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# ANTI-MONEY LAUNDERING

## Improved Communication Could Enhance the Support FinCEN Provides to Law Enforcement



GAO

Accountability \* Integrity \* Reliability



Highlights of [GAO-10-141](#), a report to congressional requesters

## Why GAO Did This Study

Financial investigations are used to combat money laundering and terrorism financing, crimes that can destabilize national economies and threaten global security. The Financial Crimes Enforcement Network (FinCEN) within the Department of the Treasury supports law enforcement agencies (LEAs) in their efforts to investigate financial crimes by providing them with services and products, such as access to financial data, analysis, and case support. As requested, GAO examined the extent to which the law enforcement community finds FinCEN's support useful in its efforts to investigate and prosecute financial crimes. GAO analyzed statutes governing FinCEN's mission and documentation describing the support it provides to LEAs, such as annual reports. Using FinCEN data, GAO selected a sample of 29 LEAs, including primary users of FinCEN's services and products, and obtained their opinions through a survey and interviews. While the results of the survey and interviews are not generalizable, they provide insights about the usefulness of FinCEN's support.

## What GAO Recommends

Among other things, GAO recommends that FinCEN improve communication with LEAs about the support it can provide, establish processes for soliciting input and complete a plan outlining the actions FinCEN will take to better meet LEAs needs. The FinCEN Director concurred with the recommendations.

[View GAO-10-141 or key components.](#)  
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## ANTI-MONEY LAUNDERING

### Improved Communication Could Enhance the Support FinCEN Provides to Law Enforcement

#### What GAO Found

The majority of LEAs GAO surveyed reported finding FinCEN's support useful in their efforts to investigate and prosecute financial crimes, but FinCEN could enhance its support by better informing LEAs about its services and products and actively soliciting their input. Of the 20 LEAs that responded to a question GAO posed about which FinCEN services they found most useful, 16 LEAs cited direct access to Bank Secrecy Act data—records of financial transactions possibly indicative of money laundering that FinCEN collects—as the most valuable service FinCEN provides. Additionally, 11 federal LEAs cited a tool that allows federal LEAs to reach out, through FinCEN, to financial institutions nationwide to locate financial information related to ongoing investigations as a key service offered by FinCEN. To further enhance the value and relevance of its analytic work to LEAs, FinCEN has sought to increase development of complex analytic products, such as reports identifying trends and patterns in money laundering. Sixteen law enforcement agencies GAO surveyed reported that they generally found these complex analytic products useful.

However, three of five LEAs that FinCEN identified as its primary federal customers reported that FinCEN does not provide detailed information about the various types of products it can provide. They also stated that they would like more information about when completed products become available. Communicating more detailed information to LEAs could help FinCEN ensure that it is effectively carrying out its mission to support the investigation and prosecution of financial crimes. Moreover, two of these LEAs reported that FinCEN does not communicate to LEAs why it accepts some requests for support and rejects others. Furthermore, FinCEN does not actively seek LEAs' input about ongoing or planned analytic work, though doing so could improve the quality and relevance of its products to its LEA customers. Actively soliciting stakeholder input and providing transparency with regard to decision making are GAO-identified best practices for effectively meeting stakeholder needs. Incorporating these best practices could help FinCEN maximize the usefulness of its support. In October 2009, senior officials in one of the divisions that provides support to LEAs reorganized the division in order to realign resources to better serve law enforcement. The division also developed a planning guide to improve communication with LEAs which includes general descriptions of the types of processes to be implemented. While the development of this guide is a step in the right direction, it does not include detailed information on the specific actions FinCEN plans to take to become more transparent to their law enforcement customers about the division's operations. Completing the plan, including identifying the specific actions FinCEN plans to take to better assess law enforcement's needs, could help FinCEN ensure that its operations are designed in a way so as to maximize their usefulness to its law enforcement customers.

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# Contents

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<b>Letter</b>		<b>1</b>
	Background	6
	Law Enforcement Finds a Number of FinCEN's Services and Products Useful, but Would Like More Information about Select Products and Opportunities to Provide FinCEN with Input about Some Types of Support	12
	Conclusions	30
	Recommendations for Executive Action	31
	Agency Comments and Our Evaluation	31
<b>Appendix I</b>	<b>List of Agencies GAO Surveyed</b>	<b>34</b>
<b>Appendix II</b>	<b>Comments from the Department of the Treasury</b>	<b>35</b>
<b>Appendix III</b>	<b>GAO Contacts and Staff Acknowledgments</b>	<b>37</b>
<b>Related GAO Products</b>		<b>38</b>

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## Abbreviations

ALD	FinCEN's Analysis and Liaison Division
APA	Administrative Procedure Act
BSA	Bank Secrecy Act
CBRS	Currency Banking and Retrieval System
DEA	Drug Enforcement Administration
DHS	Department of Homeland Security
DOJ	Department of Justice
FBI	Federal Bureau of Investigation
FinCEN	Financial Crimes Enforcement Network
FLETC	Federal Law Enforcement Training Center
FTE	Full-Time Equivalent
HIFCA	High Intensity Financial Crime Area
ICE	Immigration and Customs Enforcement
IPD	FinCEN's International Programs Division
IRS	Internal Revenue Service
IRS-CI	Internal Revenue Service–Criminal Investigation
LEAs	Law Enforcement Agencies
MOU	Memorandum of Understanding
NPRM	Notice of Proposed Rulemaking
PRA	Paperwork Reduction Act
RPPD	FinCEN's Regulatory Policy and Programs Division
SAR	Suspicious Activity Report

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United States Government Accountability Office  
Washington, DC 20548

December 14, 2009

The Honorable Barney Frank  
Chairman  
The Honorable Spencer Bachus  
Ranking Member  
Committee on Financial Services  
House of Representatives

The Honorable Stephen F. Lynch  
House of Representatives

Successful investigations into financial crimes can support the prosecution of money laundering, drug trafficking, and terrorist financing—crimes that have the potential to destabilize national economies and threaten global security. The Bank Secrecy Act (BSA),<sup>1</sup> enacted in 1970, authorized the Secretary of the Treasury to establish anti-money laundering record keeping and reporting requirements for domestic financial institutions to help prevent abuse of the nation's financial system.<sup>2</sup> The Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), established in 1990 to oversee the administration of the BSA, helps to prevent financial crime by serving as a governmentwide, service-oriented, financial information-sharing agency in support of more than 275 federal and state law enforcement agencies. Specifically, the BSA authorizes FinCEN to require financial institutions to make reports and maintain records that have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings, or in the conduct of intelligence or counterintelligence activities, including analysis to protect against international terrorism. In addition, the BSA authorizes FinCEN to require financial institutions to establish anti-money laundering programs.<sup>3</sup>

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<sup>1</sup>The BSA has three main objectives: create an investigative audit trail through regulatory reporting standards; impose civil and criminal penalties for noncompliance; and improve the detection of criminal, tax, and regulatory violations.

<sup>2</sup>Bank Secrecy Act, titles I and II of Pub. L. No. 91-508, 84 Stat. 1114 (1970) (codified as amended in 12 U.S.C. §§ 1829b, 1951-1959; 31 U.S.C. §§ 5311-5332). The BSA requires financial institutions to maintain records on financial transactions including suspicious activity that may be related to money laundering or other financial crimes.

<sup>3</sup>The Secretary of the Treasury has the authority to administer the BSA and its implementing regulations. This authority has been delegated to the Director of FinCEN. Therefore, we refer to the authority of the Secretary of the Treasury under the BSA synonymously with that of the Director of FinCEN.

