examples of Business Types of MSB Agents</b>	
<b>Category of Agent Business</b>	<b>Example of Agent Business</b>
Retail	Department stores, salons, boutiques, wireless carrier/communications retailers
Food and beverage	Food store chains, markets, restaurants, bars, beverage drive-thru businesses, convenience stores, liquor stores
General services	Gas stations, mailing and packaging stores, tax preparers
Financial services	Depository institutions, check cashers, payday lenders, insurance agencies, other general financial services businesses
Government entities	Local government offices, state correctional facilities
Travel services	Travel agencies, automobile clubs, bus companies
Entertainment	Video rental outlets, night clubs, casinos
Miscellaneous	Pawn shops, cigarette and tobacco outlets, automobile dealerships

*Note:* Examples listed are not all-inclusive

## **Banking Practices**

Principals provided no banking information for more than 40,000 of the agents listed (approximately 17 percent). The depository institution information that was provided indicates that the banking practices of MSB agents are as diverse as the industry itself. Principals reported several large national banks under the agent banking information, as well as small community banks and credit unions. One large national bank was reported as the financial institution for more than 30,000 agents. Another large national bank was reported for more than 29,000 agents. Banking information received from some principals contained single bank and branch location for multiple agents located in proximity to each other. Some principals reported banking information in a different state from the address reported for the agent.

## Data Quality Issues

The Agent Request Initiative did not explore any aspect of MSB registration except for collecting information on the MSB agent population, though the process of collecting the information did highlight certain challenges related to MSB registration. For example, certain data quality issues were identified – primarily as it relates to the understanding of the term “agent.” An agent is a *separate business entity* (emphasis added) from the principal that the principal authorizes, through a written agreement or otherwise, to sell its instruments or, in the case of funds transmission, to sell its send and receive transfer services. Under this definition, an MSB should not count an employee of its business as an agent. Likewise, an MSB that is an agent of another MSB should not count itself as an agent. An MSB should also not count the number of services they provide in the agent fields. Below are two examples for correctly completing the relevant section, Part IV (Money Services and Product Information), of the RMSB when reporting agent information.

*Example 1:* MSB #1 is an agent of two different money transmission companies and cashes checks for customers. In part IV of its registration, it should check the check casher box (because it meets the monetary threshold for an MSB) and the money transmitter box.<sup>7</sup> It should report no agents.<sup>8</sup> The two money transmission companies that the MSB has contracted with would count the MSB in their agent totals reported to FinCEN. The MSB does not count the check cashing activity conducted in its business as an agent.

*Example 2:* MSB #2 operates a money transmission business and has contracted with 10 local supermarkets (each a separate entity with a separate EIN) to provide its service to their customers. The MSB should check the money transmitter box in Part IV on their registration and record a “10” in the money transmission box of the registration form when indicating the number of agents. In contrast, if the MSB had 10 locations of *its* business, all of which offered money transmission services, and did not contract with another entity to provide its service, it would record a “0” in the agent field. However, it would record the number “10” in Part IV of its registration when indicating the number of branches.<sup>9</sup>

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7. Item 25 on the legacy RMSB form; item 36 on the BSA E-Filing RMSB introduced on March 14, 2012. See “FinCEN Releases the New Registration of Money Services Businesses, FinCEN Report 107 (03/14/2012)” at [http://www.fincen.gov/news\\_room/nr/html/20120314.html](http://www.fincen.gov/news_room/nr/html/20120314.html).

8. Item 29 on the legacy RMSB form; item 46 on the BSA E-Filing RMSB.

9. Item 25 on the legacy RMSB form; item 35 on the BSA E-Filing RMSB.

In its letter to MSB registrants, FinCEN explained that any entity that believed it had registered in error as having agents should submit a corrected registration. Many MSBs who contacted FinCEN for guidance related to the initiative did submit corrected registrations. The Internal Revenue Service Enterprise Computing Center – Detroit reported more than 4,000 corrected MSB registrations in the weeks immediately following the mailing of letters to the more than 24,600 MSBs contacted as part of this initiative.<sup>10</sup>

## **Conclusion**

FinCEN currently has approximately 41,000 registered MSBs listed on its MSB Registrant Search Web page, though this number fluctuates throughout the year as new registrations are processed and businesses that are no longer conducting MSB activities or fail to renew their registration drop off the registration list. The Agent Request Initiative illustrates that the MSB agent population is much larger, more diverse, and often different from the population of MSBs that are required to register with FinCEN. The Agent Request Initiative presented significant challenges in collecting data on such a large and diverse population – even though the number of principal MSBs is relatively small. The lack of a prescribed reporting format for collecting this data, and the inconsistent level of information provided by the principals, inhibited a full analysis of the MSB agent population. However, the information learned contributes significantly to a better understanding of the MSB agent population, and the initiative will help inform future decisions about the MSB registration process.

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10. This total is based on the number of MSBs who referenced the Agent Request Initiative when submitting their corrected registration form. Some corrections received during this time made no reference to the initiative, but may have been submitted as a result of the letter sent by FinCEN.

## **Money Services Businesses Agent Request Initiative: An Analysis of Related Calls to FinCEN's Regulatory Helpline**

*By FinCEN's Office of Outreach Resources*

FinCEN operates a Regulatory Helpline that provides assistance for financial institutions seeking clarification of their obligations under the Bank Secrecy Act (BSA) and certain requirements under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act.<sup>11</sup> This article analyzes the inquiries made by Money Services Businesses (MSBs)<sup>12</sup> that received a letter requesting their agent information (the Agent Request Initiative) and instructing them to contact FinCEN's Regulatory Helpline to address further questions.

From April 2011 to March 2012, FinCEN received 2,302 separate inquiries<sup>13</sup> regarding the request for agent information, the equivalent of nine percent of the MSBs that received the letter requesting the information. The majority of these inquiries (87 percent) occurred during June 2011. MSBs were the single largest category of callers, and inquiries were received from nearly every state (with the exception of Wyoming and North Dakota), as well as the District of Columbia and Puerto Rico. Common inquiries requested more information about the registration correction process, the definition of an MSB agent, the purpose of FinCEN's request, and other general assistance with the request or MSB registration requirements. The ability of MSBs and other callers to contact FinCEN's Regulatory Helpline with further questions about the request for agent information did prove beneficial for the overall initiative as 17 callers indicated that they had agents and would be sending FinCEN the request agent information.

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11. Financial institutions can contact FinCEN's Regulatory Helpline at 800-949-2732.

12. All information provided in this publication has been aggregated to ensure the confidentiality of individual inquiries. The determination of entity type is primarily based upon caller self-identification.

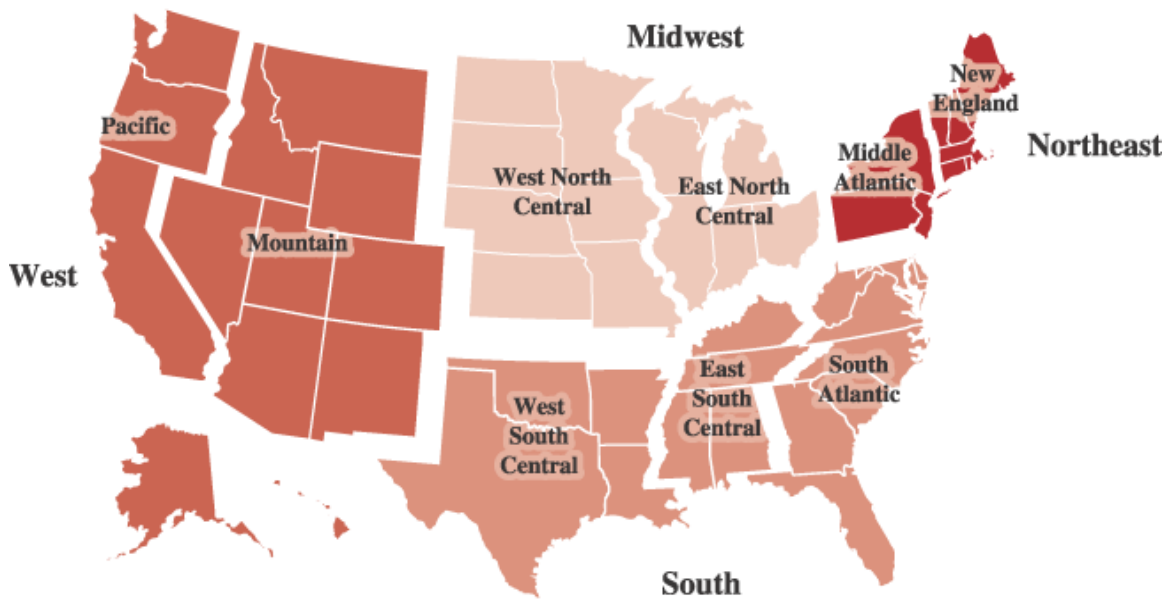
13. FinCEN also established a dedicated e-mail address for receiving inquiries related to the Agent Request Initiative, which are not included in the analysis of Helpline calls.

## Regulatory Helpline Inquiries by Region

The top sources of inquiries regarding FinCEN’s request for agent information were, in order, California, Texas, Florida, Georgia, and Michigan, accounting for 54 percent of the total. One in four of those inquiries emanated from callers from the states of Alaska, California, Hawaii, Oregon, and Washington (Pacific sub-region). Callers from the states of Delaware, Maryland, Virginia, South and North Carolina, Georgia, and Florida as well as the District of Columbia (South Atlantic sub-region) accounted for one in five inquiries, as did callers from the West South-Central sub-region (Arkansas, Louisiana, Oklahoma, and Texas). The New England sub-region of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont produced the fewest inquiries, only 1 percent.

### Regulatory Helpline Inquiries by Region Agent Request Initiative

April 2011 through March 2012



<b>WEST = 673</b>	<b>NORTHEAST = 152</b>
Pacific = 567	New England = 21
Mountain = 106	Middle Atlantic = 131
<b>SOUTH = 1,027</b>	<b>MIDWEST = 402</b>
West South Central = 444	West North Central = 104
East South Central = 130	East North Central = 298
South Atlantic = 453	
	<b>Not Available = 48</b>

## Regulatory Helpline Inquiries by Institution

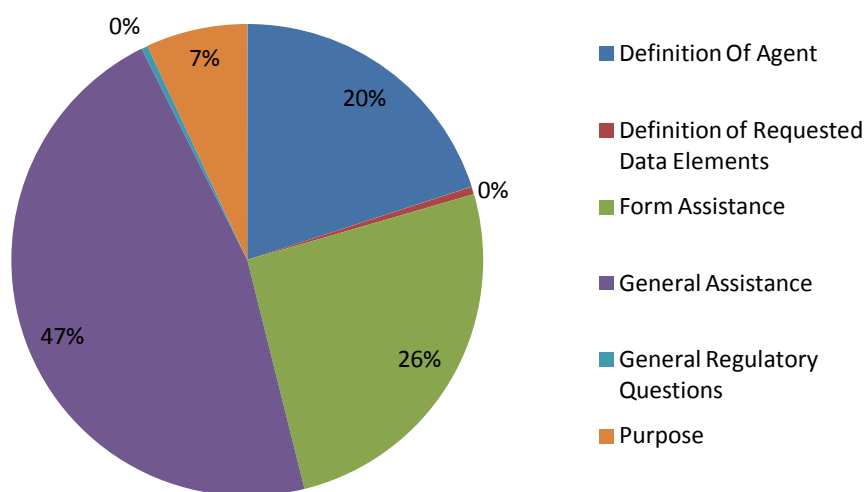
While various types of MSBs were the primary callers to FinCEN’s Regulatory Helpline regarding the letters requesting agent information, FinCEN also received a small number of inquiries from banks, credit unions, and other types of financial institutions or entities. MSB callers accounted for 61 percent of all inquiries, with most either indicating or appearing to provide multiple MSB services (41 percent of all callers). The next most common type of MSB activity noted was check cashing (18 percent of all callers). The second largest group of callers (38 percent of all callers) could not be clearly identified or could only be identified as individuals calling on their own behalf. Banks and credit unions accounted for 1 percent of the calls.

## Regulatory Helpline Inquiries by Topic

The more than 2,300 inquiries to FinCEN’s Regulatory Helpline (approximately 9 percent of all MSBs receiving the letter requesting agent information) largely focused upon gaining a better understanding of what was requested in the letter. The inquiries also underscored the difficulties of conveying complex regulatory requirements to the MSB industry. Almost half of the inquiries (47 percent) simply sought clarification of what was stated within the letter and how FinCEN needed them to respond (if at all). The next most common point of discussion revolved around how to correct the MSB’s registration information, with FinCEN staff walking through that process in detail with slightly more than one in four callers. Almost as common were inquiries regarding the definition of an MSB agent (20 percent). Approximately seven percent of all callers sought clarification on the purpose of the request and how FinCEN would make use of the agent information being provided.

### Focus of Regulatory Helpline Inquiries Agent Request Initiative

April 2011-March 2012



## **Results of Regulatory Helpline Inquiries**

The ability of MSBs and other callers to contact FinCEN's Regulatory Helpline with further questions about the request for agent information did prove beneficial for the overall initiative. Of the more than 2,300 inquiries to the Regulatory Helpline, 17 callers were ultimately identified as having agents and indicated that they would send FinCEN their agent lists. This amounted to nearly 9 percent of all the MSBs that ultimately provided agent information to FinCEN. Contact with FinCEN's Regulatory Helpline also led to improved data quality within MSB registrations, a benefit to all ultimate users of the data. Callers associated with 955 inquiries (41 percent of the total) indicated they had incorrectly stated they had agents and would be filing a corrected MSB registration. Additionally, one of every five callers stated that the registered MSB receiving the letter was no longer in business or no longer provided MSB services.



# Analysis of Suspicious Activity Report Inquiries by Money Services Businesses to FinCEN's Regulatory Helpline

*By FinCEN's Office of Outreach Resources*

This article analyzes the 64 inquiries made by Money Services Businesses (MSBs) regarding suspicious activity reporting (SAR) requirements from January 1, 2011 through February 29, 2012.<sup>14</sup>

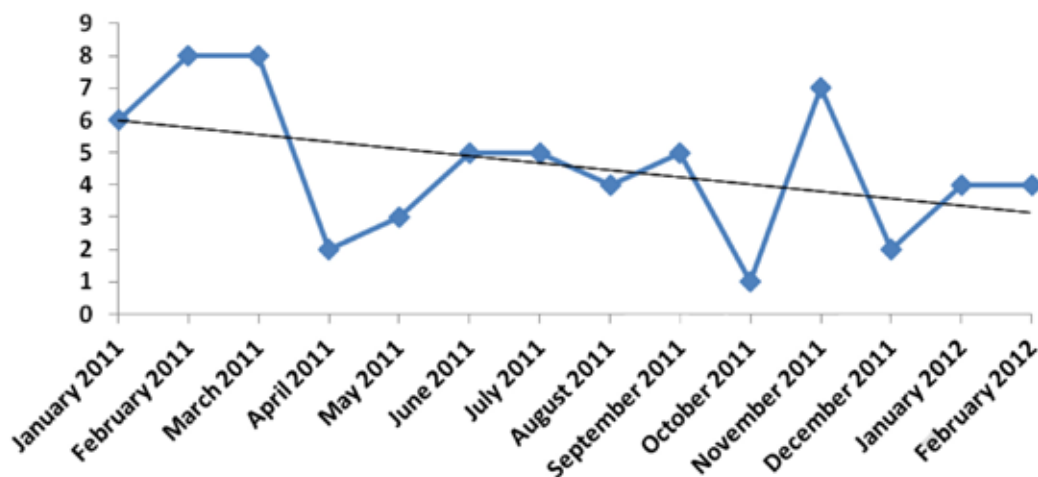
## Key Trends

### *Volume Trends*

From January 1, 2011 through February 29, 2012, the Regulatory Helpline received 64 inquiries related to SAR requirements from financial institutions identified as MSBs. Those inquiries accounted for 0.043 percent of all SAR-related Regulatory Helpline inquiries during that same time period.

