

Department
of the
Treasury

Internal
Revenue
Service

Office of
Chief Counsel

Notice

N(31)000-22a

March 15, 1998

Legal Advice In
Connection With Bank

Subject: Secrecy Act Enforcement **Cancellation Date:** September 11, 1998

Pursuant to the requirement of the Money Laundering Suppression Act of 1994, P.L. 103-325, 31 U.S.C. § 5330, Treasury's Financial Crimes Enforcement Network (FinCEN) published three proposed regulations in the Federal Register (62 F.R. 27889 - 27917, May 21, 1997) which will extend Bank Secrecy Act (BSA) registration, recordkeeping and transaction-reporting obligations to several categories of nonbank businesses, such as money transmitters, check cashers, money order and traveler's check issuers and redeemers, and currency exchangers.

The proposed rules will require such businesses to register with Treasury and provide a list of their agents, as well as information about the financial institutions through which they conduct business. They will also amend 31 C.F.R. § 103.22, the currency transaction reporting requirement, to require a subset of these businesses, money transmitters, to record and report all transactions of between \$750 and \$10,000 involving transmissions outside the United States, and to verify the identity of the sender in all such transactions. Lastly, the rules will establish a suspicious transaction reporting obligation, similar to the suspicious activity reporting obligation currently found in 31 C.F.R. § 103.21 regarding banks, applicable to a larger subset of these nonbank financial institutions: money transmitters and issuers and redeemers of travelers checks and money orders. The current obligation for banks is triggered by transactions of \$5,000 or more; the trigger for the nonbank industry will be a mere \$500 or more.

The Internal Revenue Service will have several responsibilities in this new compliance regime: processing registrations, maintaining data, education, and enforcement. The Assistant Commissioner (Examination) has program responsibility in this area and will require assistance from several other functions, including Chief Counsel.

The Assistant Chief Counsel (Criminal Tax) has been designated as the primary point of contact in the National Office for assistance in this area. Counsel in the field can expect to receive requests

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for legal advice in this area, addressing such issues as the BSA's requirements, the use of civil summonses in BSA enforcement, and the scope of the new regulations. Criminal Tax is developing written guidance in this area; in addition, all attorneys are encouraged to call upon the Criminal Tax Division, at (202) 622-4470, when questions in this area arise.

/s/ Dominic Paris for
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