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Pursuant to its authority, FinCEN collects, maintains, analyzes, and disseminates financial information to law enforcement agencies in support of their investigation and prosecution of financial crimes. This information is maintained in a central database and is commonly referred to as BSA data.<sup>4</sup> Among other things, the support FinCEN provides to domestic law enforcement agencies, in their efforts to investigate and prosecute financial crimes, includes a variety of services and products such as providing access to the BSA data, responding to requests from law enforcement agencies for information pertaining to specific investigations, and producing analytic products covering a range of issues related to financial crimes.<sup>5</sup>

While FinCEN's general mission is to help safeguard the U.S. financial system from such crimes, its specific roles and responsibilities have grown and evolved over time. For example, in the wake of post-9/11 concerns about the threat that terrorist financing can pose to national security, the enactment of the Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act) expanded FinCEN's role to include a focus on terrorism financing as well as money laundering.<sup>6</sup> In light of FinCEN's expanded mission, Congress has raised questions about FinCEN's ability to meet the growing demands of its various roles and responsibilities, including the support it provides to law enforcement agencies' efforts to investigate and prosecute financial crimes. This report, as part of a larger body of GAO work that addresses various aspects of FinCEN's role as the administrator of the BSA, addresses FinCEN's role in supporting law enforcement efforts to investigate and prosecute financial crimes, such as

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<sup>4</sup>BSA data reported by financial institutions are processed and warehoused by the Internal Revenue Service's Detroit Computing Center in the Currency Banking and Retrieval System (CBRS), more generally known as the BSA database. The BSA database can be accessed through a Web-based interface called WebCBRS. The majority of law enforcement users currently access the BSA database through FinCEN's Gateway/Secure Outreach computer system, which functions as a portal through FinCEN's information technology infrastructure to the BSA database. For more information, see GAO, *Information Security: Further Actions Needed to Address Risks to Bank Secrecy Act Data*, [GAO-09-195](#) (Washington, D.C.: Jan. 30, 2009).

<sup>5</sup>FinCEN also collaborates with international counterparts in other countries to facilitate sharing of financial information between domestic and international law enforcement agencies. For more information, see GAO, *International Financial Crime: Treasury's Roles and Responsibilities Relating to Selected Provisions of the USA PATRIOT Act*, [GAO-06-483](#) (Washington, D.C.: May 12, 2006).

<sup>6</sup>Pub. L. No. 107-56, 115 Stat. 272 (2001).

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money laundering and terrorism financing. Specifically, in response to your request, this report examines the extent to which the law enforcement community finds FinCEN's support useful in their efforts to address such crimes.

To answer this question, we first identified the support FinCEN is required to provide to domestic law enforcement agencies as defined by statutes governing FinCEN's mission, including the BSA and the USA PATRIOT Act. We also reviewed and analyzed documentation, such as annual reports and strategic plans, as well as FinCEN's responses to our information requests detailing the support it has provided to law enforcement agencies. In addition, we obtained data about those services and products provided since the enactment of the USA PATRIOT Act in 2001 through 2007 to determine trends in these services and products over that time period. To assess the reliability of these data, we interviewed knowledgeable agency officials about the sources of the data and the controls FinCEN had in place to maintain the integrity of the data and determined that the data were sufficiently reliable for purposes of our report. In addition, we interviewed senior FinCEN management officials regarding FinCEN's mission and responsibilities and how they have changed over time, including how managers characterize the impact that statutory and technological changes have had on FinCEN's organizational structure, culture, and practices as it relates to serving law enforcement. Furthermore, we interviewed officials in FinCEN's Analysis and Liaison Division (ALD), the division primarily responsible for providing support to law enforcement agencies, regarding its current responsibilities and how FinCEN's services and products have changed over time.<sup>7</sup>

We also surveyed a nonprobability sample of 29 federal and state law enforcement agencies that included the primary users of FinCEN's services and products in fiscal years 2001 through 2007 about the extent to which they found FinCEN's services and products useful.<sup>8</sup> We conducted our survey in late 2008. To select our sample, we reviewed FinCEN data to identify federal and state law enforcement agencies that were the primary

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<sup>7</sup>ALD consists of the Offices of Intelligence Support, Law Enforcement Support, Liaison Services, and Special Programs Development.

<sup>8</sup>Nonprobability sampling is a method of sampling when nonstatistical judgment is used to select members of the sample, using specific characteristics of the population as criteria. Results from nonprobability samples cannot be used to make inferences about a population, because in a nonprobability sample some elements of the population being studied have no chance or an unknown chance of being selected as part of the sample.

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users of one or more of FinCEN's services and products during these 7 fiscal years.<sup>9</sup> We identified 22 agencies to be the primary users of FinCEN's services and products—13 federal agencies and 9 state agencies. The federal agencies we selected were the most frequent users of at least two of FinCEN's services or products, and the state agencies we selected were the most frequent users of at least one of FinCEN's services or products. We also included 2 federal law enforcement agencies with a significant financial crimes or anti-money laundering mission that were not among FinCEN's primary customers but may potentially benefit from FinCEN's services and products. As each of these 24 agencies could have had multiple agents receiving services and products from FinCEN and thus multiple people providing answers to the questionnaire, we requested that the responses reflect each agency's official position about FinCEN.<sup>10</sup> Additionally, we included five of the six High Intensity Financial Crime Areas (HIFCAs) where FinCEN had located liaisons.<sup>11</sup> As these HIFCAs could have had representatives from multiple law enforcement agencies receiving services and products from FinCEN and thus multiple people providing input to answering the questionnaire, we also requested that their responses reflect each HIFCA's official position about FinCEN. For a complete list of the agencies that received GAO's questionnaire, please see appendix I. We did not receive usable questionnaires from four of the five HIFCAs, as representatives from each indicated that they could not provide a single questionnaire that reflected the HIFCA's official position. In total, we received usable questionnaires from 25 of the 29 agencies we

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<sup>9</sup>Fiscal year 2007 was the last full year for which data were available at the time we were selecting our sample.

<sup>10</sup>We conducted pretests with two agencies to refine our questions, develop new questions, clarify any ambiguous portions of the questionnaire, and identify any potential biased questions. Because we surveyed a nonprobability sample of law enforcement agencies, there are no sampling errors. There are, however, practical difficulties associated with conducting any survey that may introduce errors, commonly referred to as nonsampling errors. For example, differences in how a particular question is interpreted or the information sources available to respondents can introduce unwanted variability into the survey results. We attempted to minimize these nonsampling errors through careful construction of the questionnaire and the pretests mentioned above.

<sup>11</sup>HIFCAs are high-risk areas established under the Money Laundering and Financial Crimes Strategy Act of 1998, Pub. L. No. 105-310, 112 Stat. 2941, as a means of concentrating and coordinating law enforcement efforts at the federal, state, and local levels to combat money laundering or related financial crime in regions designated as high-intensity money laundering zones. There is a money-laundering action team associated with each HIFCA region composed of relevant federal, state, and local enforcement authorities, prosecutors, and financial regulators. For these purposes of our survey, we considered each HIFCA to be an agency.

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surveyed. To assess the reliability of the data we used to select these agencies, we interviewed knowledgeable FinCEN officials about the source of these data and the controls FinCEN had in place to maintain the integrity of the data. We determined that the data were sufficiently reliable for purposes of our report.

We also interviewed officials from 8 of the 25 federal and state law enforcement agencies responding to our questionnaire, including the agencies that FinCEN has identified as its top five federal law enforcement customers. These included two Department of Justice (DOJ) component agencies—the Drug Enforcement Administration (DEA) and the Federal Bureau of Investigation (FBI); two Department of Homeland Security (DHS) component agencies—Immigration and Customs Enforcement (ICE) and the U.S. Secret Service; and one Treasury agency—the Internal Revenue Services’ Criminal Investigation Division (IRS-CI). We interviewed the FinCEN liaisons from each of these agencies about the support each agency has received from FinCEN and the extent to which this support has contributed to their investigations of money laundering, terrorist financing, and other financial crimes. Our analysis of FinCEN data verified that these five law enforcement agencies represent FinCEN’s federal law enforcement customers with an anti-money laundering mission that are among the top users of BSA data as well as among the top requestors of FinCEN’s analytic products. While responses to the survey and interviews cannot be generalized to reflect the views of all of FinCEN’s law enforcement customers, we believe that they provide essential perspectives about the usefulness of FinCEN’s services and products.