### **Financial Institution Inquiries Related to Suspicious Activity Reporting (SAR) Requirements (with overall trend line)**

*January 2011 to February 2012*



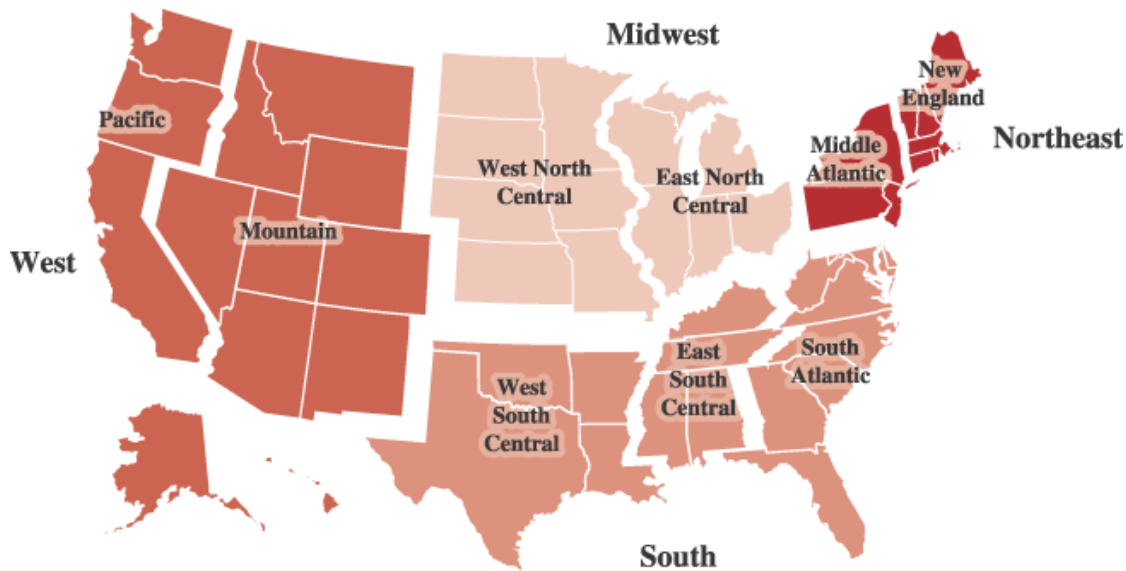
14. All information provided in this publication has been aggregated to ensure the confidentiality of individual inquiries. The determination of entity type is primarily based upon caller self-identification.

## Geographic Trends

The Regulatory Helpline received SAR-related inquiries from 20 states. MSB callers from California accounted for one out of every four inquiries during the study’s time period. The top states identified were California, Minnesota, New Jersey, and New York. As a result, the regional dispersion of the inquiries was heavily concentrated in the West.

### SAR Inquiries by Region

January 1, 2011 through February 29, 2012



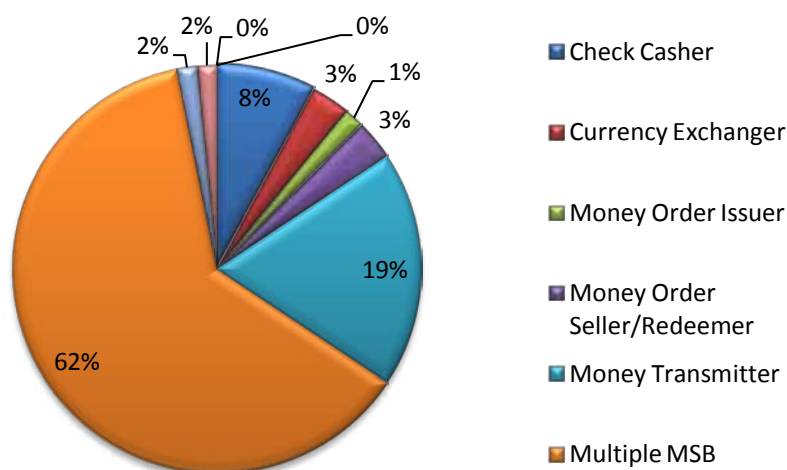
<b>WEST = 24</b>	<b>NORTHEAST = 13</b>
Pacific = 19	New England = 2
Mountain = 5	Middle Atlantic = 11
<b>SOUTH = 13</b>	<b>MIDWEST = 10</b>
West South Central = 4	West North Central = 5
East South Central = 1	East North Central = 5
South Atlantic = 8	
	<b>All Other = 4</b>

### ***Institution Type Trends***

Among the various types of MSBs contacting FinCEN’s Regulatory Helpline with SAR-related inquiries, MSB callers that either indicated or were identified as providing multiple MSB services accounted for 40 inquiries (approximately 62 percent of the total). Money transmitters were the second most common type of MSB caller with 12 inquiries (19 percent of the total). The third most common type of MSB activity noted was check cashing with 5 inquiries (8 percent of the total).

### **SAR Inquiries by Type of Money Service Business**

*January 1, 2011 to February 29, 2012*



#### ***Type of MSB***

Check Casher	5	Money Transmitter	12
Currency Exchanger	2	Multiple MSB	40
Money Order Issuer	1	Stored Value	1
Money Order Seller/Redeemer	2	Provider of Prepaid Access	1
<b>Total Inquiries</b>	<b>64</b>		

## **Key Issues and Themes**

The most common SAR-related inquiries by MSBs during this time period involved “Assistance with the SAR form” (27 inquiries, 42 percent of all MSB SAR inquiries). These inquiries involved providing assistance on how to fill out the various line items of the Suspicious Activity Report by Money Services Businesses or SAR-MSB (FinCEN Form 109), how to correct a previous SAR filing (particularly following FinCEN’s new guidance requiring all financial institutions to correct or amend previously filed reports by completing the report in its entirety)<sup>15</sup>, and how to write an effective SAR narrative. The next most common type of inquiry sought FinCEN guidance on “Whether to file a SAR” and associated regulatory requirements (17 inquiries, 27 percent of all MSB SAR inquiries). Additionally, MSBs commonly inquired about the rules for “Sharing (SARs) with law enforcement” and “Replying to a subpoena” and other SAR confidentiality and disclosure issues (9 inquiries, 14 percent of all MSB SAR inquiries).

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15. See <http://www.fincen.gov/whatsnew/pdf/20111031.pdf>.

## Key Issues and Themes

### January 1, 2011 - February 29, 2012

Assistance with SAR Form	27	Additional Steps a Financial Institution Should Take	4
SAR item instructions	13	Notification of authority (e.g. FBI, DEA, etc.)	1
Form corrections	6	Guidance on whether to close an account	3
SAR narrative	8	SAR Filing on Continuing Activity	3
Guidance on Whether to File a SAR	17	Frequency of SAR Filings	2
Whether to file a SAR	8	Whether to file a SAR	1
Regulation	8	E-Filing	1
Monetary thresholds	1	SAR item instructions	1
SAR Sharing and Disclosure	9	Other	3
Sharing - Law Enforcement	3	General guidance	3
Replying to a subpoena	2		
Other disclosure questions	2		
Sharing - Corporate Structure	2		

**Total Inquiries for January 1, 2011 to February 29, 2012**

**64**

## General SAR Filing Assistance

As noted earlier, the most frequent type of inquiry received on the Regulatory Helpline related to “Assistance with the SAR form.” FinCEN recently made available for filing purposes the new FinCEN SAR along with updated [SAR filing specifications](#). MSBs are reminded that they must use this new SAR, which is only available electronically, by no later than March 31, 2013.<sup>16</sup> Additionally, MSBs should currently be taking measures to ensure that they will be able to file all required reports with FinCEN electronically by July 1, 2012.<sup>17</sup>

16. See “Important Notice for Financial Institutions: *FinCEN Extends Deadline for Adopting New CTR and SAR*,” (<http://www.fincen.gov/whatsnew/pdf/20111220.pdf>).

17. See “FinCEN Reports Going Paperless,” ([http://www.fincen.gov/news\\_room/nr/pdf/20120223.pdf](http://www.fincen.gov/news_room/nr/pdf/20120223.pdf)).

Inquiries related to “Guidance on whether to file a SAR” accounted for about one in every five SAR inquiries. To assist in making this internal decision, institutions may refer to resources such as the [BSA/AML Examination Manual for Money Services Businesses](#).

Inquiries related to “SAR sharing and disclosure” were increasingly common, accounting for nearly one in every four SAR inquiries. To aid institutions in responding to law enforcement and regulatory authorities’ requests for SAR information and supporting documentation, FinCEN issued guidance in June 2007 entitled [Suspicious Activity Report Supporting Documentation](#) (FIN-2007-G003). Guidance on [Providing Suspicious Activity Reports to Appropriate Law Enforcement](#) is available in a previous issue of *The SAR Activity Review*.<sup>18</sup>

Highlighted below are other recent common inquiries to the Regulatory Helpline and associated helpful guidance.

## **Verification of SAR Filing**

Institutions occasionally contact FinCEN’s Regulatory Helpline to verify the receipt, or request a copy, of a SAR filing. Financial institutions must maintain a copy of any SAR they file and the original or business record equivalent of any supporting documentation for five years from the filing date.<sup>19</sup>

Due to the confidentiality of these reports, FinCEN is unable to verify the receipt of, or provide a copy of, SAR filings. However, users of [FinCEN’s BSA E-Filing System](#)<sup>20</sup> do receive [SAR Acknowledgements](#)<sup>21</sup> for BSA E-Filing submissions. While financial institutions cannot access their submitted SAR filings directly through the BSA E-Filing System, they must save their filings to their computer or network drives before the SARs can even be submitted. This E-Filing process greatly assists institutions in meeting their recordkeeping requirements. Institutions that utilize the BSA E-Filing System also should save their SAR filing acknowledgements and

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18. See *The SAR Activity Review, Trends Tips & Issues*, Issue 9 Section 5 ([http://www.fincen.gov/news\\_room/rp/files/sar\\_tti\\_09.pdf#page=49](http://www.fincen.gov/news_room/rp/files/sar_tti_09.pdf#page=49)).

19. The record keeping requirement applies to each category of financial institution that has a requirement to file SARs: 31 CFR 1022.320(c) [money services businesses].

20. <http://bsaefiling.fincen.treas.gov/main.html>.

21. See “FinCEN to Implement SAR Acknowledgements and Validations for BSA E-Filing Submissions,” (<http://www.fincen.gov/whatsnew/html/20090826.html>).

other notices. Certain other filing information will remain available to institutions within the BSA E-Filing System for up to 5 years. For more information about the benefits of BSA E-Filing, please review our helpful [brochure](#).<sup>22</sup>

## Correction or Amendment of a Previous SAR Filing

FinCEN would like to re-emphasize to all financial institutions that due to business process changes resulting from FinCEN's BSA IT Modernization, paper form instructions that pertain to filing corrections or amendments have changed.<sup>23</sup> As of December 1, 2011, corrections and amendments will not be accepted as previously filed and filers will be contacted to resubmit corrections or amendments using the updated instructions.

The new instructions for correcting or amending a previously filed paper report are as follows: filers must check the appropriate amendment or correction box *and complete the form in its entirety*. Prior to these instruction updates, some form instructions required filers to attach copies of previously filed reports to corrected or amended forms. Filers should no longer attach copies of previously filed reports to a corrected or amended form. To view specific correction or amendment instructions, please visit the Forms webpage and select a specific form type at [http://www.fincen.gov/forms/bsa\\_forms/](http://www.fincen.gov/forms/bsa_forms/).

Please note that BSA E-Filing instructions pertaining to corrections and amendments have not changed. We encourage filers to submit corrections and amendments via the BSA E-Filing System. Some electronic forms require the input of a Document Control Number (DCN) or Bank Secrecy Act Identification Number (BSA ID) for corrections or amendments. If a BSA ID is required but unavailable, filers should enter all "zeros" into that field when submitting an electronic correction or amendment to a filing that was previously submitted via paper. We strongly encourage financial institutions to learn more about electronically filing BSA forms at <http://bsaefiling.fincen.treas.gov/main.html> in preparation for the July 1, 2012, mandated use of this system.

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22. See [http://www.fincen.gov/whatsnew/pdf/E-File\\_Brochure.pdf](http://www.fincen.gov/whatsnew/pdf/E-File_Brochure.pdf).

23. See "Notice Regarding How to Correct or Amend Paper Bank Secrecy Act Forms," (<http://www.fincen.gov/whatsnew/pdf/20111031.pdf>).

## **Analysis of Inquiries to FinCEN’s Regulatory Helpline Regarding FinCEN’s MSB Registrant Search Web page**

*By FinCEN’s Office of Outreach Resources*

This article analyzes the 316 separate inquiries made by various types of financial institutions<sup>24</sup> to FinCEN’s Regulatory Helpline regarding the new MSB Registrant Search Web page that launched on January 27, 2012.<sup>25</sup>

The MSB Registrant Search Web page is part of the Department of the Treasury’s initiative to go paperless, improve the availability of MSB registration information, replace the MSB Registration List previously posted to FinCEN’s website, and change FinCEN’s process of providing acknowledgment letters to MSBs. The new Web page contains similar information that the MSB Registration List previously included, such as the name of the registrant, states where the registrant engages in MSB activities, and the types of MSB activities provided. The new Web page also provides MSBs with the ability to search for their registration information by using their MSB Registration Number.

### **Key Trends**

#### ***Volume trends***

During the period of October 1, 2011 through February 29, 2012, the Regulatory Helpline received 316 inquiries from financial institutions related to the MSB Registrant Search Web page. Those inquiries accounted for seven percent of all Regulatory Helpline inquiries (4,578 total inquiries) during that same time period. As anticipated, there was a significant increase in inquiries related to the MSB Registrant Search Web page once it was launched on January 27, 2012.

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24. All information provided in this publication has been aggregated to ensure the confidentiality of individual inquiries. The determination of entity type is primarily based upon caller self-identification.

25. See “FinCEN Launches New Money Services Business (MSB) Registration Web site,” <http://www.fincen.gov/whatsnew/html/LaunchNewMSBRegistrationSite.html>



<b>MSB Registrant Search Web page Inquiries</b>	
<i>Month/Year</i>	<i>Total Inquiries</i>
October 2011	5
November 2011	1
December 2011	28
January 2012	70
February 2012	212

### ***Subject Matter Trends***

The most common category of MSB Registrant Search Web page inquiries by financial institutions during this time related to the “MSB Registration List.” There were a total of 178 such inquiries or 56 percent of all MSB Registrant Search Web page-related inquiries. These inquiries primarily involved financial institutions seeking confirmation of an MSB’s registration status, assistance locating the MSB Registrant Search Web page, and general guidance on using the search tool to find a particular MSB registration.

