

## FinCEN program to expand, increasing information requests to firms

Your firm might have to spend more time answering questions from the Treasury Department's **Financial Crimes Enforcement Network**, under an impending change the network announced.

Federal law enforcement agencies now work through FinCEN's "314(a) program" to ask you whether a particular person suspected of terrorism or "significant" money laundering has either conducted a transaction or maintained an account at your firm.

The expansion - announced in a proposed rule - would open up the program to law enforcement agencies for 27 European Union countries and 18,000 state and local law enforcement agencies in the United States.


Even though the change was described in a recent "proposed rule," the arrangement with the EU is called for under a formal agreement known as the U.S.-E.U. Mutual Legal Assistance Treaties. That means it *will* happen, and these treaty obligations are supposed to take effect Feb. 1, 2010, said FinCEN spokesman **Steve Hudak**.

The proposed rule is FinCEN's way of seeing the concerns of industry, Hudak said.

Under the arrangement, a country can ask another country in the group to search, on a centralized basis, for such information.

FinCEN estimates that the change will average 72 hours a year per "recordkeeper." There would be an estimated 120 search requests a year and an average of nine subjects (including aliases), per request, coming out to 1,080 subjects a year. FinCEN estimated it would take an average four minutes per subject.

Because of what FinCEN sees as the stringent screening for the requests, it estimates that each recordkeeper would average 60 international requests, 50 requests from state and local law enforcement agencies, and 10 requests from federal law enforcement.

Under the treaties, the U.S. and EU are obligated to make sure this arrangement "does not impose extraordinary burdens on States that receive search requests," FinCEN said in its Nov. 16 proposed rule .

FinCEN is seeking public comment on the plan's cost, burden and ways to ease the recordkeeping requirement.

Of course, some of the initial information requests could be followed up with more in-depth requests that would take up a lot more time, noted **Chip Arvantides**, executive vice president of **Frontline Compliance, LLC**, a regulatory compliance firm based in Leesburg, Va. and New York. ■



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