In addition, we reviewed documentation, such as internal planning reports, provided by FinCEN and interviewed senior ALD officials regarding how the agency plans and prioritizes its services and products in support of law enforcement, including how ALD incorporates law enforcement input and feedback into its operations. Furthermore, we interviewed FinCEN officials about their existing policies and practices for planning and prioritizing the support they provide to law enforcement, as well as their practices for incorporating stakeholder input. We compared these efforts with federal best practices for effectively meeting stakeholder needs identified in prior GAO work to determine how FinCEN’s processes may differ from or reflect the use of these

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recommended practices.<sup>12</sup> We also reviewed an internal ALD assessment of the support the division provides to its domestic law enforcement customers. Our analysis included reviewing the methodology, criteria, and assumptions of the study, and discussing the study's scope, assumptions, and conclusions with FinCEN. As a result of our review and analysis, we determined that the study and its results were reasonable for use in our report. We conducted this performance audit from February 2008 through November 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence provides a reasonable basis for our findings based on our audit objectives.

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## Background

As part of its mission, one of FinCEN's primary objectives is to provide services and products that enable enhanced detection and deterrence of financial crimes. Specifically, according to FinCEN, part of this objective includes expanding communications with its law enforcement customers to ensure that FinCEN's services and products support and enhance law enforcement operations. FinCEN does not carry out any financial crimes investigations on its own; rather, by serving as a central source for financial intelligence information and analysis, FinCEN supports the investigative and prosecutive efforts of a network of more than 275 law enforcement agencies that includes federal agencies, United States Attorney's offices, state and local law enforcement agencies, and state attorneys general as well as local district attorneys.

In supporting law enforcement agencies, FinCEN administers the largest financial transaction reporting system in the world, which is based on recordkeeping and reporting requirements mandated or authorized under the BSA. This act authorizes the Secretary of the Treasury to issue regulations requiring financial institutions to retain records and file reports when doing so would have a high degree of usefulness in criminal, tax, and regulatory investigations or proceedings, or in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism. For example, suspicious activity reports

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<sup>12</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999) and GAO, *Fisheries Management: Core Principles and a Strategic Approach Would Enhance Stakeholder Participation in Developing Quota-Based Programs*, [GAO-06-289](#) (Washington, D.C.: Feb. 23, 2006).

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(SARs) are filed by financial institutions to inform the federal government of any suspicious transaction related to a possible violation of law or regulation.<sup>13</sup> The BSA regulatory framework establishes record keeping and reporting requirements for financial institutions in order to create a paper trail of financial transactions that federal agencies can use to detect illegal activity, such as money laundering or terrorist financing, and to apprehend criminals. Under the BSA framework, primary responsibility rests with the financial institutions in gathering information and passing it to federal officials. In 2001, the USA PATRIOT Act added the authority of the Secretary of the Treasury to issue regulations requiring financial institutions to retain records and file reports when doing so would have a high degree of usefulness in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism.<sup>14</sup>

In 1994, the Secretary of the Treasury delegated overall authority for enforcement of, and compliance with, the BSA and its implementing regulations to the Director of FinCEN. To fulfill this role of BSA administration, FinCEN develops policy and provides guidance to other agencies, analyzes BSA data for trends and patterns, and enforces compliance when warranted. For example, FinCEN works with other agencies, such as the Internal Revenue Service (IRS) and federal financial regulatory agencies, to ensure financial institutions' compliance with BSA requirements, such as having an anti-money laundering program and processes in place to report suspicious activity and certain other financial transactions. FinCEN also collects and stores the reported information.

In fiscal year 2009, FinCEN had a budget of approximately \$91.5 million and, since fiscal year 2002, the number of full-time staff rose from 222 to

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<sup>13</sup>Under the regulations administered by FinCEN, a SAR is generally required when a transaction is conducted or attempted by, at, or through a financial institution that involves or aggregates at least \$5,000 in funds or other assets and the institution knows, suspects, or has reason to suspect that the transaction: involves funds derived from illegal activities; is intended or conducted in order to hide or disguise funds or assets derived from illegal activities as part of a plan to violate or evade any federal law or regulation or to avoid any transaction reporting requirement under federal law or regulation; is designed to evade any reporting requirement under federal law or other BSA requirement; has no business or apparent lawful purpose; or the transaction is not the sort in which the customer would normally be expected to engage and there is no reasonable explanation known for the transaction; or involves use of the institution to facilitate criminal activity. See 31 C.F.R. §§ 103.15-.21.

<sup>14</sup>Pub. L. No. 107-56, § 358, 115 Stat. 272, 326 (2001).

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324, representing an increase of 46 percent over the last 7 years.<sup>15</sup> FinCEN is organized functionally into the Office of the Director and five operational divisions.<sup>16</sup> Among these, FinCEN's ALD is responsible for the majority of services and products provided in support of domestic law enforcement agencies, though the Regulatory Policy and Programs Division and International Programs Division also provide some support. Since fiscal year 2005, ALD's full-time staff has risen from 60 to 77, representing an increase of 28 percent over the last 4 years.<sup>17</sup> ALD analyzes BSA data in conjunction with publicly available information to produce its analytic products. ALD also has access to a variety of other databases that it can use in its analyses, such as information to locate individuals; determine asset ownership; and establish links among individuals, businesses, and assets.<sup>18</sup> In addition, ALD serves as FinCEN's liaison with domestic law enforcement agencies and manages their access to BSA data.

Specific examples of the analytic support ALD provides to law enforcement agencies include the following:

- **Basic analytic support:** This generally involves routine checks of the BSA database and other databases using names of suspects and other information provided by the requesting law enforcement agency that generally can be completed in 1 or 2 days by a single analyst. FinCEN also initiates its own routine checks of BSA data, such as regular reviews of those data with a potential terrorism connection, which the agency then aggregates and refers to relevant law enforcement agencies. FinCEN completed 409 basic analytic products in fiscal year 2007.

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<sup>15</sup>These additional resources were primarily allocated to FinCEN's regulatory and international functions to meet demand associated with expansion of these mission areas.

<sup>16</sup>The five divisions are ALD, the International Programs Division, the Management Programs Division, the Regulatory Policy and Programs Division, and the Technology Solutions and Services Division.

<sup>17</sup>ALD was formed in late fiscal year 2004; therefore, full-time equivalent (FTE) data are not available before fiscal year 2005. Additionally, for comparative purposes, ALD FTE data for fiscal year 2005 does not include FTEs in the Office of Global Support, which was moved to the International Programs Division in fiscal year 2009. Among the 77 employees currently in ALD, 43 are analysts, 7 of whom perform management or administrative functions, and 7 more of which are stationed outside of FinCEN.

<sup>18</sup>FinCEN also has access to other databases, including LexisNexis, Dun and Bradstreet, as well as a variety of other financial and law enforcement databases.