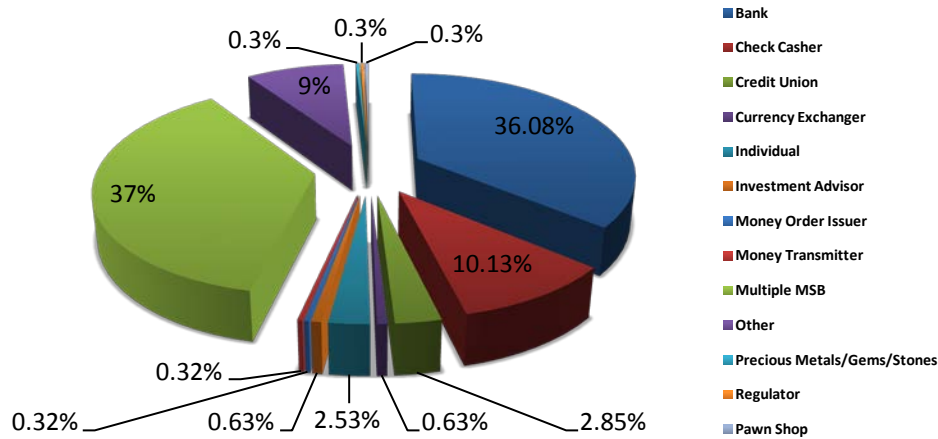
The next most common type of inquiry involved assistance with a “Confirmation of Registration Status.” The Regulatory Helpline received a total of 123 inquiries, 39 percent of all MSB Registrant Search Web page inquiries. These inquiries pertained to the processing time for MSB registrations, requests for a copy of the confirmation of status letter available on the Web page, and requests for verification of MSB activities for a particular MSB by state or by type of activity.

Additionally, financial institutions commonly requested assistance with “Technical Difficulties,” for a total of 15 inquiries or five percent of all MSB Registrant Search Web page inquiries. Callers required technical assistance with submitting their FinCEN Registration of Money Services Business (RMSB) report through the BSA E-Filing System.<sup>26</sup> As noted below, more than half of all inquiries received during the sample time period were from banks and credit unions.

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26. See “FinCEN Announces Electronic Filing for MSB Registrations,” [http://www.fincen.gov/news\\_room/nr/html/20110716.html](http://www.fincen.gov/news_room/nr/html/20110716.html)

### MSB Website and Registration Inquiries by Type of Financial Institution October 2011 to February 2012



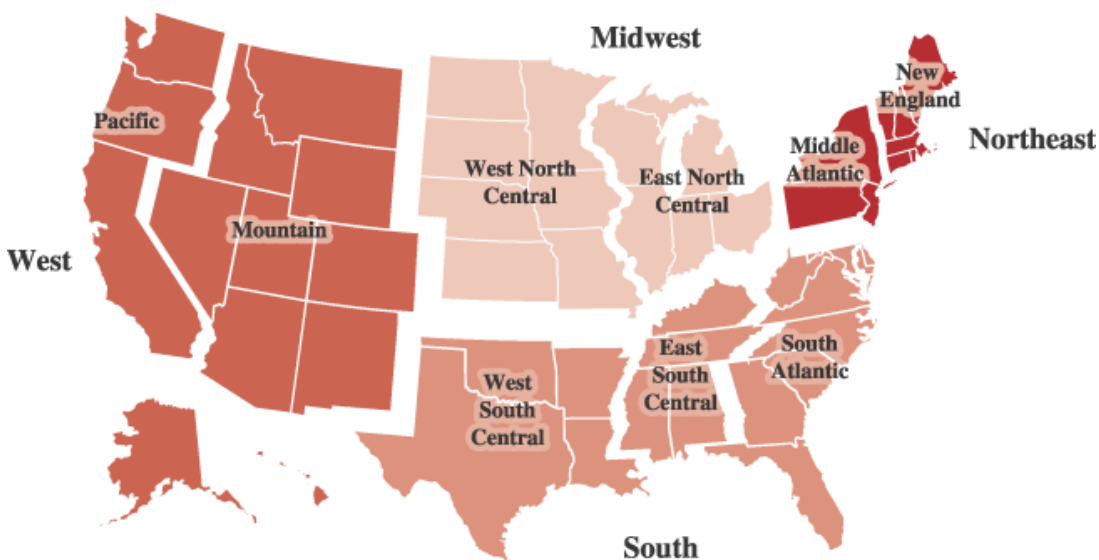
The largest number of inquiries received that were related to the MSB Registrant Search Web page during the time period in review were submitted by “Multiple MSBs,” banks, and check cashiers. A total of 83 percent (263 inquiries) of all MSB Registrant Search Web page-related inquiries received during the study time period were made by these three types of financial institutions. The fewest inquiries were received from money order issuers, money transmitters, regulators, pawn shops and dealers in precious metals, stones, and jewels.

Institution Type	Total
Bank	114
Check Cashier	32
Credit Union	9
Currency Exchanger	2
Individual	8
Investment Advisor	2
Money Order Issuer	1
Money Transmitter	1
Multiple MSB*	117
Other**	27
Precious Metals/Gems/Stones	1
Regulator	1
Pawn Shop	1
<b>Grand Total</b>	<b>316</b>

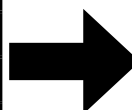
\* This category includes businesses engaged in two or more of the following activities: money transmission; currency dealing and exchanging; check cashing; and the issuance, sale and redemption of traveler’s checks, money orders, and prepaid access devices.  
 \*\*This category includes other non-bank financial institutions and businesses, such as loan and finance companies and vehicle sales.

## Geographic Trends

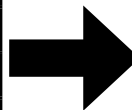
The Regulatory Helpline received inquiries from 40 states and the District of Columbia. As highlighted below, the top three states – California, Texas and Florida – submitted a combined total of 118 inquiries, with callers from each state submitting more than 25 inquiries. Inquiries from California accounted for approximately one out of every five inquiries during the study’s time period. As a result, inquiries were heavily concentrated in the South (127 inquiries, 40 percent) and West (78 inquiries, 25 percent).



<b>MSB Registrant Search Web Page Inquiries by Region and Sub-Region</b>		
<i>Region</i>	<i>Sub-Region</i>	<i>Total</i>
Midwest	North West Central	18
	North East Central	52
<b>Midwest Total</b>		<b>70</b>
Northeast	Mid Atlantic	23
	New England	7
<b>Northeast Total</b>		<b>30</b>
South	South Atlantic	66
	South East Central	17
	South West Central	44
<b>South Total</b>		<b>127</b>
West	Mountain	13
	Pacific	65
<b>West Total</b>		<b>78</b>
<b>E-Mail Contact</b>		<b>11</b>
<b>Total Inquiries</b>		<b>316</b>



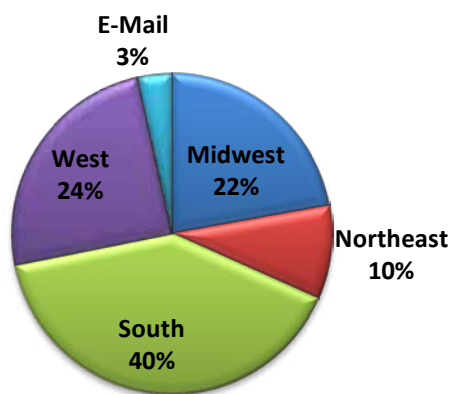
<b>Top 3 States</b>	
<i>State</i>	<i>Total Inquiries</i>
California	59
Texas	34
Florida	25



The most common MSB Registrant Search Web page inquiries from financial institution representatives in California were associated with “Confirmation of Status” (26 inquiries, 44 percent of all MSB Registrant Search Web page-related inquiries from California) and requests for assistance with the “Registration List” (30 inquiries, 51 percent of all MSB Registrant Search Web page-related inquiries from California). Financial institutions from the Northeast Region (30 inquiries, 9 percent) made the fewest number of inquiries. The largest number of inquiries by the Northeast Region were received from Pennsylvania (16 inquiries, 53 percent of all MSB Registrant Search Web page-related inquiries from Pennsylvania). E-mails for which the regional location of the requesting financial institution could not be determined accounted for 11 inquiries, or 4 percent of the total.

### **MSB Website and Registration Inquiries by Region**

*October 1, 2011 to February 29, 2012*



### **Key Issues and Themes**

The most common inquiries, regardless of region, were related to a confirmation of registration status using the MSB Registrant Search Web page and the processing time for the RMSB. Of the 316 total inquiries received during the time period in review, a total of 81 (26 percent), were related to confirming registration status using the MSB Registrant Search Web page. The MSB Registrant Search Web page provides the ability to access, search, download and print MSB registration information 24 hours a day, seven days a week. For more information on how to use the MSB Registrant Search Web page, please click on the following hyperlink: [MSB Registrant Search Web page](http://www.fincen.gov/financial_institutions/msb/msbstateselector.html).<sup>27</sup>

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27. See ([http://www.fincen.gov/financial\\_institutions/msb/msbstateselector.html](http://www.fincen.gov/financial_institutions/msb/msbstateselector.html))

The second most common inquiry was related to the processing time for the RMSB, with a total of 54 inquiries (17 percent) received during the time period in review. MSBs are strongly encouraged to use FinCEN's BSA E-Filing System to file their registration, which provides for a timelier and more efficient processing of the RMSB. Additionally, FinCEN cannot provide registration status confirmation independent of the MSB Registrant Search Web page via the Regulatory Helpline or the E-Filing Help Desk.<sup>28</sup>

### Key Issues and Themes October 1, 2011 to February 29, 2012

<b>Confirmation of Registration Status</b>	<b>123</b>	<b>Technical Difficulties</b>	<b>15</b>
Request for "Confirmation of Status" letter	17	Submitting registration via BSA E-filing system	4
Confirmation of MSB Activities by State or Type of Activity	15	No clear question left in voice message	2
De-registration of MSB	4	Assistance using internet in locating MSB registration website	9
Confirmation of status letter: signature date vs. received date	11		
Processing time for registration	54		
Confirmation of registration renewal date	9		
"Notice of Unregistered Status" Letter	10		
No clear question left in voice message	3		
<b>MSB Registration List</b>	<b>178</b>		
Confirmation of registration via MSB web site	81		
MSB Registrant Search Web page query functionality	23		
Locate MSB Registrant Search Web page	40		
Locate MSB registration information in MS Excel file	17		
No clear question left in voice message	3		
Correcting a previously submitted registration	14		
<b>Total Inquiries for October 1, 2011 to February 29, 2012</b>		<b>316</b>	

28. See "Questions and answers: General Information about the MSB Registrant Search Web page," [http://www.fincen.gov/financial\\_institutions/msb/html/MSBRegistrationWebSiteFAQ.html](http://www.fincen.gov/financial_institutions/msb/html/MSBRegistrationWebSiteFAQ.html)

Highlighted below is other helpful guidance that responds to two other common MSB Registration inquiries to the Regulatory Helpline.

## **Processing Time for MSB Registration**

The next most frequent type of inquiry received on the Regulatory Helpline relates to “Processing time for registration.” MSBs occasionally contacted FinCEN to determine the process time between their registration submission and its appearance on the MSB Registrant Search Web page. Inquiries related to the processing time of the RMSB report accounted for approximately one in every five questions related to the MSB Registrant Search Web page.

FinCEN updates the MSB Registrant Search Web page weekly. MSB registration information is added to the Web page within approximately two weeks of an MSB electronically filing their RMSB. A paper version of the RMSB requires approximately 60 days for processing and posting to the MSB Registrant Search Web page. Accordingly, MSBs are encouraged to electronically file the RMSB.

FinCEN published “[General Information about the MSB Registration Web Site](#)”<sup>29</sup> to answer frequently asked questions related to the new Web page.

## **Locating the MSB Registration Web page**

Periodically, MSBs contact the Regulatory Helpline for assistance with locating and verifying their MSB Registration Status Information on the [MSB Registrant Search Web page](#). This type of inquiry was received on 40 occasions (13 percent of inquiries) from October 1, 2011, to February 29, 2012.

The MSB Registrant Search Web page can be located by visiting [www.fincen.gov](http://www.fincen.gov). From the homepage:

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29. See “Questions and answers: General Information about the MSB Registrant Search Web page,” [http://www.fincen.gov/financial\\_institutions/msb/html/MSBRegistrationWebSiteFAQ.html](http://www.fincen.gov/financial_institutions/msb/html/MSBRegistrationWebSiteFAQ.html)



1. Click "Financial Institutions"



2. Click "Money Services Businesses"

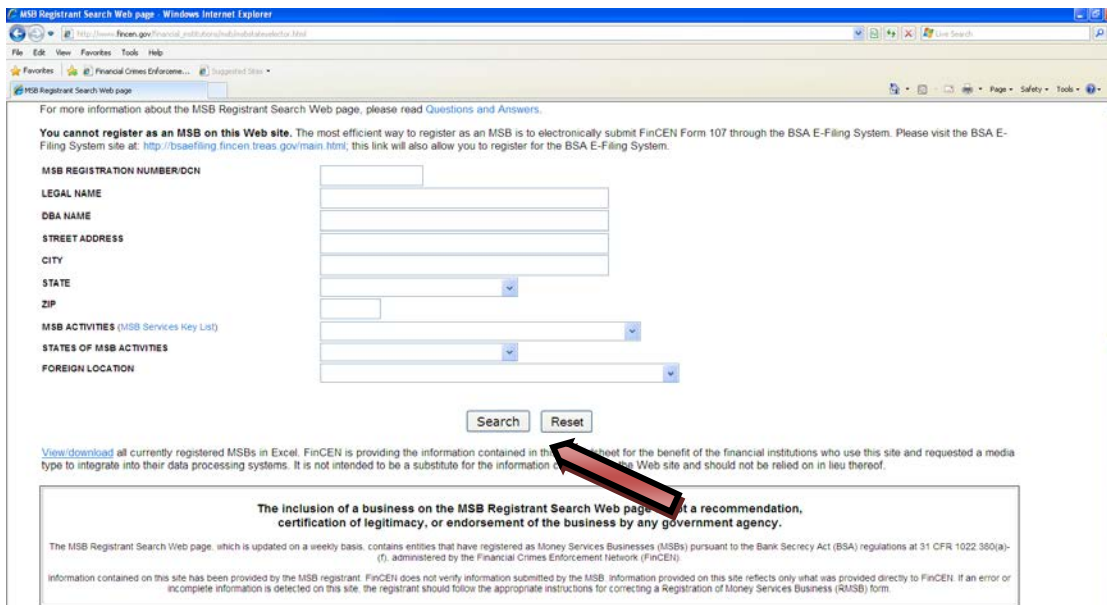


## Financial Crimes Enforcement Network

3. Then click “MSB Registrant Search Web page”



4. MSB Registration information is obtained by searching the database using MSB Registration Number, Legal Name, DBA Name, or Street Address and State.





