



Financial Crimes Enforcement
Network

Regulatory Requirements for Money Services Businesses

- Anti-Money Laundering Program Requirement
- Registration
- Recordkeeping
- Reporting

Which Businesses are MSB?

- Money Transmitters
- Check Cashers
- Currency Dealers or Exchangers
- Issuers, Seller or Redeemers of:
Money Orders • Traveler's Checks • Stored Value

Understand Full Scope of IVTS Mechanism

- Need to obtain increased awareness/understanding of all IVTS-type mechanisms
 - basic hawala
 - Mixes
 - Avoid fixating on hawala only
 - Risk of missing other vulnerable avenues; misconceptions; “catch-all” phrases

Observed Patterns

- Use of IVTS operators (e.g., hawaladars, money transmitters) to remit funds to or from abroad
- Use of cash-intensive businesses located in close knit ethnic communities to transfer funds to/from abroad

Observed Patterns, cont'd.

- Conversion of bulk cash to monetary instruments (money orders, etc.) to transfer funds abroad
- Use of commercial mail carriers to send monetary instruments out of the U.S.
- Use of couriers to move bulk monetary instruments across international borders

Regulatory and Law Enforcement Challenges

- Linguistic issues
 - Potential hurdles in locating, identifying, and communicating with IVTS, and identifying suspicious transactions
- Cultural differences
 - Hurdles of distrust impeding regulatory compliance; cooperation on understanding mechanisms; records
- Nominee accounts
 - Impedes identifying true beneficiary

International Cooperation and Coordination Issues

- Need to improve international exchange channels
- Reciprocal exchange
- Avoid “fishing expeditions”
- Hub for international coordination/sharing of information on cases

International Cooperation and Coordination Issues Cont'd

- Recovering funds abroad; lack of cooperation with foreign counterparts; accounts opened by operatives
- International coordination
 - FinCEN analyzes trends, cases, contacts

FinCEN Strategies

- FinCEN has developed the following regulatory strategy for dealing with MSBs:
 - Guidance
 - Education
 - Regulation
 - Enforcement

Guidance

- Strengthen cooperation among federal and state regulators, law enforcement, and the international community in interpreting IVTS records, learning about operations and mechanisms, customer bases, etc.
- Issue guidance to banking and MSB industries regarding the applicable controls and due diligence.

Education

- Encourage regulatory compliance, awareness, and education.
- Develop uniform and consistent examination procedures.

Regulation

- Evaluate and modify, as necessary, existing BSA regulatory requirements.
- Implement information sharing agreements with state regulators to ensure better coordination and synergy with state-based examiners.
- Focus on examination.

Enforcement

- Goals
 - Enhance visibility, location, identity of hawala-type operations
 - Determine methods of operations; identify any associated, ancillary businesses
 - Institute civil and criminal prosecutions of entities and individuals violating federal or state laws and ,wherever possible, identify leads to terrorist activities.

Enforcement, cont'd.

- Goals
 - Remove, disrupt immediate threats and send message to other IVTS entities to comply.
 - Further identify trends, patterns, operations, records, customer transaction profiles.