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- Complex analytic products: FinCEN also provides a range of complex analytic products in support of the efforts of law enforcement agencies that can take anywhere from several months to several years to complete. FinCEN reported completing 37 complex analytic products in fiscal year 2007. FinCEN's complex analytic products can include the following:
    - Complex tactical case support involves large-scale, in-depth BSA data analysis related to specific law enforcement investigations, which can include preparation of graphic interpretations of BSA data, such as charts that demonstrate the financial links between various entities or organizations, as well as narrative summarizing relevant observations, findings, and recommendations provided by FinCEN analysts.
    - Strategic analysis projects or trend analyses generally represent a range of products that are designed to provide law enforcement officials with intelligence analyses and reports on longer-term or more broadly scoped topics, such as emerging trends, patterns, and issues associated with money laundering and other financial crimes. For example, FinCEN has produced strategic reports examining the processes and actors, both licit and illicit, involved in the flow of currency between the United States and neighboring countries along various regions of the U.S. borders.<sup>19</sup> Strategic analysis projects can also include assessments of threats posed by large-scale money laundering and terrorist financing activities. These projects may be initiated by FinCEN or undertaken as joint projects in collaboration with law enforcement.
    - Technical reference manuals are intended to provide technical information on a variety of issues, including how particular financial transfer or payment mechanisms may be used to launder money.
    - Policy-level strategic projects are high-level analyses intended to shape the development of national policies relating to the regulation of the nation's financial industries, allocation of law enforcement resources to anti-money laundering programs and initiatives, and development of global anti-money laundering and terrorist financing standards, policies, and activities. For example, in 2005 FinCEN participated in the development of the U.S. Money Laundering Threat Assessment, an interagency effort intended to explain how major money laundering methods operate and highlight areas that require further attention.

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<sup>19</sup>The flow of currency is the introduction of U.S. dollar banknotes into a foreign country and their repatriation to the United States.

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FinCEN provided or participated in the development of these types of products four times in fiscal year 2007.

FinCEN also provides law enforcement agencies with other types of support including the following:

- In-house assistance: FinCEN (1) provides office space for law enforcement agencies to locate full-time liaisons at FinCEN's headquarters in Vienna, Virginia to facilitate their agencies' access to FinCEN's services and products; (2) enables law enforcement personnel who do not have direct access to BSA data to conduct their own research and analysis on-site with FinCEN and provides them office space and database access; and (3) provides FinCEN analysts on location in support of the work of HIFCAs in various regions of the country.
- Training: FinCEN offers training, such as how to access BSA data and use it in support of financial crimes investigations, through a variety of methods, including online training, ad hoc sessions scheduled upon request, and employee participation in related conferences. In addition, two FinCEN specialists located at the Federal Law Enforcement Training Center (FLETC) in Glynco, Georgia, are available to offer training regarding the tools available to agents who conduct financial investigations.

Separate from the above services and products, FinCEN's Regulatory Policy and Programs Division (RPPD) and International Programs Division (IPD) also work with law enforcement to accomplish other agency objectives. For example, RPPD is responsible for the administration of BSA compliance in the financial industry and, as such, indirectly works to support law enforcement by developing and implementing regulatory standards so that law enforcement agencies have accurate and relevant information for conducting financial crimes investigations.<sup>20</sup> This division

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<sup>20</sup>RPPD consists of the Office of Regulatory Policy, Office of Compliance, Office of Enforcement, Office of Regulatory Analysis, and Office of Outreach Resources. RPPD develops, modifies, and interprets regulations and regularly responds to requests for clarification of these regulations from state and federal regulatory agencies and the financial industry. It also promotes financial institutions' compliance with BSA regulations by overseeing those federal regulators with delegated BSA responsibilities in various financial sectors, taking appropriate enforcement action against financial institutions that violate the BSA, and promoting improved consistency in BSA compliance examinations through development of an examiners' manual. For more information on our larger body of work on FinCEN and its administration of BSA data, see GAO, *Bank Secrecy Act: Federal Agencies Should Take Action to Further Improve Coordination and Information-Sharing Efforts*, GAO-09-227 (Washington, D.C.: Feb. 12, 2009).

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also produces strategic analyses that it initiates or conducts at the request of regulatory agencies on specific cases of BSA noncompliance or on trends and patterns in the financial industry that at times are made available to law enforcement agencies. FinCEN also serves as the Financial Intelligence Unit for the United States. As such, it is responsible for receiving, requesting, analyzing, and disseminating financial information to support domestic law enforcement. FinCEN's International Programs Division serves as the conduit for sharing financial information between domestic law enforcement and foreign financial intelligence units. The International Programs Division also liaises with foreign financial intelligence units to support law enforcement and other U.S. government agencies. Over the last several years, domestic law enforcement has increased its requests to FinCEN for information from foreign financial intelligence units to combat international money laundering, terrorist financing, and other financial crimes.

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## Law Enforcement Finds a Number of FinCEN's Services and Products Useful, but Would Like More Information about Select Products and Opportunities to Provide FinCEN with Input about Some Types of Support

Law enforcement agencies we surveyed generally reported finding FinCEN's services and products useful, citing direct access to BSA data, on-site liaisons, and access to financial information on people or organizations suspected of being involved in significant money laundering or terrorism financing activities—known as the 314(a) process—as those that are among the most useful.<sup>21</sup> As more law enforcement agencies have gained direct access to the financial data FinCEN manages, the agency has sought to increase production of more complex analytic products, such as those identifying money laundering trends and patterns. While law enforcement agencies reported that they generally found these complex analytic products useful, they also reported that actively soliciting law enforcement input in the development of products as well as improved communication about how FinCEN develops, selects, and disseminates these products could enhance the value of FinCEN's support. While FinCEN has recently taken initial steps to more actively solicit input on proposed regulatory actions, FinCEN has no mechanism to collect comments that may include law enforcement sensitive information in a nonpublic rulemaking record, the inclusion of which could be pertinent to making decisions regarding proposed changes.<sup>22</sup>

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## Law Enforcement Agencies Cite a Number of FinCEN's Services as Useful, and FinCEN Has Sought to Increase the Production of Complex Analytic Products

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<sup>21</sup>Section 314(a) of the USA PATRIOT Act required the Secretary of the Treasury to issue regulations to encourage further cooperation among financial institutions, financial regulatory authorities, and law enforcement authorities to promote sharing information regarding individuals, entities, and organizations engaged in or reasonably suspected of engaging in terrorist acts or money laundering activities, and to permit the sharing of information by law enforcement and regulatory authorities with financial institutions regarding persons reasonably suspected of engaging in terrorist acts or money laundering activity. 31 U.S.C. § 5311 note (Cooperative Efforts to Deter Money Laundering). See also 31 C.F.R. § 103.100.

<sup>22</sup>Comments submitted on proposed regulatory changes are generally made in a public record referred to as a public rulemaking docket which serves as the official repository for documents or information related to an agency's rulemaking activities and may include any public comments received and other information used by agency decision makers.

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Law Enforcement Agencies Cited Direct Access to BSA Data, the 314(a) Process, and On-site Liaisons as the Most Useful Services FinCEN Provides

In both interviews and in response to our survey, law enforcement agencies generally reported finding FinCEN's services and products useful, and cited direct access to BSA data, the 314(a) process, and on-site liaisons as among the three most useful services or products FinCEN provides. Title III of the USA PATRIOT Act expanded the role of relevant federal financial agencies in the prevention, detection, and prosecution of financial crimes by, in part, increasing the number of financial institutions and organizations subject to the BSA. The USA PATRIOT Act amended certain reporting requirements and anti-money laundering provisions of the BSA, and as a result, FinCEN issued regulations adding BSA requirements and provisions to institutions not previously covered, such as securities and futures firms and money services businesses. As a result, FinCEN now provides law enforcement agencies with access to these expanded BSA data. In response to our survey, most law enforcement agencies responding (16 out of 20) cited direct access to BSA data as most useful and 19 out of 22 agencies responding indicated that BSA data was the FinCEN service they used most often.<sup>23</sup> Liaisons from three of FinCEN's top five federal law enforcement customers noted that direct access to the BSA database provides law enforcement a means to access these data in order to help identify, deter, and detect money laundering or other potential financial crimes related to a range of criminal activity.