## Reminder: File Your MSB Registration Electronically

MSBs are reminded that they should register with FinCEN using the BSA E-Filing System. BSA E-Filing is a free, web-based electronic filing system that allows MSBs to submit their FinCEN Registration of Money Services Business (RMSB) report and other BSA reports through a secure network. Compared with the traditional paper filing process, MSBs will find BSA E-Filing a faster and more convenient, secure, and cost-effective method of submitting their registrations as well as for receiving confirmation of their registration's acceptance. To aid MSBs in using the BSA E-Filing system, FinCEN issued a webinar entitled "[Introduction to the BSA E-Filing System](#)"<sup>30</sup> and a pamphlet entitled "[How FinCEN's E-Filing System Can Help Your Organization](#)." Additionally, MSBs are reminded that as of July 1, 2012, they must file all reports electronically with FinCEN.<sup>31</sup>

## Analysis of All Other Inquiries to FinCEN's Regulatory Helpline by Money Services Businesses

*By FinCEN's Office of Outreach Resources*

This article analyzes 2,555 MSB related inquiries to FinCEN's Regulatory Helpline made by various types of financial institutions that are not addressed in other articles in this SAR Activity Review.<sup>32</sup>

### Key Trends

#### *Volume trends*

From January 1, 2011 through February 29, 2012, the Regulatory Helpline received 2,555 inquiries from financial institutions identified as MSBs that related to inquiries other than those associated with SAR, MSB Registration, or Agent Request Initiative issues. Those inquiries accounted for approximately 20 percent of all Regulatory Helpline inquiries (from all types of financial institutions) during that same time period.

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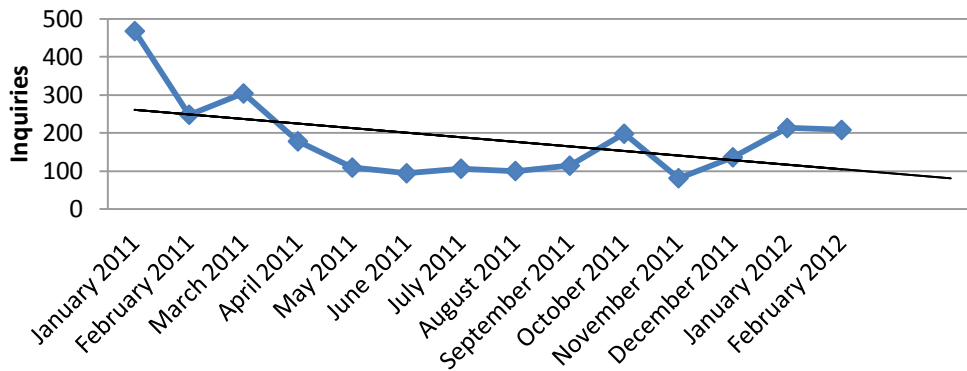
30. See "Introduction to the BSA E-Filing System," <http://treas.yorkcast.com/webcast/Viewer/?peid=a93e7d2b1a07427a93b0cf2e764a57421d>.

31. See "FinCEN Reports Going Paperless," ([http://www.fincen.gov/news\\_room/nr/pdf/20120223.pdf](http://www.fincen.gov/news_room/nr/pdf/20120223.pdf)).

32. All information provided in this publication has been aggregated to ensure the confidentiality of individual inquiries. The determination of entity type is primarily based upon caller self-identification.

### Other MSB-Related Inquiries (with overall trend line)

January 2011 to February 2012

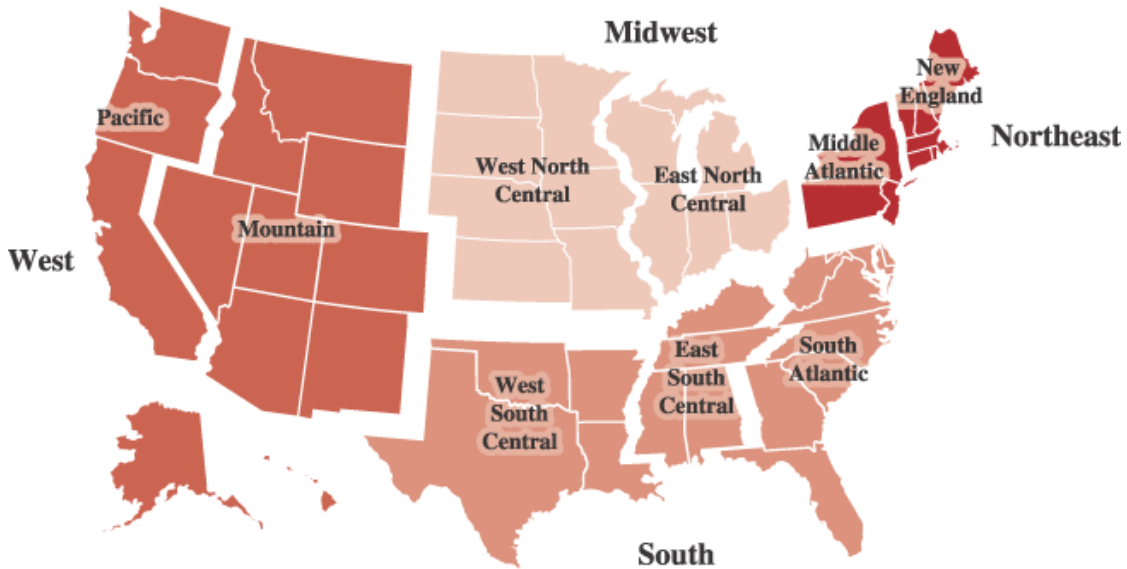


### Geographic Trends

The Regulatory Helpline received inquiries from callers in 49 states and three Canadian provinces (British Columbia, Ontario, and Manitoba.) Callers represented all states except Vermont. The top three states identified were California, Florida and Texas, with MSB callers from California accounting for one out of every five during the study time period. The regional dispersion of the inquiries was heavily concentrated in the South, though, primarily due to inquiries from callers in Texas and Florida. The majority of calls were related to acknowledgement letters or registering/renewing FinCEN form 107, Registration of Money Services Business.

### Other MSB Inquiries by Region

January 1, 2011 through February 29, 2012



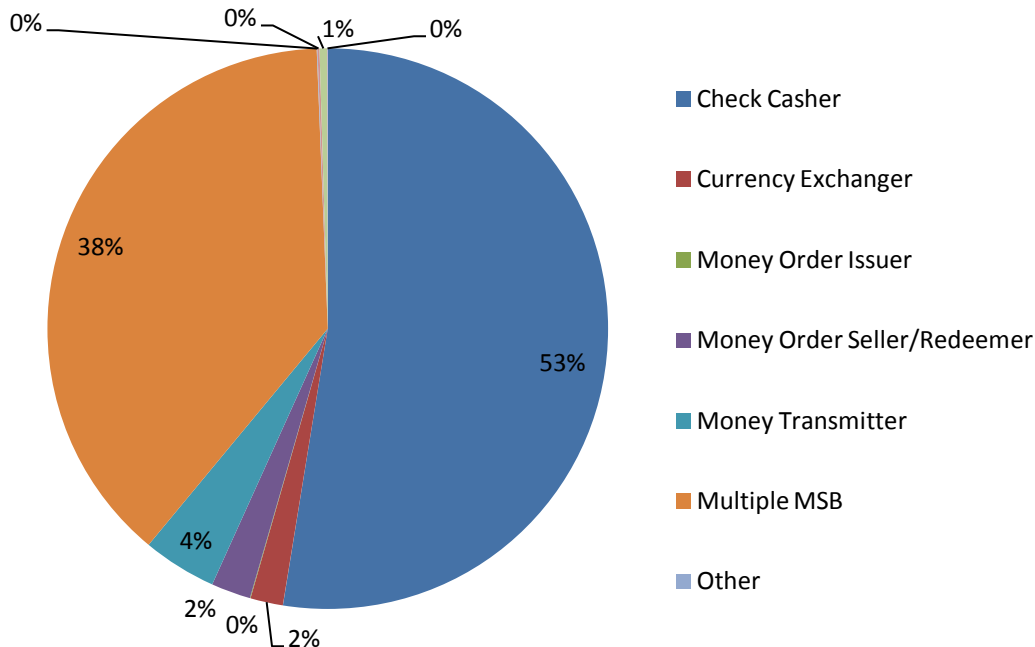
<b>WEST = 662</b>	<b>NORTHEAST = 238</b>
Pacific = 540	New England = 31
Mountain = 122	Middle Atlantic = 207
<b>SOUTH = 1079</b>	<b>MIDWEST = 418</b>
West South Central = 355	West North Central = 87
East South Central = 113	East North Central = 331
South Atlantic = 611	
	<b>All Other = 158*</b>

\* This includes phone numbers outside the United States and toll-free numbers

### Institution Type Trends

#### Percentage of Other MSB-Related Inquiries by Type of Financial Institution

January 1, 2011 to February 29, 2012



#### Type of MSB

Check Casher	1,343	Multiple MSB	980
Currency Exchanger	48	Other	1
Money Order Issuer	1	Provider of Prepaid Access	3
Money Order Seller/Redeemer	58	Stored Value	11
Money Transmitter	109	Traveler's Checks Seller/Redeemer	1

**Total Requests** **2,555**

Among the various types of MSBs contacting FinCEN's Regulatory Helpline, callers that either indicated or were identified as providing check cashing services were the most common, accounting for 1,343 inquiries (53 percent of the total). Callers associated with multiple MSB services accounted for 980 inquiries (approximately 38 percent of the total). Money transmitters were the third most common type of MSB caller with 109 inquiries (4 percent of the total). While the types of inquiries from the various MSBs were very similar, focusing on registration requirements and

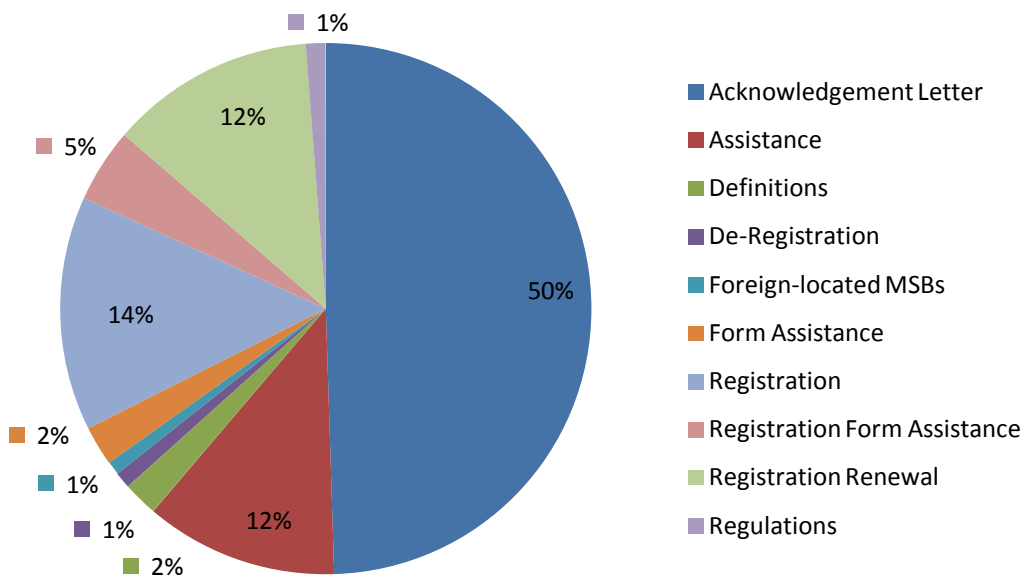
acknowledgement letters, those MSBs associated with multiple MSB activities were much more likely to ask about Currency Transaction Report (CTR) requirements or reporting assistance.

## Key Issues and Themes

Nearly all of the more than 2,500 inquiries (93 percent) related to various questions or issues associated with an MSB’s registration requirements and requests for status or copies of the acknowledgement letters that FinCEN had previously been providing to MSBs as the official proof of registration status (FinCEN’s MSB Registrant Search Web page has now replaced these acknowledgement letters, see associated article in this publication). The requests for acknowledgement letters were the single largest type of inquiry, accounting for 49 percent of the total.

### Top Categories MSB Requirements Inquiries

January 1, 2011 to February 29, 2012



Beyond these topics, assistance with the filing of CTRs constituted four percent of the inquiries. Approximately two percent of the inquiries were associated with questions specific to the new final rules updating the MSB definitions and addressing prepaid access, largely focused on determining whether or not the entity met the new definitions.

## **2011 Depository Institution Suspicious Activity Reports Related to Possible Unregistered or Unlicensed Money Services Businesses**

*By FinCEN's Office of Regulatory Analysis*

In 2011, depository institutions submitted just under 5,300 Suspicious Activity Report (SAR) filings related to possible unregistered or unlicensed money services business (MSB) activity. These reports represented approximately 0.66 percent of the total 794,710 SARs that depository institutions filed in 2011.<sup>33</sup>

Some 560 filers, about 5.4 percent of the approximately 10,300 distinct filers of depository institution SARs in 2011, prepared the reports. Two hundred depository institutions accounted for more than 90 percent of the unregistered/unlicensed MSB-related filings. Of the top 15 filers, 14 were national banks and one was a state-chartered bank.

Filers submitted SARs about possible unregistered or unlicensed MSB activity in line with guidance from FinCEN and the Federal banking agencies. Interagency guidance on providing banking services to MSBs issued in April 2005 stated, "One recurring question has been the obligation of a banking organization to file a suspicious activity report on a money services business that has failed to register with FinCEN or failed to obtain a license under applicable state law. Given the importance of the licensing and registration requirement, a banking organization should file a suspicious activity report if it becomes aware that a customer is operating in violation of the registration or state licensing requirement."<sup>34</sup>

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33. SAR filing figures are continuously updated as additional reports are filed and processed. For this reason, there may be minor differences between this total and figures reported elsewhere.

34. See "Interagency Interpretive Guidance on Providing Banking Services to Money Services Businesses Operating in the United States", at <http://www.fincen.gov/guidance04262005.pdf>.

The SARs on possible unregistered or unlicensed MSBs and the businesses' activity filed in 2011 included 2,666 that described MSB related activity in the "Other" field of the legacy SAR (Part III, Summary Characterization of Suspicious Activity, item 35s). Filer entries in this field included "Unregistered MSB," "Unlicensed MSB," "Failure to Renew as an MSB," "Informal Value Transfer," "IVTS," "Unlicensed Check Cashier," "Expired MSB Registration," "Informal Currency Exchange," and others.

Research identified 3,832 filings that referenced such activity in their narratives.<sup>35</sup> These narratives described a variety of transactions indicating that individuals or businesses may be operating without required FinCEN registration or state licenses.<sup>36</sup>

## Filer Locations

The top filer state, based on filer branch locations, was Florida. Branches in this state submitted 969 SARs related to potential unregistered or unlicensed MSB activity, more than twice as many as the state with the second highest number of filings. Florida branch filings represented 18 percent of the SARs reporting possible unregistered/unlicensed MSBs. In line with Florida's role as an international banking center, many Florida filers referenced currency exchangers and other types of MSBs operating in Latin American, Caribbean, and other countries. New York and California were the next highest filing states, with more than 400 filings each.

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35. Some SARs both indicated unregistered/unlicensed MSB as the Summary Characterization of Suspicious Activity (item 35s) and described the activity in the narratives. The number of distinct filings identified through both kinds of research totaled 5,278.

36. FinCEN identified these narratives through searches for a variety of terms, including "unregistered," or "unlicensed" followed by "MSB," "money services," "check cashier," "IVTS," and "currency exchanger."

Table 1 shows the number of unregistered/unlicensed MSB filings from depository institution branches in the top 15 filer states, the percentage of SARs from these states related to possible unregistered or unlicensed MSB activity, and the percentage of all SAR filings from branch locations in these states in 2011.

<b>Table 1: Top 15 Filer States</b>			
<b>Filer Branch Location</b>	<b>Number of Filings</b>	<b>Percentage of 2011 Unregistered/Unlicensed MSB Filings</b>	<b>Percentage of All 2011 SAR Filings</b>
Florida	969	18%	7%
New York	471	9%	10%
California	436	8%	20%
Ohio	285	5%	2%
Texas	246	5%	9%
Utah	209	4%	2%
Tennessee	201	4%	2%
Georgia	196	4%	2%
Michigan	178	3%	2%
Illinois	139	3%	3%
Pennsylvania	119	2%	3%
Puerto Rico	116	2%	1%
Louisiana	103	2%	1%
Kentucky	99	2%	1%
New Jersey	99	2%	4%
<b>Sub-Total</b>	<b>3,866</b>	<b>73%</b>	<b>69%</b>
Other Locations	1,412	27%	31%
<b>Total</b>	<b>5,278</b>	<b>100%</b>	<b>100%</b>



## Types of Businesses Named

More than a fourth of the unregistered/unlicensed MSB-related SARs described possible MSB activity by persons working in grocery or convenience stores. Gas stations (9 percent) were the second most frequently described type of business, and liquor stores (5 percent) were third. Table 2 lists the 15 top business categories reported in the Occupation / Type of Business field of the identified SAR filings.<sup>37</sup>

<b>Business Type</b>	<b>Percentage of Filings</b>
Grocery / Convenience Store	28%
Gas Station	9%
Liquor Store	5%
Clothing & Textiles	2%
Restaurant	2%
Construction	2%
Automobile Dealership	2%
General Retail Sales	2%
Communications	2%
Computers & Related Services	1%
Legal Practice	1%
Investments	1%
Audio & Electronics	1%
Travel Agency	1%
Financial Services	1%

## Usefulness of SARs Reporting Possible Unregistered MSB Activity

FinCEN regularly monitors SAR filings related to possible unregistered MSBs for outreach and compliance purposes. These filings also assist state financial regulators who use FinCEN's data to support their compliance and examination efforts. Currently, approximately 41,000 MSBs are registered with FinCEN.<sup>38</sup>

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37. Part II, Field 26 on Form TD F 90-22.47.

38. See [http://www.fincen.gov/financial\\_institutions/msb/msbstateselector.html](http://www.fincen.gov/financial_institutions/msb/msbstateselector.html) for the most recent registration total.



## Section 3 – Law Enforcement Cases

In this section of *The SAR Activity Review*, we summarize cases where data reported to FinCEN played an important role in the successful investigation and prosecution of criminal activity. This issue contains new case examples from Federal and local law enforcement agencies. Additional law enforcement cases can be found on the FinCEN website under the link to [Law Enforcement Case Examples](#). This site is updated periodically with new cases of interest, which are listed by the type of form used in the investigation, type of financial institution involved, and type of violation committed.

*Contributing editors: Shawn Braszo, Don Battle, Kerry Conroy, Nivine Hanna, Jim Emery, and Jack Cunniff.*

In this edition, we highlight the use of FinCEN information, particularly SARs, by providing specific examples of how the detection and analysis of suspect transactions by financial institution led to the prosecution of criminals in a wide range of cases. Several of our examples come from SAR review teams where law enforcement entities launched major investigations based on quality records filed by financial institutions. These investigation included mortgage fraud, credit card fraud, and discovery of corruption on the part of military personnel. But even in cases not started by SARs, FinCEN information greatly enhances investigations. We provide case examples where this information proved critical in investigations such as drug trafficking, the selling of contraband cigarettes, and illicit sales of human growth hormone.

### **Proactive Suspicious Activity Report Review Leads to Indictments in “Cash Back” Mortgage Fraud Scheme**

In a case started from a review of SARs, a specialized mortgage fraud task force launched an investigation that led to charges against two individuals. In addition to the SAR that initiated the case, another SAR described how the defendant became “very upset” when he learned that a Currency Transaction Report (CTR) would be filed because of a series of transactions. In all, FinCEN records captured many of the scheme’s intricate details.

According to the assistant United States attorney who prosecuted the case, the defendants engaged in a scheme to defraud mortgage lenders in connection with residential real property purchases. One of the defendants acted as the recruiter, finding various individuals, including straw and nominal purchasers, to purchase more than 15 real properties. He orchestrated the purchase transactions while the second defendant, through his mortgage company, acted as the broker. Although the buyers provided the defendant with legitimate personal information, he made false representations on the loan applications in regard to income, employment, and intent to occupy the residences. The criminal complaint described in detail the defendants' efforts to defraud lenders through the straw buyers, including controlling all aspects of the purchases and the accounts.

The indictment in the case charged that fraudulent or false representations were made in obtaining 100% mortgage financing, including misstatements about the purchasers' monthly income, intent to occupy the property, and existing liabilities. In addition, in each transaction the purchase price was above the true market price of the property. An amount approximately equal to the difference between the purchase price and the true market price was then diverted as "cash back" at the close of each escrow to a bank account for a corporation. As part of the scheme, these credits, which ranged from almost \$42,000 to more than \$137,000, were concealed from the mortgage lenders by the defendant. The defendant, through his control over the corporation's bank account, used the fraudulently obtained funds for various purposes, including extensive cash withdrawals.

The case began when a SAR review team identified a SAR filed on an associate of one of the defendants. Because the SAR listed mortgage loan fraud as the suspected violation type, the team referred the SAR to a mortgage fraud task force. The filer noted that the associate apparently misrepresented information on loan applications that were not performing. The second defendant acted as the loan agent and broker of record on the loans. Through research, the institution found that the associate had purchased several additional properties, with mortgage loans that totaled at least \$450,000 for each purchase. The same title company closed all sales involved in the fraud.

Eventually investigators found several additional SARs, including one with a nine page narrative describing activity on more than 17 individuals and businesses associated with the scheme. Investigators included many of the details described in the SARs in a criminal complaint and in the indictment charging both defendants with fraud.

The losses caused by the defendant's conduct exceeded \$2,500,000. The defendants pleaded guilty to mail fraud and structuring currency transactions with a financial institution to evade the filing of CTRs.

## **Bank Secrecy Act Records Detail Transactions Related to Illicit Smoke Shop Sales**

A Federal judge sentenced the owners of a tribal tobacco shop to probation and community service, and ordered to them pay almost \$10,000,000 in restitution, for conspiring to traffic in contraband cigarettes and for structuring currency transactions. The defendants earlier pleaded guilty in Federal court to illegally purchasing, receiving, and selling untaxed cigarettes, thereby depriving the state millions of dollars in tax revenue.

In addition, the owners admitted to structuring more than \$2 million dollars in cigarette sales into multiple bank accounts over a period of several years. More than a dozen SARs document the structured transactions that occurred as part of the illicit sales. Investigators noted that the SARs and other FinCEN records were pivotal to unraveling the financial transactions related to the scheme.

Federal law makes it a crime to transport, possess, or sell contraband cigarettes, whether on federal land (including tribal reservations) or elsewhere. The trafficking of contraband cigarettes, which bear no state tax stamp and thus avoid the mandatory state tax collection on the product, is known to be a financial source for criminal enterprises such as terrorist and organized crime organizations. In this particular case, the defendants made millions of dollars selling contraband cigarettes.

Federal and state officials collaborated to conduct a joint investigation into the tobacco shop where the sales of contraband cigarettes were occurring. During a period covering several years, the defendants sold at least 700,000 cartons of contraband cigarettes from the smoke shop, generating over \$20 million in revenue, to numerous non-tribal customers. Additionally, investigators were able to determine that the defendant's had unlawfully avoided more than \$9 million in state taxes from their contraband sales.

The Federal agencies' ability to obtain, analyze, and interpret SARs and Form 8300s from information filed by financial institutions and businesses provided critical information about the defendants' illegal activity. The SARs filed by financial institutions revealed that on numerous occasions the defendant's made deposits from contraband cigarette trafficking in amounts between \$9,000 and \$9,800. The defendants told others in the tribal community that they intended to use the money locally; however, while the defendants deposited the money into several accounts, large amounts of the revenue were actually diverted into personal accounts of the defendants.

## **Bank Secrecy Act Document Analysis Helpful in Fraud Case**

In a case that highlights how thoughtful analysis of FinCEN records can aid in an investigation, Federal law enforcement agents asked for FinCEN's assistance analyzing records associated with a lawyer, and to help trace stolen funds derived from insurance settlements. As a result, a personal injury lawyer pleaded guilty to embezzling millions of dollars from clients.

According to court documents, the defendant primarily represented clients in personal injury cases and workers' compensation claims. The defendant settled clients' claims without their authority or knowledge by forging their signatures on release of liability forms, and then providing those forms to the insurance companies against whom the claims were made. Upon receiving checks from insurance companies, the defendant forged his clients' signatures and misappropriated his client's funds, including using the funds to support a lavish lifestyle.

In an affidavit, a Federal agent reported that in his investigation he identified almost 300 defrauded clients, with fraudulent settlement proceeds of at least \$3 million that the defendant kept for himself. In the affidavit, the agent recounted the facts surrounding one victim in which the defendant wrote to an insurance company and stated that he had been retained by the victim and provided medical information to support the claim. Within weeks, the insurance company agreed to settle the claim. The defendant forged the victim's signature on a release form and faxed it to the insurance company, which mailed the defendant a check the next day. A week later, the defendant deposited the check into his bank account. The victim claimed that the defendant settled the claim without his knowledge or consent, and he was not aware that the insurance company had sent the defendant the agreed settled amount.

As part of the investigation, Federal investigators found multiple FinCEN records on the defendant, including records that revealed that the defendant had conducted almost \$120,000 in casino transactions in less than a month. In addition to the gambling, the defendant used the settlement money for trips abroad, for paying off gambling debts, and for the purchase of a vacation home and construction on a new home.

A Federal judge sentenced the defendant to more than 10 years in prison for embezzling in excess of \$4 million from clients and others in a "broad criminal enterprise" over the course of several years of his practice. The defendant's state bar also revoked his license, and documented several instances where the defendant fraudulently settled claims and kept his client's money for himself. The bar also petitioned the state court for the appointment of a receiver for all funds and property belonging to or under control of the defendant.

## **FinCEN Information Helps Jury Convict Cocaine Trafficker**

Federal prosecutors used information directly derived from FinCEN records to help convict a repeat drug trafficker. The wealth accumulated by the defendant through illicit drug sales became evident with the filing of numerous CTRs documenting transactions at casinos, a Form 8300 filed in conjunction with the purchase of a luxury automobile, and SARs highlighting an attempt to buy an expensive watch through structured transactions.

The defendant has a long history of arrests for drug offenses. On at least three previous occasions, he was arrested and charged for various violations including marijuana possession, possession of cocaine, and possession of heroin with intent to sell. Authorities noted that the defendant's prosecution in this case stemmed from an ongoing federal, state, and local law enforcement effort to quell violence fueled by the drug trade in certain areas of the state in which the defendant lived. The crackdown followed an instance where an individual was killed in a vehicular hit and run in retaliation for a gunpoint robbery in which the defendant took part. Following the death, the Federal law enforcement agencies intensified their relationship with the local police departments in order to investigate narcotics and firearms trafficking in the area, and target habitual offenders and individuals with violent histories for federal prosecution.

More than two dozen individuals have been charged with federal crimes as a result of this joint investigative effort. Several additional individuals have been prosecuted by the same Attorney's Office. The effort also removed more than two dozen illegal firearms from the streets. During searches conducted at the time of the arrests, including searches of rented units at several self-storage locations, law enforcement seized drugs, firearms, currency, vehicles, and large-scale drug packaging materials from numerous locations.

An analyst reported that FinCEN reports played a significant part in the case, and especially in winning a guilty verdict at the defendant's trial. Casino CTRs and SARs provided invaluable information on the defendant and others under investigation for dealing in drugs and trafficking in guns. The casino records obtained indicated that the defendant gambled over \$1.7 million over a period of several years, and a casino SAR described his attempts to purchase a watch valued at over \$45,000 through structured transactions. Prosecutors were able to use more than a dozen casino CTRs to show that the defendant spent tens of thousands of dollars for "buying-in" at casinos. In addition, an automobile dealer filed a Form 8300 regarding the defendant's purchase of luxury vehicle, and a local bank filed multiple SARs referencing apparently structured cash withdrawals.



At the defendant's trial in federal court, the prosecution team successfully used this financial information from the casinos to confront the defendant about his wealth and gambling activities when he testified that he was not a drug dealer.

A Federal jury found the defendant guilty of possession with the intent to distribute cocaine and conspiring to possess with intent to distribute cocaine. The defendant was sentenced to more than 12 years in federal prison.

## **Proactive SAR Review Leads to Guilty Pleas in Structuring, Bank Fraud Case**

A proactive SAR review task force identified a record that described structuring in an account of an individual who was subsequently found to not be involved in the suspected criminal activity. The investigators began focusing on the subject who caused the structured transaction noted in the SAR. Investigators executed a search warrant within a few months of the time the financial institution filed the record, and were able to obtain a confession shortly thereafter.

Investigators soon learned that the account holder was the parent of an associate of the defendant. Through searches of FinCEN records, investigators uncovered numerous links to the financial activity of the defendant, including several SARs. One SAR, covering transactions that occurred over a 12 month period, described a series of transactions indicative of attempts to evade FinCEN's reporting requirements. For example, the defendant attempted to make a withdrawal of approx \$20,000 and when the bank informed him of the CTR requirement he changed the transaction amount to less than \$10,000.

According to court documents, the defendant used credit cards belonging to another entity as well his own business's merchant accounts to force transactions well over the cards' credit limits. The defendant attempted transactions totaling over \$1 million and was successful in fraudulently obtaining over \$350,000 from various banks that issued the credit cards. He then proceeded to transfer the money among various accounts, invested some of the funds in multiple homes, and engaged in several cash transactions less than \$10,000 in an attempt to avoid CTR filings. Additionally, he admitted that his actions resulted in losses to federally insured financial institutions of several hundred thousand dollars.

Investigators spent several months examining FinCEN records and other financial data, leading to the execution of a search warrant on the defendant and several businesses. Investigators also seized nearly \$100,000.

The defendant confessed to his actions in this case and was sentenced to more than three years in prison followed by five years of supervised release for structuring financial transactions and committing bank fraud. The lead investigator in the case noted how important FinCEN records were to making the case as not only did the case start from a SAR, but virtually every important lead was generated through FinCEN data.

## **Suspicious Activity Reports Document International Payments Underlying Illicit Human Growth Hormone Trafficking**

A multi-agency task force investigating the illicit importation of human growth hormone (HGH) used SARs and other investigative tools to trace international payments made by illegal distributors throughout the United States.

Operating under various enterprise names, the defendant obtained HGH from various sources, including foreign pharmaceutical companies, as alleged in the indictment. The defendant's customers paid him through a variety of means that were often designed to conceal the identity of both the customer and the shipper, including money transmittals, postal money orders, bank transfers, and electronic Internet payments.

The defendant pleaded guilty to smuggling goods into the United States, two counts of distributing HGH, and three counts of money laundering. A federal judge sentenced the defendant to several months in community confinement and home confinement for HGH trafficking, and the defendant forfeited over \$120,000 that represented the proceeds of his sales. The foreign pharmaceutical company and its CEO were also charged in a federal indictment with operating an international HGH smuggling operation. Investigators used an asset forfeiture provision in the USA PATRIOT Act to seize approximately \$2.5 million associated with the foreign corporation that provided the drugs.