Over the last several years, improvements in technological capabilities have also enabled FinCEN to provide an increasing number of law enforcement agencies with direct access to the BSA database. Rather than relying on FinCEN analysts to conduct queries of BSA data on their behalf, federal, state, and local law enforcement agencies can now access the data directly through a secure Web connection after an agency has entered into a memorandum of understanding (MOU) with FinCEN outlining the parameters of BSA data access, security, and sharing.<sup>24</sup> An MOU typically allows multiple users at each law enforcement agency to access the BSA data. FinCEN provides training and technical support on accessing the data and monitors use to help ensure that the BSA information is properly

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<sup>23</sup>Although a total of 25 law enforcement agencies responded to our questionnaire, all 25 agencies did not provide responses to each question. For example, a total of 20 agencies responded to the question regarding which FinCEN service or product they found to be most useful, and 22 agencies responded to the question regarding which FinCEN service they use most often.

<sup>24</sup>FinCEN provides agencies with user access credentials and access to the data through a portal that FinCEN operates, controls, and monitors.

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used, disseminated, and secured.<sup>25</sup> Since 2002, the number of MOUs FinCEN had established with law enforcement agencies to govern their access to the BSA database rose from 90 to 278, representing an increase of more than 200 percent over 7 years. Similarly, since 2002 the overall number of BSA data users rose from 903 to 3,535, representing an increase of nearly 300 percent in user accounts over 7 years. Additionally, four of FinCEN's top five federal law enforcement customers—DEA, the FBI, ICE, and the Secret Service—now receive access to larger BSA datasets via bulk a data download link that FinCEN provides to them each month through FinCEN's secure Web site.<sup>26</sup> According to FinCEN officials, direct access to BSA data enables federal and state law enforcement customers to more readily obtain and use the data in their investigations of financial crimes. In many cases, law enforcement is now capable of conducting even more sophisticated BSA analysis, including identifying links in the BSA data and integrating the data with commercially available as well as agency-specific databases (i.e., investigative records).

As a result of the USA PATRIOT Act, FinCEN also introduced a new tool to further assist federal law enforcement agencies in their investigations of financial crimes. In response to Section 314(a) of the USA PATRIOT Act, FinCEN established a process that enables federal law enforcement agencies to reach out, through FinCEN, to more than 45,000 points of contact at more than 27,000 financial institutions across the country for potential information related to financial crimes investigations.<sup>27</sup> FinCEN facilitates the 314(a) process, which was initiated in November 2002, through the use of a secure communications system that allows law enforcement to quickly locate financial data, such as open accounts and financial transactions related to ongoing investigations of persons, entities, or organizations suspected of being involved in significant money laundering or terrorism financing activities. Specifically, FinCEN receives requests from federal law enforcement and, upon review, forwards these requests for financial data to designated contacts within domestic

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<sup>25</sup> A GAO report issued in January 2009 found that FinCEN and the IRS must act to better secure BSA data and systems. The report states that although these Treasury agencies have enacted numerous related controls, significant weaknesses existed that impaired their ability to ensure the confidentiality, integrity, and availability of these information and systems. See [GAO-09-195](#).

<sup>26</sup> Because the BSA data are housed at IRS's Detroit Computing Center, IRS officials can access the data directly through their agency's intranet site.

<sup>27</sup> The 314(a) process is not currently made available to state law enforcement agencies. 31 C.F.R. § 103.100.

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financial institutions once every 2 weeks.<sup>28</sup> The financial institutions must query their records for data matches, including accounts maintained by the named subject during the preceding 12 months and transactions or transmittals conducted within the last 6 months that are required under law or regulation to be recorded by the financial institution or are recorded and maintained electronically by the institution. Financial institutions have 2 weeks from the transmission date of the request to respond.

Federal law enforcement agencies reported that the 314(a) process is a key service offered by FinCEN that provides case-specific and timely information to support ongoing law enforcement investigations. Specifically, all 11 federal agencies we surveyed that had a basis to judge the 314(a) process responded that it was either very or extremely helpful. Similarly, 10 of these 11 federal agencies reported being very satisfied with FinCEN's ability to respond to 314(a) requests in a timely manner. Further, in an interview, a liaison from one of FinCEN's top five law enforcement customers elaborated on the benefits of this process, stating that it enables law enforcement agencies to access financial information that might not be recorded in the available BSA data and is one of the most efficient tools FinCEN provides.

Finally, law enforcement agencies reported that being able to maintain agency liaisons on-site at FinCEN is another valuable service FinCEN provides, facilitating law enforcement agency access to FinCEN's services and products. In responding to our questionnaire, all nine of the federal law enforcement agencies that indicated they had on-site liaisons reported that it was extremely helpful. For example, in response to a question on agencies' experience with having on-site liaisons, an official from one federal law enforcement agency reported that this facilitates the agency's access to timely financial information in support of financial crimes investigations. Similarly, in an interview, an official from one of FinCEN's top five federal law enforcement customers stated that having a liaison on-

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<sup>28</sup>To ensure that Section 314(a) inquiries are being used only for appropriate cases, FinCEN's Section 314(a) process requires federal law enforcement to provide assurances that the request has been subject to appropriate scrutiny at the agency level and that the matter under investigation satisfies FinCEN's standards for processing a formal Section 314(a) inquiry. As such, FinCEN requires each requester to submit a form—which FinCEN reviews before forwarding the request to financial institutions—certifying that the investigation is based on credible evidence of terrorist financing or money laundering.

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FinCEN Has Sought to Increase Production of More Complex Analytic Products, Which Law Enforcement Agencies Report Are Helpful in Financial Crimes Investigations

site also provides opportunities for collaboration with other liaisons from different law enforcement agencies.

As more law enforcement agencies gained the ability to directly access the BSA data and conduct their own searches, their reliance on FinCEN to conduct basic queries on their behalf has decreased. From 2004 through 2007, requests to FinCEN to conduct such queries have decreased 80 percent from 2,048 to 409.<sup>29</sup> As a result, FinCEN has identified a need to redefine its role in supporting law enforcement agencies and enhance the value and relevance of its analytic work. As part of this effort, in recent years FinCEN has sought to increase its production of more sophisticated complex analytic products. These products range from complex tactical case support requiring large-scale BSA data analysis, to a variety of strategic projects, studies, and trend analyses intended to identify and explain money laundering methodologies or assess threats posed by large-scale money laundering and terrorist financing activities. For example, in 2007 FinCEN provided a study to one law enforcement agency that identified currency flows between the United States and another country which helped this agency to identify potential patterns in drug trafficking. These strategic analysis projects and trend analyses may be the result of work that FinCEN self-initiates, performs at the request of a law enforcement agency, or jointly undertakes in conjunction with other law enforcement agencies.

Based on responses to our survey and interviews, law enforcement agencies reported general satisfaction with FinCEN's analytic products. For example, of the 16 agencies that indicated they used FinCEN's strategic analysis products, 8 reported the products to be very or extremely helpful, and 8 reported that they were moderately helpful. Similarly, when asked why they requested analytic support from FinCEN, 15 out of 17 agencies that indicated they had made such requests reported that they did so because they believed FinCEN has unique expertise related to analyzing the BSA data.<sup>30</sup> For example, one law enforcement agency noted that FinCEN's ability to conduct large-scale data analysis in

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<sup>29</sup>FinCEN did not track the number of basic queries requested by law enforcement agencies before fiscal year 2004, so FinCEN was unable to provide us these data for fiscal years 2001 through 2003.

<sup>30</sup>Law enforcement agencies were asked about their reasons for requesting *any* type of analytic support from FinCEN, including requests for both basic and complex analytic products.

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support of specific law enforcement investigations is very useful. Similarly, among the 19 law enforcement agencies that indicated in the questionnaire they had used FinCEN's technical reference manuals, 17 reported that they believed the manuals were either very or extremely helpful. Furthermore, in interviews, the liaisons from all of FinCEN's top five federal law enforcement customers specifically highlighted reference manuals as one of the most useful complex analytic products FinCEN produces. Among the 7 law enforcement agencies that provided additional information about the usefulness of these manuals, officials from all 7 agencies noted that the manuals helped agents to better understand the particular types of financial transactions that may be used in financial crimes. These officials reported that their agencies use the reference manuals both for training purposes and as reference guides in the course of specific investigations. A liaison from one of FinCEN's top five federal law enforcement customers noted that the reference manuals that the liaison's agency posts on its intranet site receive many hits, and manuals covering topics such as Internet payment mechanisms and wire transfers have been particularly helpful to agents in the field. Similarly, according to a senior official from another of these federal law enforcement customers, reference manuals that cover emerging issues, such as technologies that are impacting money laundering, including mobile wire transfers, are particularly helpful for informational and training purposes.

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**FinCEN Could Enhance Its Support of Financial Crimes Investigations by Better Informing Law Enforcement about Its Products and Actively Soliciting Their Input on Proposed Products and Regulatory Changes**

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Better Informing Law Enforcement about the Types of Complex Analytic Products FinCEN Can Provide and the Availability of Completed Products Could Help Law Enforcement Utilize the Full Range of FinCEN Products

While law enforcement agencies we surveyed reported general satisfaction with FinCEN's complex analytic products, FinCEN could better inform law enforcement about the types of products it can produce and the availability of completed analytic products. According to liaisons from three of FinCEN's top five federal law enforcement customers, FinCEN does not provide detailed information about each type of product that would help law enforcement agencies to understand the types of support FinCEN can provide.<sup>31</sup> Moreover, FinCEN's Web site states that the agency provides "support of complex investigations" and "strategic analysis," but does not provide further information, such as detailed descriptions or examples of the various complex analytic products it can produce, or information on services and products to better inform stakeholders about available support. Senior ALD officials also acknowledged that they could clarify and better communicate to their law enforcement customers the various types of complex analytic products FinCEN can provide.

In addition, in both interviews and in response to open-ended survey questions, officials from 7 of the 25 law enforcement agencies we surveyed, including three of FinCEN's top five federal law enforcement customers, also indicated that they would like more information about when completed products become available.<sup>32</sup> An official from one of FinCEN's top five federal law enforcement customers noted that, in some cases, analyses FinCEN conducts for one customer might also be useful to the investigations of other financial crimes. While FinCEN officials acknowledged that its customers would like more information about when completed products become available, they stated that their approach to distribution varies from product to product. FinCEN officials said that they inform stakeholders about available products in working groups, conferences, and task forces, but noted they do not have a process to distribute completed analytic products or identify which law enforcement

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<sup>31</sup>Our interviews with law enforcement agencies including interviews with the liaisons of the five federal agencies that use the most FinCEN services and products involved aspects of each agency's experiences working with FinCEN. As a consequence, we did not ask the same questions of all liaisons in these interviews. Officials with these agencies volunteered this information; therefore, we do not know the extent to which the other agencies had concerns regarding outreach.

<sup>32</sup>Because officials volunteered this information in both interviews and in response to open-ended survey questions, we do not know the extent to which other agencies had similar concerns.

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agencies should receive them.<sup>33</sup> In those cases where FinCEN may decide to more widely distribute a report initiated in response to a request from a single agency, it first asks the requesting agency for its permission to do so after removing any sensitive or agency-specific information as necessary. For example, in 2006, FinCEN completed a study of limited liability companies at the request of a single law enforcement agency but recognized that this report would also be useful to a wider audience. Therefore, the agency subsequently decided to expand the report and made it publicly available on its Web site so that other law enforcement agencies, regulators, and interested parties could have access to the report. FinCEN officials stated that they may also sometimes notify users on the Secure Outreach system about the availability of some analytic reports, but acknowledged that not all law enforcement agents use Secure Outreach on a regular basis so they may not be aware of when such notifications are posted on the system.<sup>34</sup>

However, based on responses to several questions about the availability of analytic products, the majority of the agencies we surveyed had limited knowledge of what strategic analysis products FinCEN had completed that may be useful to them. Specifically, 9 of the 25 agencies noted that they had not received any of the strategic analysis products FinCEN has issued since 2004, and another 5 indicated that they had only received one of these products. Similarly, liaisons from three of FinCEN's top five federal law enforcement customers with whom we spoke reported that FinCEN does not actively communicate with them about when completed products become available, and as a result, it is difficult for these agencies to be aware of all of FinCEN's products that could be useful in their investigations of financial crimes. According to FinCEN officials, some of FinCEN's completed analytic products are suitable for dissemination to a broad law enforcement audience, while others are targeted to a specific law enforcement customer or may contain sensitive information and as a result are only suitable for dissemination to a limited law enforcement audience. However, a liaison from one of FinCEN's top five federal law enforcement customers with whom we spoke noted that it is unclear when

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<sup>33</sup>For example, FinCEN reported that, in fiscal year 2009, ALD staff attended 19 conferences to deliver presentations about specific technical reference manuals and attended 17 conferences to do the same for their services and products in general.

<sup>34</sup>The majority of users access BSA data through FinCEN's Secure Outreach system, which functions as a portal through FinCEN's information technology infrastructure to BSA data. Law enforcement agents typically only log into Secure Outreach when conducting queries of the BSA data during open or ongoing investigations.

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Defining the Types of Requests for Complex Analytic Support That FinCEN Will Accept Could Help Law Enforcement Better Utilize FinCEN's Expertise in Analyzing the BSA Data

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and under what circumstances FinCEN decides it can or will attempt to share those products that other law enforcement agencies may also find useful. In addition, in an internal report generated by ALD staff in August 2008, ALD officials acknowledged that law enforcement liaisons reported that they would like FinCEN to provide clear guidance on the dissemination of its products.<sup>35</sup> FinCEN's mission is to provide a financial intelligence and analysis network to support the detection, investigation, and prosecution of domestic and international money laundering and other financial crimes. By clarifying what products and services it can provide to its law enforcement customers, and establishing a process for informing them about the availability of completed products that may be of use in their investigations, FinCEN could better ensure that it is effectively carrying out its mission to support the investigation and prosecution of financial crimes.

While FinCEN has informed law enforcement that it is now focusing the support it provides predominantly on those requests that it considers to be for complex analytic support, it could better inform law enforcement about its decision-making process regarding what requests it will accept or reject so that law enforcement can determine which requests may warrant FinCEN's involvement. Law enforcement agencies may submit requests for complex analysis in support of specific investigations;<sup>36</sup> however, in interviews with officials from FinCEN's top five federal law enforcement customers, liaisons from two of these agencies stated that they did not fully understand what types of cases FinCEN is willing and able to support.<sup>37</sup> For example, one of these liaisons stated that he understands that the agency wants to focus its support on requests that it considers to be for complex investigative support or strategic analysis. However, he reported that when his agency tried to seek assistance with a complex investigation, FinCEN responded that the request involved so much data

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<sup>35</sup>In 2008, ALD conducted an internal assessment of the support the division provides to its domestic law enforcement customers. The resulting internal report, provided to senior FinCEN management in August 2008, assesses the division's efforts to measure the requirements of FinCEN's law enforcement customers and align the resources and efforts of ALD personnel to satisfy those requirements. This report outlined several recommendations designed to enhance FinCEN support and better meet the needs of its law enforcement customers.

<sup>36</sup>As noted earlier, this type of support may involve large-scale, in-depth BSA data analysis related to specific law enforcement investigations.

<sup>37</sup>Because officials volunteered information about their concerns during interviews, we do not know the extent to which the other three agencies may have similar concerns.

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that it was unable to handle the volume and complexity of the request. As a result, he said that his agency needs FinCEN's assistance in better understanding what size cases the agency's analysts are willing and able to handle.

Furthermore, in response to an open-ended survey question on FinCEN's analytic support, officials from two other law enforcement agencies reported that they do not fully understand FinCEN's decision-making process for accepting or rejecting requests for support. These agencies indicated that while they understand that FinCEN has limited staff and resources to dedicate to analytic support, FinCEN has not been consistent in responding to their requests for support and does not always provide explanations why specific requests were rejected. In addition, in the internal report generated by ALD staff in August 2008, ALD officials acknowledged confusion among law enforcement customers about the types of requests FinCEN will accept, as well as law enforcement agencies' concern that FinCEN does not sufficiently explain the reasons for declining specific requests for support. The report stated that FinCEN needs to establish a process for the receipt, review, and selection of proposals for complex analytic products as well as to communicate FinCEN's decisions for rejecting requests to law enforcement.