The investigation is part of an operation that has focused on international smuggling of HGH and anabolic steroids, illegal distribution of the pharmaceuticals, and in-home laboratories in which steroids are converted from powder into usable forms.

## **Proactive SAR Review Identifies Retired U.S. Military Officer Involved in Bribery Scheme**

Suspicious Activity Reports, filed by a credit union and money transmitter, led to the investigation of a retired officer who began accepting bribes while still in military service. The defendant orchestrated a scheme to ensure specific entities were awarded contracts for services related to the construction and maintenance of facilities for U.S. armed forces overseas. An alert depository institution recognized unusual transactions by the defendant and filed the SARs.

According to court documents, the defendant and a co-defendant met one another in a country in the Middle East and soon entered into a business and personal relationship. The defendant agreed to assist his partner and others to obtain U.S. government contracts for work in that country. Thereafter, the defendant and others agreed to pay an active duty airman in exchange for his assistance in getting contracts awarded to their companies. In furtherance of this illegal agreement, the airman helped to steer multiple government contracts to businesses run by the defendant. After the United States paid hundreds of thousands of dollars for the work on these two contracts, the defendant paid the airman approximately \$50,000 in bribes.

The investigation began several years earlier when members of a SAR Review Team found the SAR that started the case during a monthly SAR review meeting. In that SAR, the financial institution noted that incoming wire transactions involving the defendant were not in keeping with prior account activity due to the number, dollar amount, and frequency in which the wires were received. The SAR also stated that the defendant's account received several wires totaling over \$75,000 from companies located in a Central American country. The financial institution also filed a subsequent SAR on the same unexpected activity.

In addition, a SAR filed by a money services business reported that the defendant visited the same branch of the MSB within a couple of days and received transfers for \$5,000 each from different senders in the Middle Eastern country. The employee performing the transactions noticed another pending transaction that the defendant did not request. The SAR stated that it was apparent that the wires were sent in a structured manner.

A Federal judge sentenced the defendant, who had pleaded guilty, to 3 years in prison for his participation in a scheme to bribe a military official in exchange for his illicit assistance in awarding government contracts. As part of the sentence, the Court also ordered the defendant to forfeit more than \$700,000 to the United States government.

## Section 4 – Issues & Guidance

This section of *The SAR Activity Review* discusses current issues raised with regard to the preparation and filing of SARs and provides guidance to filers.

### Clarifying Regulatory Obligations Regarding Continuing Activity SAR Filings

By FinCEN's Office of Outreach Resources

In *The SAR Activity Review* Issue 1 (October 2000), FinCEN addressed the issue of balancing regulatory burden with the importance of providing useful information to law enforcement through SARs that provide only updated information on continuing activity. FinCEN provided a form of administrative relief to financial institutions by stating SARs identifying only continuing activity of a previously-filed SAR may be “updated every 90 days.”<sup>39</sup> The continuing activity SAR filing matter was further addressed in April 2005 in *The SAR Activity Review* Issue 8, but with slightly different language. In Issue 8, FinCEN stated that the date range and dollar amounts should be cumulative and encompass the entire period of suspicious activity, “not just the last 90 days.”<sup>40</sup> This variation in wording has created uncertainty as to whether ongoing activity SARs should be filed every 90 days, or be filed at 120 days after 90 days of review.

The phrasing of the continuing activity SAR in the April 2005 article more accurately reflects FinCEN's original intent in providing administrative relief. Financial institutions with SAR requirements may file SARs for continuing activity after a 90 day review with the filing deadline being 120 days after the date of the previously related SAR filing. Financial institutions may also file SARs on continuing activity earlier than the 120 day deadline if the institution believes the activity warrants earlier review by law enforcement. All other previously published language by

39. See *The SAR Activity Review: Trends, Tips & Issues*, Issue 1, p. 27 (October 2000), at [http://www.fincen.gov/news\\_room/rp/files/sar\\_tti\\_01.pdf](http://www.fincen.gov/news_room/rp/files/sar_tti_01.pdf).

40. See *The SAR Activity Review: Trends, Tips & Issues*, Issue 8, pp. 32-33 (April 2005), at [http://www.fincen.gov/news\\_room/rp/files/sar\\_tti\\_08.pdf](http://www.fincen.gov/news_room/rp/files/sar_tti_08.pdf).

FinCEN addressing the continuing activity SAR that is not related to the time period of review, e.g. cross-referencing previously filed SARs in the narrative or how FinCEN interprets the term “ongoing,” still apply.

FinCEN consulted with both the Suspicious Activity Report and Law Enforcement Subcommittees of the Bank Secrecy Act Advisory Group (BSAAG) to ensure this clarification did not negatively affect the ability of law enforcement to obtain useful and timely information for arrests, prosecutions, and asset forfeitures.

## **A Compilation of FinCEN’s Money Services Business (MSB) Related Guidance, Activities and Notices**

*By FinCEN’s Office of Outreach Resources*

*This article highlights FinCEN initiatives, guidance and notices for MSBs seeking clarification of their obligations under the Bank Secrecy Act and certain requirements under the USA PATRIOT Act.*

### **MSB Registration**

**New Registration of Money Services Business (RMSB) Form 107.** On March 14, 2012, FinCEN released the new Registration of Money Services Business (RMSB), FinCEN Report 107, through the BSA E-Filing System. This report will fully replace the most recent FinCEN Form 107, hereinafter the “legacy RMSB.” The new report, which will be used by all money services businesses (MSBs), facilitates registration by foreign-located MSBs and providers of prepaid access. The new FinCEN Report 107 RMSB is only available electronically. The issuance of the new RMSB does not change any underlying registration requirements or timing for renewals of a registration.<sup>41</sup>

**New MSB Registrant Search Web page.** FinCEN launched a new MSB Registrant Search Web page the week of January 23, 2012 to improve the availability of MSB registration information. As part of the Department of the Treasury’s initiative to go paperless, FinCEN will no longer send acknowledgement letters to MSBs. The new

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41. See “FinCEN Releases the New Registration of Money Services Businesses, FinCEN Report 107,” ([http://www.fincen.gov/news\\_room/nr/html/20120314.html](http://www.fincen.gov/news_room/nr/html/20120314.html)).

Web page will provide MSBs, banks, regulators, law enforcement, and the general public the ability to access, search, verify, download and print MSB registration information 24 hours a day, seven days a week.<sup>42</sup> FinCEN has developed a series of [Questions and Answers](#) to respond to anticipated inquiries about the new MSB Registrant Search Web page.<sup>43</sup>

MSB registration is key to promoting regulatory efficiency and effectiveness. When an MSB registers with FinCEN, it establishes the compliance framework for applicable FinCEN regulations designed to help mitigate the risks of criminal abuse of MSBs for money laundering and terrorist financing. If an institution fails to uphold this fundamental compliance obligation, it creates a vulnerability – a crack in the foundation upon which our defenses against criminal abuse are built.<sup>44</sup>

**Upcoming Enhancements to the MSB Registrant Search Web page.** In response to numerous recent requests from financial institutions, FinCEN soon will be introducing an important new enhancement to the MSB Registrant Search Web page. FinCEN will begin publishing an Excel version of the registration list on a weekly basis in addition to the weekly updates to the MSB Registrant Search Web page. While the new MSB Registrant Search Web page provides greater access to MSB registration information, a number of financial institutions have indicated to FinCEN that use of the previously published monthly Excel listing of MSB registrations had been fully integrated into their existing compliance programs and procedures. The Excel version may prove to be helpful; however, it is not intended to replace information contained on the MSB Registrant Search Web page. Banks and other financial institutions noted that they used the previous Excel spreadsheet version of the list for ad hoc and regularly scheduled reviews of registration status for new and existing MSB customers. The ability to have this information regularly available in the Excel format greatly assisted with these compliance efforts, and now will again.

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42. See “FinCEN Launches New Money Services Business (MSB) Registration Web site” (<http://www.fincen.gov/whatsnew/html/LaunchNewMSBRegistrationSite.html>).

43. See “QUESTIONS & ANSWERS, General Information about the MSB Registrant Search Web page,” ([http://www.fincen.gov/financial\\_institutions/msb/html/MSBRegistrationWebSiteFAQ.html](http://www.fincen.gov/financial_institutions/msb/html/MSBRegistrationWebSiteFAQ.html)).

44. See [http://www.fincen.gov/news\\_room/speech/html/20111115.html](http://www.fincen.gov/news_room/speech/html/20111115.html)



## **Filing Changes and Updates**

**Mandatory E-filing.** Mandatory E-Filing takes effect on July 1, 2012, although institutions could apply for a limited duration hardship exemption from the requirement to file reports electronically. FinCEN will grant a very limited number of temporary exemptions to institutions that follow the set procedures outlined by FinCEN and that demonstrate a substantial hardship in meeting the July 1, 2012 requirement.<sup>45</sup>

BSA E-Filing is a free, web-based electronic filing system that allows MSBs to submit their Registration of Money Services Business form (RMSB or [FinCEN Form 107](#)) and other FinCEN reports through a secure network. MSBs will find BSA E-Filing a faster and more convenient, secure, and cost-effective method of submitting their registrations as well as for receiving confirmation of their registration's acceptance. Use of the BSA E-Filing system also assists FinCEN in providing important information relating to money laundering and terrorist financing to law enforcement in the quickest manner possible.<sup>46</sup>

An informational Webinar and brochure are available that highlight to MSBs the benefits of the BSA Electronic Filing System ([BSA E-Filing](#)) and instructs MSBs on the simple process of signing up and using the E-Filing system. During the Webinar, FinCEN representatives present an overview of the BSA E-Filing system, the FinCEN reports available for E-Filing, the feedback reports available to E-Filers, how to enroll in BSA E-Filing and, provide information specific to single report filing, discrete filing, and multiple report or batch filing.<sup>47</sup>

**Reminder to File Most Current Paper Report.** FinCEN reminds financial institutions and others subject to FinCEN's regulations of the compliance requirement to file the most current version of a FinCEN report. Filers that still file paper reports and fail to submit the proper report will be deemed to be out of compliance with 31 CFR 1010.306(d)<sup>48</sup> because FinCEN is unable to process expired versions of paper reports

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45. See "Important Notice about Mandatory Electronic Filing of Reports to FinCEN," (<http://www.fincen.gov/whatsnew/html/20120221.html>).

46. See "FinCEN Announces Electronic Filing for MSB Registrations," ([http://www.fincen.gov/news\\_room/nr/html/20110716.html](http://www.fincen.gov/news_room/nr/html/20110716.html)).

47. See "FinCEN Releases Technical E-Filing Specifications for new CTR and SAR, Announces Informational Webinar," ([http://www.fincen.gov/news\\_room/nr/html/20110902.html](http://www.fincen.gov/news_room/nr/html/20110902.html)).

48. See the section "New Registration of Money Services Business (RMSB) Form 107" in this article for MSB registration requirements.



and **must reject** expired versions of paper reports when they are submitted. Filers who submit an expired paper report will be notified and instructed to resubmit the correct version. Failure to properly file a FinCEN report could result in fines or penalties.<sup>49</sup>

**Correcting or Amending a Previously Filed Report.** Due to business process changes resulting from FinCEN's IT Modernization, paper form instructions that pertain to filing corrections or amendments have changed.<sup>50</sup> As of December 1, 2011, corrections and amendments will not be accepted as previously filed and filers will be contacted to resubmit corrections or amendments using the updated instructions. The new instructions for correcting or amending a previously filed paper report are as follows: filers must check the appropriate amendment or correction box *and complete the form in its entirety*. Prior to these instruction updates, some form instructions required filers to attach copies of previously filed reports to corrected or amended forms. Filers should no longer attach copies of previously filed reports to a corrected or amended form. To view specific correction or amendment instructions, please visit the Forms webpage and select a specific form type at [http://www.fincen.gov/forms/bsa\\_forms/](http://www.fincen.gov/forms/bsa_forms/).

Please note that BSA E-Filing instructions pertaining to corrections and amendments have not changed. We encourage filers to submit corrections and amendments via the BSA E-Filing System. Some electronic forms require the input of a Document Control Number (DCN) or Bank Secrecy Act Identification Number (BSA ID) for corrections or amendments. If a BSA ID is required but unavailable, filers should enter all "zeros" into that field when submitting an electronic correction or amendment to a filing that was previously submitted via paper.

**SAR Confidentiality Reminder.** FinCEN issued an [Advisory](#) to remind financial institutions, and in particular, the lawyers that advise them, of the requirement to maintain the confidentiality of SARs.<sup>51</sup> The unauthorized disclosure of a SAR is a violation of federal law.<sup>52</sup> Both civil and criminal penalties may be imposed for SAR disclosure violations. Violations may be enforced through civil penalties<sup>53</sup> of

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49. See "Reminder to File the Most Current Version of a Bank Secrecy Act Report," ([http://www.fincen.gov/news\\_room/nr/html/20120228.html](http://www.fincen.gov/news_room/nr/html/20120228.html)).

50. See "Notice Regarding How to Correct or Amend Paper Bank Secrecy Act Forms," (<http://www.fincen.gov/whatsnew/pdf/20111031.pdf>).

51. See "SAR Confidentiality Reminder for Internal and External Counsel of Financial Institutions," ([http://www.fincen.gov/statutes\\_regs/guidance/html/FIN-2012-A002.html](http://www.fincen.gov/statutes_regs/guidance/html/FIN-2012-A002.html)).

52. 31 U.S.C. §§ 5318(g)(2), 5321, and 5322.

53. 31 U.S.C. § 5321 and 31 CFR § 1010.820.

up to \$100,000 for each violation and criminal penalties<sup>54</sup> of up to \$250,000 and/or imprisonment not to exceed five years.<sup>55</sup> FinCEN reminds financial institutions to be vigilant in maintaining the confidentiality of SARs. This includes ensuring all employees, agents, and individuals appropriately entrusted with information in a SAR are informed of the individual obligation to maintain SAR confidentiality. This obligation applies not only to the SAR itself, but also to information that would reveal the existence (or non-existence) of the SAR. The success of the SAR reporting system depends upon the financial sector's confidence that these reports will be appropriately protected.

## **Revised MSB Definitions and Foreign Located MSBs Final Rule**

On July 18, 2011 FinCEN released a final rule, *Definitions and Other Regulations Relating to Money Services Businesses*, that more clearly defines which businesses qualify as MSBs and are therefore subject to anti-money laundering rules under the BSA.<sup>56</sup>

The rule also ensures that certain foreign-located persons engaging in MSB activities within the United States are subject to FinCEN's regulations. An entity qualifies as an MSB based on its activity within the United States, not the physical presence of one or more of its agents, agencies, branches, or offices in the United States. This requirement arose out of the recognition that the Internet and other technological advances make it increasingly possible for persons to offer MSB services in the United States from foreign locations. FinCEN seeks to ensure that the rules implementing the BSA apply to all persons engaging in covered activities within the United States, regardless of their physical location.

**Foreign-Located Money Services Businesses.** On February 15, 2012, FinCEN issued an Advisory to advise financial institutions of their obligations under the BSA when providing financial services to [foreign-located MSBs](#).<sup>57</sup> An entity may now qualify as an MSB under FinCEN's regulations based on its activities within the United States, even if none of its agents, agencies, branches or offices is physically located in the

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54. 31 U.S.C. § 5322 and 31 CFR § 1010.840.