According to FinCEN officials, the agency has established criteria it uses to decide whether to accept a request for case support.<sup>38</sup> However, while senior FinCEN officials told us that they have shared the criteria with law enforcement, these officials acknowledged that the criteria are not precise and are open to interpretation. Furthermore, they noted that they have not sufficiently explained the criteria to law enforcement, discussed how they apply the criteria to individual requests for support, or used them to create guidelines that would allow law enforcement agencies to easily

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<sup>38</sup>FinCEN officials informed us that ALD applies the following internal criteria in determining whether or not to accept a request for case support: (1) the BSA data available that relates to the case must enable FinCEN to do substantive analysis that FinCEN officials believe will have an impact on the case (although, according to FinCEN, there is not currently a requirement for a minimum or maximum number of records); (2) the requesting law enforcement agency must be willing to brief FinCEN analysts so that FinCEN can better focus its efforts in support of the request; (3) the potential complexity of the case and the BSA data involved are considerable—FinCEN prefers to accept cases in which it will analyze the data in unique ways that the law enforcement agency would not be able to accomplish with its own software and/or expertise; and (4) the requested case support should benefit FinCEN and enhance FinCEN's knowledge—FinCEN chooses cases that will help it in targeting its proactive analyses or allow it to demonstrate to Congress that it is working on current issues of interest.

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understand what types of requests for support FinCEN will accept. ALD's 2008 internal report also acknowledged that FinCEN has not incorporated its internal criteria into established standard operating procedures, or documented them in a way that its customers may access or readily understand. We have previously reported that using an open and clearly defined decision-making process is essential for effectively meeting stakeholder needs.<sup>39</sup> Senior officials acknowledged the report's findings and as a first step, reorganized ALD in October 2009 in order to realign resources to better meet law enforcement's needs. For example, FinCEN officials reported that they created a new office within ALD that is responsible for providing proactive analysis of BSA data and communicating regularly with law enforcement agents in the field. Officials noted that the goal of the office will be to develop products and information on BSA data trends and patterns in order to help inform law enforcement investigations of financial crimes. ALD also identified the development and implementation of processes to improve communication with its law enforcement customers as a 2010 priority. ALD created a planning guide for improving communication with law enforcement that includes a general description of the types of processes to be implemented, the office responsible for implementing these processes, identification of the relevant goal or strategic objective, and quarterly milestones for implementing components of the plan. While the development of this guide is a step in the right direction, the guide does not include detailed information on the specific actions FinCEN plans to take to better assess law enforcement's needs and to become more transparent to their law enforcement customers about the division's operations. Identifying the specific actions FinCEN plans to take to improve communication with law enforcement will help FinCEN ensure that its operations are designed in a way as to maximize its usefulness to its law enforcement customers.

**Actively Soliciting Input on the Development of Complex Analytic Products Could Help FinCEN Enhance Their Value to Law Enforcement Agencies**

While FinCEN communicates with its law enforcement customers about a variety of issues, the agency could enhance the value of its complex analytic products by more actively soliciting law enforcement's input about ongoing or planned analytic work. According to FinCEN officials, the agency primarily relies on ad hoc communication with law enforcement agencies, such as talking with law enforcement representatives located on-site, with law enforcement representatives at conferences, or with individual agents in the field, to discuss a variety of

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<sup>39</sup> [GAO-06-289](#).

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issues including its current analytic work. In interviews with officials from FinCEN's top five federal law enforcement customers, liaisons from all five agencies reported that FinCEN does not consistently seek their input about ongoing or planned analytic work. Four of the liaisons stated that, as a result, they do not have regular opportunities to provide FinCEN with meaningful input about what types of products would be useful to them, potentially creating a gap between the products the agency generates and the products that its law enforcement customers need and want. For example, a liaison from one of these four agencies reported that he and other law enforcement liaisons have asked FinCEN to focus more on completing analyses of certain BSA activities by geographic area because most law enforcement agencies do not have the capability to do that kind of analysis in-house and because it would provide them with a valuable tool in interpreting what may constitute unusual activity related to an investigation. However, this official reported that FinCEN has not been responsive to his agency's suggestions for the types of analytic products to pursue. Similarly, three other law enforcement liaisons noted that FinCEN does not provide them with regular opportunities to make proposals regarding the types of complex analytic products FinCEN should undertake.

Beyond ad hoc communication with law enforcement agencies, FinCEN does not have a systematic process for soliciting input from law enforcement agencies on the development of its complex analytic products. While FinCEN holds a series of bimonthly meetings with some federal law enforcement representatives, known as the law enforcement roundtable, the agency uses it primarily for general information sharing, such as discussing the current missions of participating agencies and the offices and divisions within FinCEN or providing updates about the 314(a) process.<sup>40</sup> According to FinCEN officials, the agency does not use the roundtable to discuss ongoing investigations or to solicit input from law enforcement about the development and prioritization of its complex analytic products. According to liaisons from four of FinCEN's top five federal law enforcement customers, FinCEN could improve the quality and relevance of its products by more actively soliciting input from law enforcement during the development of complex analytic products. For

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<sup>40</sup>The law enforcement roundtable is typically attended by those federal law enforcement agencies that have liaisons located at FinCEN, though law enforcement agencies that do not have on-site liaisons may also attend the meetings. FinCEN officials acknowledged that not all federal law enforcement agencies attend the meetings and that state and local law enforcement agencies rarely, if ever, attend.

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example, one of these liaisons noted that FinCEN does not consistently seek input from those federal law enforcement agencies with experience in specific issue areas that may be able to provide subject matter expertise and help inform FinCEN's analytic work. Furthermore, in their August 2008 internal report, ALD officials acknowledged the concerns of its law enforcement customers regarding their lack of opportunities to provide input on FinCEN's planned complex analytic products, and that FinCEN does not always solicit or incorporate law enforcement input in the selection of complex analytic projects. As a solution, the internal report recommended that the law enforcement roundtable be used as a forum to discuss proposals for analytic products with FinCEN's law enforcement customers. While this is a productive step, relying solely on the roundtable may not allow opportunities for some of FinCEN's other law enforcement stakeholders to provide input because the roundtable is typically only attended by federal law enforcement customers and, even then, not all of these customers are able to regularly attend these meetings.

FinCEN does use annual surveys and feedback forms to obtain feedback from law enforcement on the usefulness of some completed products, although these surveys and forms are not designed to obtain detailed information on the full range of services and products FinCEN provides. FinCEN's annual survey is provided to those domestic law enforcement customers that requested or received case support from FinCEN in the prior fiscal year. The surveys are designed to obtain feedback on various aspects of the specific product received, such as the relevancy, thoroughness, timeliness, and usefulness of the product. FinCEN also attaches one-page feedback forms to analytic products that are distributed to law enforcement customers. The feedback forms contain five questions intended to capture "Yes" or "No" answers on whether and how the product was useful in an investigation, whether the product was received in a timely way, if networking with another law enforcement agency was involved, and if the customer was satisfied overall with FinCEN's service. However, according to FinCEN officials, neither the annual survey nor the feedback forms are designed to obtain detailed information from law enforcement customers on FinCEN's full range of analytic products. For example, the annual surveys do not cover other analytic products such as FinCEN's strategic analysis reports or its technical reference guides. Furthermore, these officials noted that FinCEN does not survey all of its law enforcement customers about their satisfaction with FinCEN's services and products; rather, these surveys are provided only to those law enforcement customers that requested or received support in the previous year.