55. 31 U.S.C. § 5322(b) and 31 CFR § 1010.840(c) (Criminal penalties may increase if the violation is committed while violating another law of the United States or as part of a pattern of illegal activity).

56. See "FinCEN Clarifies Money Services Businesses Definitions," ([http://www.fincen.gov/news\\_room/nr/pdf/20110715.pdf](http://www.fincen.gov/news_room/nr/pdf/20110715.pdf)).

57. FIN-2012-A001 Issued: February 15, 2012 Subject: Foreign-Located Money Services Businesses, ([http://www.fincen.gov/statutes\\_regs/guidance/html/FIN-2012-A001.html](http://www.fincen.gov/statutes_regs/guidance/html/FIN-2012-A001.html)).

United States.<sup>58</sup> FinCEN seeks to ensure that the rules apply to all persons engaging in covered activities within the United States, regardless of the person's physical location. As of April 20, 2012, 38 foreign-located MSBs have registered with FinCEN.

**Prepaid Access Final Rule.** On July 26, 2011 FinCEN issued its final rule that amends *Bank Secrecy Act Regulations – Definitions and Other Regulations Relating to Prepaid Access*, amending the MSB rules and establishing a more comprehensive regulatory approach for prepaid access.<sup>59</sup> The final rule renames “stored value” as “prepaid access,” without narrowing or broadening the meaning of the term – but to more aptly describe the underlying activity – and adopts a targeted approach to regulating providers and sellers of prepaid access products, focusing on the sale of prepaid access products whose inherent features or high dollar amounts pose heightened money laundering risks.<sup>60</sup>

FinCEN has put together a list of FAQs titled [Final Rule – Definitions and Other Regulations Relating to Prepaid Access](#) to help provide answers to similar questions surrounding the Final Rule.<sup>61</sup> Recently, FinCEN added the ability to search the MSB Registrant Search Web page by types of MSB activities, including providers of prepaid access. Providers of prepaid access are required to register with FinCEN, and as of April 20, 2012, 52 entities have registered with FinCEN as providers.

## Unregistered MSB Civil Money Penalties

FinCEN may impose civil money penalties against a money transmitter, or any person who owns or controls a money transmission service, for violations of money services business registration requirements. FinCEN may also assess civil money penalties against a money transmitter, or any partner, director, officer, or employee thereof, for each willful violation of anti-money laundering program requirements. Since December 2011, FinCEN has assessed civil money penalties against six entities or individuals whose activities either involved or included failing to appropriately register with FinCEN as a money transmitter.

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58. Definitions and Other Regulations Relating to Money Services Businesses, 76 FR 43585 (July 21, 2011), (<http://www.gpo.gov/fdsys/pkg/FR-2011-07-21/pdf/2011-18309.pdf>).

59. See “FinCEN Issues Prepaid Access Final Rule Balancing the Needs of Law Enforcement and Industry,” ([http://www.fincen.gov/news\\_room/nr/pdf/20110726b.pdf](http://www.fincen.gov/news_room/nr/pdf/20110726b.pdf)).

60. See “Federal Register Notice July 29, 2011 – Final Rule,” (<http://www.gpo.gov/fdsys/pkg/FR-2011-07-29/pdf/2011-19116.pdf>).

61. See “FREQUENTLY ASKED QUESTIONS Final Rule – Definitions and Other Regulations Relating to Prepaid Access,” ([http://www.fincen.gov/news\\_room/nr/html/20111102.html](http://www.fincen.gov/news_room/nr/html/20111102.html)).

**Baltic Financial Services, Inc.** Baltic provided customers with unlimited money transmission services to and from Latvia. While doing so, Baltic failed to maintain its registration with FinCEN as an MSB despite actual knowledge of the registration requirement. Baltic failed to respond in a timely manner when repeatedly reminded that its registration with FinCEN had lapsed, and continued to engage in money transmission activities without the benefit of its MSB registration requirement. (Civil Money Penalty: \$12,000)

**Omar Abukar Sufi and Mohamed Abukar Sufi.** The Sufi brothers, doing business as Halal Depot in Wyoming, Michigan, operated a money transmission business at their grocery store by sending funds on behalf of their customers to beneficiaries in several countries in African and the Middle East. The Sufi brothers facilitated the transfers of tens of thousands of dollars over the course of several years, accepting cash and other instruments, such as food stamps, to facilitate the transfers. (Civil Money Penalty: \$40,000)

**Victor Kaganov.** Mr. Kaganov conducted an independent wire transmitter business from his residence using shell companies. Typically, funds were wired to a U.S. bank account controlled by Kaganov, and from there Kaganov instructed his bank to transmit the funds to a third party beneficiary. From July 2002 through March 2009, Kaganov conducted thousands of transfers from the U.S., involving total dollars amounting to more \$172 million, to and from locations in Europe and Asia. (Civil Money Penalty: \$25,000)

**Altima, Inc.** Altima, Inc. violated the registration and anti-money laundering program requirements of the Bank Secrecy Act. From November 2004 through December 2010, Altima, Inc. was a money transmitter licensed in the State of Georgia, and provided money transfer services from the United States to Iran. Altima's owner filed an initial MSB registration with FinCEN but failed to renew the registration in a timely manner, resulting in a lapse of registration lasting more than two years. Altima also did not establish and maintain an anti-money laundering program appropriate to the money laundering risks associated with its business, executing numerous funds transfers from the United States to Iran. (Civil Money Penalty: \$5,000)

**Mohamed Mohamed-Abas Sheikh.** In addition to a determination that Mohamed Sheikh structured transactions to avoid the Currency Transaction Reporting requirement, FinCEN determined that he operated as a money transmitter, acting through Abbas Phone Card and Grocery Inc. (“Abbas Grocery”), of which he was part owner and operator. Over a course of several years, Mohamed Sheikh executed funds transfers amounting to hundreds of thousands of dollars for clients and typically used other financial institutions to transfer funds for customers, primarily to and from Somalia and other countries located in West Africa. Mohamed Sheikh never registered with FinCEN as an MSB, either on his own behalf or on behalf of Abbas Grocery. (Civil Money Penalty: \$25,000)

**Sarith Meas.** From January 2006 through October 2010, Meas acted as an independent money transmitter and used her deposit accounts to engage in the business of transferring funds for persons located in the United States. Meas also used her home in Maine to conduct the money transmission business. Once the funds Meas received from her customers cleared, Meas instructed U.S. financial institutions to wire transfer funds to designated financial institution(s) in Cambodia, where the funds were retrieved by Meas’ affiliate(s) and subsequently made available to beneficiaries in the designated currency. There is no record indicating that Meas ever registered with FinCEN. (Civil Money Penalty: \$12,500)

Additional information on these Enforcement Actions can be found on FinCEN’s website at [http://www.fincen.gov/news\\_room/ea/ea.msb.html](http://www.fincen.gov/news_room/ea/ea.msb.html).

## Other Initiatives

**Agent Request Initiative.** In a letter to money services businesses (MSBs) dated April 27, 2011, FinCEN requested that certain MSBs provide FinCEN with a list of their agents. A money services business must prepare and maintain a list of its agents as of January 1<sup>st</sup> of each year and report the list to FinCEN upon request. The information requested as part of this initiative will better inform FinCEN of the agent population and further mission needs.<sup>62</sup> (For more on this topic, see the associated articles in this publication.)

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62. See “Important Notice: FinCEN Asks MSBs to Provide Their Lists of Agents,” ([http://www.fincen.gov/news\\_room/nr/pdf/20110516.pdf](http://www.fincen.gov/news_room/nr/pdf/20110516.pdf)).

## Tips for Completing the Registration of Money Services Business (RMSB) Form

By FinCEN's Office of Outreach Resources

On March 14, 2012, FinCEN released the new Registration of Money Services Business (RMSB), FinCEN Report 107, through the BSA E-Filing System. The new report, which is only available electronically, will be used by all MSBs in completing their registration requirements. This article highlights some of the key changes referenced in other parts of this publication, such as registration by foreign-located MSBs and providers of prepaid access, and provides tips to filers on understanding other changes to the electronic RMSB.

### Registration Information

A registrant should complete all of the information requested on the registration form that is relevant to their entity. For example, an entity should list its legal name and any alternative or “doing business as” (or “DBA”) name. Certain fields, such as the entity’s legal name, are considered critical and are indicated with an asterisk before the number assigned to that box.

**Part II Registrant Information**

Check here  if entity

\*3 Individual's last name, or entity's legal name

\*4 First name

5 Middle name/initial

*Tip: A pop up box will display additional information about a field on the form when a cursor is held over that field.*



## Part II Registrant Information

Check here  if entity

\*3 Individual's last name,  
or entity's legal name

\*4 First name

Item \*3, \*4, and 5 - Registrant name. If the registrant MSB is an entity, check "If entity" and in Item \*3 enter the entity's full legal name as it is shown on the charter or other document creating the entity. If the registrant MSB is an individual or a sole proprietorship, enter his/her last name in Item \*3, first name in Item \*4, and middle name/initial (if applicable) and suffix name (if applicable) in Item 5.



## Registration Information

The registrant must indicate where they, their agents and/or their branches (whichever are applicable) are located by checking the appropriate boxes in Part IV, item 34 of the RMSB. The registrant must check either box "a" (All States & Territories), "b" (All States) or "c" (All Territories) or at least one of the state boxes. Once a U.S. location selection has been made, the registrant can then check box "d" if they have physical foreign locations or provide MSB activities outside the United States.

### Part IV Money Services and Product Information

\*34 U.S. States and/or territories where the registrant, its agents or branches are physically located and/or providing MSB activities. **Note:** At least one box in item 34 must be checked. Check box a, b, or c as appropriate (Check only one). If box a, b, or c **does not apply**, check as many state/territory boxes as appropriate. If MSB engages in activities on tribal lands, mark the box for the state, territory or district in which the tribal lands are located. In addition, check box "d" if the MSB engages in activities in foreign locations (non-U.S. and US Territories).

- a  All States & Territories      b  All States      c  All Territories      d  Foreign Location(s)
- |  |                                       |   |  |  |
|--|---------------------------------------|---|--|--|
| <input type="checkbox"/> Alabama (AL)        | <input type="checkbox"/> Georgia (GA) | <input type="checkbox"/> Maryland (MD)      | <input type="checkbox"/> New York (NY)         | <input type="checkbox"/> South Dakota (SD) |
| <input type="checkbox"/> Alaska (AK)         | <input type="checkbox"/> Guam (GU)    | <input type="checkbox"/> Massachusetts (MA) | <input type="checkbox"/> North Carolina (NC)   | <input type="checkbox"/> Tennessee (TN)    |
| <input type="checkbox"/> American Samoa (AS) | <input type="checkbox"/> Hawaii (HI)  | <input type="checkbox"/> Michigan (MI)      | <input type="checkbox"/> North Dakota (ND)     | <input type="checkbox"/> Texas (TX)        |
| <input type="checkbox"/> Arizona (AZ)        | <input type="checkbox"/> Idaho (ID)   | <input type="checkbox"/> Minnesota (MN)     | <input type="checkbox"/> N. Mariana Isls. (MP) | <input type="checkbox"/> Utah (UT)         |


## Money Services and Product Information


In item 35 of this section, a registrant should enter its number of U.S. branches. This is different from the number of agents that a registrant would report in item 46. An agent is *a separate business entity from the registrant* that the registrant has authorized, generally through a contractual agreement, to offer the registrants products or services to its customers. A branch is *a separate location owned by the registrant* at which the financial services are provided. It is not the MSBs headquarters, so if the MSB has only one location it would not report that location as a branch.



A box for “Provider of prepaid access” has also been added in this section of the RMSB. A registrant who checks this box can complete additional information on the prepaid program in items 36-43 of this same section.


**Part IV Money Services and Product Information (Continued)**

35 Enter the number of US branches of the registrant. **Reminder: do not separately register each branch.** See instructions for an explanation of the term “branch.” 



\*36 Money services business activities of the registrant in the US. Check as many as apply. See instructions for an explanation of the terms. 

a <input type="checkbox"/> Issuer of traveler’s checks	d <input type="checkbox"/> Seller of money orders	g <input type="checkbox"/> Check cashier (Including traveler’s and money orders)
b <input type="checkbox"/> Seller of traveler’s checks	e <input type="checkbox"/> Dealer in foreign exchange	h <input type="checkbox"/> Seller of prepaid access
c <input type="checkbox"/> Issuer of money orders	f <input type="checkbox"/> Money transmitter	i <input type="checkbox"/> Provider of prepaid access

37 If you are providing financial services in addition to those checked in item 36 please briefly describe.

*Tip: Clicking on a blue  within a section of the RMSB will provide additional instruction on completing that section.*

After a registrant checks the “Provider of prepaid access” box in item 36, they will be able to complete additional information about the program in the “Prepaid Program Information” section.

**Prepaid Program Information**  

If item “36i” is checked, provide the following information (items 38 to 43) to identify each prepaid program for which the registrant is the provider of prepaid access.

38 Name of prepaid program


39 IIN (BIN) of this program

40 Name of primary transaction processor

41 Name of compliance contact person for this program


42 Contact phone number  Ext.

43 Is this prepaid program usable internationally? a  Yes b  No

By clicking on the  icon, a registrant can add additional fields to the RMSB to enter information on any additional prepaid programs for which the registrant is the provider.

In item 46 of the RMSB, registrants should list the number of U.S. agents that the registrant has authorized to conduct MSB activities on its behalf. Because an agent is a separate legal entity from the registrant, a registrant would not list employees or branches of its operations. Likewise, if the registrant is an agent for another MSB, it would not report itself as an agent. See the article “Money Services

Businesses Agent Request Initiative: An Insight into the MSB Agent Population” in the *Trends & Analysis* section for examples on completing the agent information section of the RMSB.

46 Enter the number of US agents authorized to conduct each money services business activity. Do not include US branches, or persons who are solely employees. See instructions for an explanation of the term "agent." 

a Number of US agents selling traveler's check sales	<input type="text"/>
b Number of US agents selling money orders	<input type="text"/>
c Number of US agents involved as a dealer in foreign exchange	<input type="text"/>
d Number of US agents conducting money transmission	<input type="text"/>
e Number of US agents engaged in check cashing (Including traveler's checks and money orders)	<input type="text"/>
f Number of US agents selling prepaid access	<input type="text"/>

A foreign-located MSB that must now register with FinCEN would complete Part VI of the RMSB. In this section, the entity would provide the U.S. location where it is maintaining supporting documentation about the entity – unless it is the same as the U.S. location reported in Part II of the RMSB (in which case it would check the appropriate box in Part VI.) If the entity does not have a U.S. location for its supporting documentation, it would report the U.S. address of its U.S. agent for service of legal process in this section.

**Part VI U.S. Location of Supporting documentation/Address of Agent for Service of Process**

If the supporting documentation is kept at the U.S. location reported in Part II check here  and continue to Part VII. If not, provide the U.S. location of where the supporting documentation is kept here in Part VI. If the MSB is located outside of the U. S., enter U.S. location of the U.S. agent for service of legal process. Do not enter a non-U.S. address.

57 Address	<input type="text"/>		
58 City	<input type="text"/>		
59 State	<input type="text"/>	60 ZIP/Postal Code	<input type="text"/>

## Renewal of Registration

If an MSB is renewing its registration (after an initial registration or re-registration), the registrant would check the “Renewal” box (“b”) on the RMSB, and complete the form with the current information on the business. Selecting “Correct/amend a prior report” (“c”) on the RMSB will not renew the MSBs registration; however, it will correct or update their existing registration with the new information provided.

**Part I Filing Information**

1 Indicate the type of filing by checking a, b, or d below (Check only one). If filing a correction, check “c” and either a, b, or d.

a  Initial registration    b  Renewal    c  Correct/amend a prior report    d  Re-registration


e Enter RMSB registration (BSA ID) number if 1b, 1c, or 1d is checked

2 If you checked item 1 d please indicate the reason(s). Check all that apply.

a  Re-registered under state law    b  More than 10 percent transfer of equity interest    c  More than 50 percent increase in agents

**Part II Registrant Information**

A registrant should also enter their MSB registration number in box “e” of the RMSB when renewing or correcting/amending a registration, or when re-registering. This number can be found on the MSB Registrant Search Web page. If the registrant does not have this number, they should enter all zeros in this field.



**Financial Crimes Enforcement Network**  
**Department of the Treasury**


MSB Registration Status Information

Date: 04/30/2012

The inclusion of a business on the MSB Registrant Search Web page is not a recommendation, certification of legitimacy, or endorsement of the business by any government agency.

The MSB Registrant Search Web page, which is updated on a weekly basis, contains entities that have registered as Money Services Businesses (MSBs) pursuant to the Bank Secrecy Act (BSA) regulations at 31 CFR 1022.380(a)-(f), administered by the Financial Crimes Enforcement Network (FinCEN).

Information contained on this site has been provided by the MSB registrant. FinCEN does not verify information submitted by the MSB. Information provided on this site reflects only what was provided directly to FinCEN. If an error or incomplete information is detected on this site, the registrant should follow the appropriate instructions for correcting a Registration of Money Services Business (RMSB) form.

MSB Registration Number: 31000005212374 

Registration Type: Corrected Report, Renewal

## Correcting or Amending a Prior Registration

The box “Correct/amend a prior report” should only be selected to correct a previous filing when the MSB is not due to renew their registration. An MSB would select this option when they are correcting a prior report, and would indicate the type of report they are correcting by checking box “a” (Initial registration), “b” (Renewal) or “d” (Re-registration) and completing box “e” with their MSB Registration Number. Additionally, a registrant should complete the entire form when submitting a corrected RSMB and not just the information being corrected.

Correcting or amending a registration will not extend an MSB registration. If an MSB is due to renew its registration, it must completely fill out an RMSB with current information and select the “Renewal” option on the form.

Additional information on completing the RMSB and other forms will be presented in coming issues of *The SAR Activity Review*. Filers may also contact FinCEN’s Regulatory Helpline at 800-949-2732 for assistance.

### **Update from the States**

*By the Conference of State Bank Supervisors*

## NMLS Expansion to Accommodate MSBs

In April 2012, state regulators implemented modifications to the Nationwide Mortgage Licensing System & Registry (NMLS, or the System) and began to use the System to manage the licensing requirements of a wide range of non-depository, financial services companies beyond the mortgage industry, including money service businesses (MSBs). This change to NMLS culminated a 12-month effort by state regulators who reviewed existing licensing and registration forms and supervisory needs and modified the existing NMLS company, branch, and individual mortgage licensing forms. As a result, state regulators created universal, non-depository, financial services licensing forms that collect sufficient information about companies and individuals regulated by state agencies.

As of April, nineteen state agencies have indicated their intent to bring on over 57 additional license authorities during 2012 and 2013, with 15 of these agencies including MSB licensing through NMLS. Now that the new licensing forms have been implemented in NMLS, additional states are expected to add MSB licensing to the System as they work through necessary legislative and regulatory changes.

In modifying the NMLS Company Form to meet the requirements for MSB licensing, a working group of state regulators reviewed a range of state forms, as well as the FinCEN Form 107. The NMLS Company Form and the NMLS Individual Form (completed by Control Persons, as required under state law) can be found on the NMLS Resource Center here: [NMLS Licensing Forms](#). During the form review process, it was determined that the current NMLS Branch Form would not be appropriate for the reporting of Authorized Agents by principals (a requirement in many states) and, therefore, state regulators are working to develop an automated and uniform reporting functionality for Authorized Agents through NMLS that is expected to be launched in the first quarter of 2013.

NMLS, launched by state regulators in January 2008 to increase consumer protection, enhance supervision, increase transparency, and improve the efficiency of regulation of the mortgage industry, is essentially a “back-office” licensing system for the 58 state regulatory agencies currently participating. Companies and individuals create and maintain a single record on NMLS that can be used to fulfill licensing requirements in one or more participating state agencies. NMLS does not approve licenses – state agencies retain full authority to grant, deny, or revoke license authorities according to their state laws and regulation. Beyond the submission of a uniform licensing form, the System allows for the submission of financial statements, supporting documentation, credit reports, and national criminal background checks if required under state law.

Since July 2011, NMLS has been a repository of information for the mortgage industry with over 17,000 non-depository mortgage companies, over 10,000 banks and credit unions, and more than 475,000 mortgage loan originators licensed or registered through NMLS in fulfillment of state and federal regulations. All licenses and registrations contained in NMLS are published, free-of-charge on [NMLS Consumer Access<sup>SM</sup>](#).

NMLS is operated on behalf of state regulatory agencies by the State Regulatory Registry LLC, a non-profit affiliate of the Conference of State Bank Supervisors (CSBS). More information about NMLS can be found at [www.nationwidelicensingsystem.org](http://www.nationwidelicensingsystem.org).

## Nationwide Cooperative Agreement for MSB Supervision

In 2010, the CSBS/MTRA<sup>63</sup> MSB Task Force was established to update a nationwide framework for cooperation and coordination among state regulators with oversight of MSBs. The task force, comprised of sixteen states, enhanced the Money Transmitter Regulators Cooperative Agreement and created a companion procedural document, the Protocol for Performing Multi-State Examinations.

The primary goals of the Agreement are to:

- Protect consumers;
- Ensure the safety and soundness of multi-state MSBs;
- Supervise and examine in a seamless, flexible, and risk-focused manner;
- Minimize regulatory burden and expense; and
- Foster consistency, coordination, and communication among the state regulators.

While the process of multi-state examinations of MSBs has been underway for several years, the Agreement creates a national supervision system and protocols for standardized multi-state examinations by establishing an oversight body called the Multi-State MSB Examination Taskforce (MMET). The purpose of the Protocol is to promote a nationwide framework for cooperation and coordination among state regulators that have jurisdiction over a multi-state MSB (MMSB) regulated entity in a manner that conserves regulatory resources and minimizes the regulatory burden on supervised entities.

The MMET will facilitate and maintain joint examination schedules based upon statutory requirements, assessed risk, available resources, Participating State Regulator requests and other relevant factors. Any Participating State Regulator may perform its own concurrent examination with the joint examination, or in the alternative, at any other time if the examination cannot be scheduled concurrently with the joint examination. However, in observation of the agreed Coordinated Goals, independent examinations should be limited and Participating State Regulators shall strive for a period of at least six (6) months between any on-site independent examinations unless conditions warrant otherwise.

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63. The Conference of State Bank Supervisors and the Money Transmitter Regulators Association.

To further minimize regulatory burden, participating state regulators, if authorized by law that do not participate in the MMSB examination shall strive to accept other state examinations in lieu of conducting on-site independent examinations. However, nothing in the Protocol limits, suspends, or prohibits any participating state regulator from exercising its authority or discretionary power to enforce its own laws or protect consumers.

The Agreement and Protocol, as well as other non-depository supervisory information, can be found on the CSBS website at [MSB Agreement and Protocol](#). For more information about this initiative, contact:

John Bishop, MTRA at [bishop@com.state.oh.us](mailto:bishop@com.state.oh.us) or 614-644-7525

Chuck Cross, CSBS at [ccross@csbs.org](mailto:ccross@csbs.org) or 202-728-5745.





# Section 6 – Feedback Form

## Financial Crimes Enforcement Network

U.S. Department of the Treasury

### Tell Us What You Think

Your feedback is important and will assist us in planning future issues of *The SAR Activity Review*. Please take the time to complete this form. The form can be faxed to FinCEN at (202) 354-6411 or accessed and completed online at <http://www.fincen.gov/feedback/fb.sar.artti.php>.

Questions regarding *The SAR Activity Review - Trends, Tips & Issues* publication can be submitted to [sar.review@fincen.gov](mailto:sar.review@fincen.gov). For all other questions, please contact our Regulatory Helpline at 1-800-949-2732. **Please do not submit questions regarding suspicious activity reports to the SAR Activity Review mailbox.**

A. Please identify your type of financial institution.

**Depository Institution:**

- Bank or Bank Holding Company
- Savings Association
- Credit Union
- Foreign Bank with U.S. Branches or Agencies

**Securities and Futures Industry:**

- Securities Broker/Dealer
- Futures Commission Merchant
- Introducing Broker in Commodities
- Mutual Fund

**Money Services Business:**

- Money Transmitter
- Money Order Company or Agent
- Traveler’s Check Company or Agent
- Currency Dealer or Exchanger
- Prepaid Access

**Casino or Card Club:**

- Casino located in Nevada
- Casino located outside of Nevada
- Card Club

- Insurance Company
- Dealers in Precious Metals, Precious Stones, or Jewels
- Non-Bank Mortgage Lenders or Originators
- Other (please identify): \_\_\_\_\_

B. Please indicate your level of satisfaction with each section of this issue of *The SAR Activity Review- Trends Tips and Issues* (circle your response).

1=Not Useful, 5=Very Useful

Section 1 - Director’s Forum	1	2	3	4	5
Section 2 - Trends and Analysis	1	2	3	4	5
Section 3 - Law Enforcement Cases	1	2	3	4	5
Section 4 - Issues & Guidance	1	2	3	4	5
Section 5 - Industry Forum	1	2	3	4	5

C. What information or article in this edition did you find the most helpful or interesting? Please explain why (please indicate by topic title):

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D. What information did you find least helpful or interesting? Please explain why (again, please indicate by topic title):

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E. What new TOPICS, TRENDS, or PATTERNS in suspicious activity would you like to see addressed in the next edition of *The SAR Activity Review - Trends, Tips & Issues*? Please be specific, for example: information on a certain type of activity, or an emerging technology of interest.

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F. What other feedback does your financial institution have about The SAR Activity Review publication itself?

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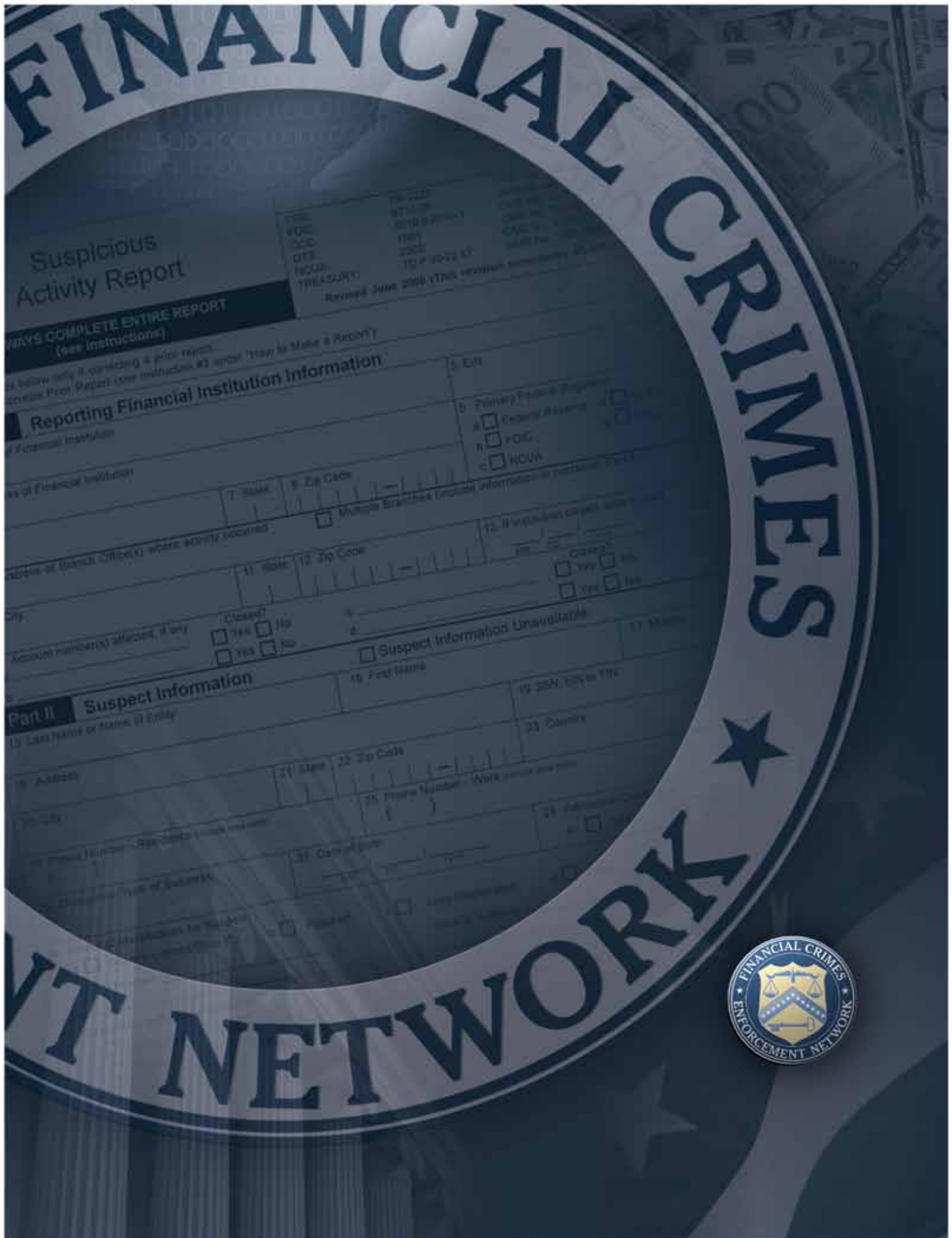
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G. How often do you read the SAR Activity Review? (Check all that apply)

- Every Issue
- Occasionally
- Only issues with content directly applicable to my industry or area of interest





# FINANCIAL CRIMES ENFORCEMENT NETWORK



## Suspicious Activity Report

FDIC  
DCC  
DTC  
HCUA  
TREASURY

Revised June 2006 (This revision incorporates changes to the FDIC, DCC, DTC, HCUA, and Treasury forms.)

**ALWAYS COMPLETE ENTIRE REPORT**  
(see instructions)

### Reporting Financial Institution Information

Name of Financial Institution

Address of Branch Office(s) where activity occurred

City

Account number(s) affected, if any

13 Last Name or Name of Entity

18 Address

19 City

20 State

21 Zip Code

22 Phone Number - Work (include area code)

23 Country

5 ERI  
6 Primary Federal Program  
a  Federal Reserve  
b  FDIC  
c  HCUA

11 State  
12 Zip Code

14 Suspect Information Unavailable  
15 First Name

16 SSN, EIN or TIN

17 Branch

19 State

20 State

21 State

22 State

23 State

24 State

25 State