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Moreover, senior FinCEN officials noted that both the annual survey and the feedback forms have typically had very low response rates and FinCEN officials reported that law enforcement does not consistently complete and return the feedback forms and noted that the forms are not a source of significant or meaningful feedback from law enforcement.<sup>41</sup> In discussing the limitations of the feedback forms, some law enforcement officials told us that, in many cases, agents in the field do not complete them because the type of feedback that can be provided to FinCEN immediately after receiving the support is very limited. These officials stated that while law enforcement can speculate that tactical case support provided by FinCEN will eventually be helpful in their case, until the case progresses there is no immediate way for law enforcement to respond to the specific questions in the feedback form regarding how the information was used and if it was useful in expanding the investigation or moving toward an indictment.

Soliciting stakeholder input and involving stakeholders early and throughout the decision-making process are core principles that we have previously identified as best practices for effectively meeting stakeholder needs.<sup>42</sup> In addition, *Standards for Internal Control in the Federal Government* states that it is essential to ensure effective communication with external stakeholders that may have a significant impact on the agency achieving its goals.<sup>43</sup> While FinCEN's annual survey and feedback forms provide law enforcement agencies with an opportunity to give FinCEN feedback about completed products, FinCEN does not actively solicit law enforcement input about ongoing or planned analytic work. FinCEN officials emphasized that law enforcement also has a responsibility to provide constructive input on FinCEN's services and products. While we recognize that communication between FinCEN and its law enforcement customers is a shared responsibility, actively soliciting stakeholder input will allow FinCEN to capture stakeholder interests and better incorporate law enforcement perspectives into the development of complex analytic products. This will in turn increase the usefulness of these products to a wider law enforcement audience and maximize the resources spent on these products. Furthermore, soliciting input from law

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<sup>41</sup>FinCEN reported that the overall response rates were 54 and 40 percent, respectively, for the investigative case report and target report surveys distributed in 2007.

<sup>42</sup>[GAO-06-28](#).

<sup>43</sup>[GAO/AIMD-00-21.3.1](#).

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**FinCEN Has Taken Initial Steps to More Actively Solicit Law Enforcement Input on Proposed Regulatory Actions, but Lacks a Mechanism for Collecting Sensitive Information**

enforcement agencies about planned work would provide these agencies with opportunities to share relevant information from their own investigations and experience that could make these products of greater use to a broader range of law enforcement customers.

While FinCEN has recently taken initial steps to more actively solicit input on proposed regulatory actions, FinCEN has no mechanism to collect law enforcement sensitive information in a nonpublic rulemaking docket that could be pertinent to making decisions regarding proposed changes. Regulatory changes instituted by FinCEN can affect the content or structure of BSA data used in law enforcement investigations as well as law enforcement's efforts to indict and prosecute financial crimes. For example, in 2008 FinCEN developed a proposal to renumber the portion of Title 31 of the Code of Federal Regulations which encompasses the regulations promulgated under the BSA and the USA PATRIOT Act related to financial recordkeeping and reporting of currency and foreign transactions. In discussing the potential impact of this proposal, an official from one federal law enforcement agency with a mission that includes a focus on anti-money laundering stated that renumbering the regulations would have a detrimental effect on his agency's day-to-day operations. Because the agency's ongoing indictments and prosecutions of financial crimes are directly linked to very specific regulatory language outlined in the Title 31 regulations, he stated that renumbering these regulations would affect how his office and other federal law enforcement agencies document and track existing investigations. While FinCEN did communicate with some law enforcement customers about the proposed regulatory change, liaisons from two of FinCEN's top five federal law enforcement customers told us that FinCEN did not solicit their input about the potential impact of the change to the Title 31 regulations on their operations before proceeding with plans to implement the regulatory change. Additionally, liaisons from four of FinCEN's top five federal law enforcement customers reported concerns that their agencies do not have sufficient opportunities to provide input when FinCEN is considering proposed regulatory changes.

In February 2009, we reported on similar concerns regarding law enforcement's opportunities to provide input to FinCEN on proposed revisions to Suspicious Activity Report (SAR) forms that institutions file with FinCEN when they detect known or suspected violations of laws or

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regulations.<sup>44</sup> Specifically, we found that representatives from law enforcement agencies with liaisons located at FinCEN reported that they were not involved in identifying issues or concerns that could be addressed through revisions to the form for filing SAR data. The report noted that the SAR form contains information that is critical for investigations of money laundering, terrorist financing, and other financial crimes, so it is important that changes to this form be designed to collect the information that is most useful for law enforcement.<sup>45</sup> In this report, we recommended that FinCEN further develop and document its strategy to fully incorporate best practices to help enhance and sustain collaboration among federal agencies in the form change process and distribute that documentation to all stakeholders. FinCEN officials noted that while the agency had taken steps to revise the forms change process, it generally agreed with GAO's recommendation to further document and communicate the recently revised process in order to strengthen collaboration among all stakeholders.

The internal report ALD generated in August 2008 recognized that changes to BSA regulations have the potential to alter the kind of information that financial institutions report as well as federal law enforcement agencies' concerns that FinCEN does not generally engage them in the identification and resolution of regulatory issues that might influence law enforcement operations. The report further acknowledged law enforcement's views that FinCEN typically reported planned regulatory changes to them after the changes were to be implemented rather than first seeking their input on the need for the changes or other possible solutions. Similarly, senior FinCEN officials told us that the agency recognizes the need to do a better job of obtaining law enforcement input on proposed regulatory changes in the future.

In one recent case, FinCEN took steps to more actively solicit input from law enforcement on a proposed regulatory change. Specifically, in developing regulations in 2009 related to stored value cards such as

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<sup>44</sup>For more information, see GAO, *Bank Secrecy Act: Suspicious Activity Report Use Is Increasing, but FinCEN Needs to Further Develop and Document Its Form Revision Process*, [GAO-09-226](#) (Washington, D.C.: Feb. 27, 2009).

<sup>45</sup>GAO reported that FinCEN had developed a new process for revising forms but, as it is currently outlined, the process may not achieve some potential benefits that could come from closer adherence to practices that can help enhance and sustain collaboration, such as greater consensus from all stakeholders on proposed SAR form revisions, and fuller documentation of the process. For more information, see [GAO-09-226](#).

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prepaid debit cards and gifts cards, in addition to using the law enforcement roundtable to inform agencies about planned regulatory changes, FinCEN held multiple meetings with representatives from its top five federal law enforcement customers specifically designed to obtain their input and provide recommendations on developing the proposed regulation.<sup>46</sup> FinCEN documented this input, provided law enforcement agencies with the opportunity to ensure that it had accurately captured their concerns, and asked them to further elaborate on issues identified as critical to address in developing the proposed regulation. FinCEN officials noted that a number of factors helped to facilitate its efforts to more effectively coordinate with law enforcement in this case. Specifically, legislation requires them to work in consultation with the Secretary of Homeland Security, to issue regulations implementing the BSA, regarding the sale, issuance, redemption, or international transport of stored value, including stored value cards.<sup>47</sup> Similarly, FinCEN officials noted that they were able to coordinate their efforts with previously established working groups on stored value cards within the law enforcement community. FinCEN's efforts to actively solicit law enforcement input in this case are encouraging, and continuing such efforts would help ensure that law enforcement input is considered before regulatory changes are made.

Once FinCEN has decided to move forward with a proposed regulatory change, it follows the process laid out in the Administrative Procedure Act (APA) for obtaining official comments on the proposal from interested stakeholders including regulators, financial institutions, and law enforcement agencies. The act establishes three basic requirements for notice and comment rulemaking: (1) publication of a general notice of the proposed rule in the Federal Register, referred to as the notice of

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<sup>46</sup>Stored value cards are prepaid debit cards that use magnetic stripe technology to store information about funds that have been prepaid to the card. Payroll cards, government benefit cards, gift cards, and telephone cards are examples of stored value cards. Stored value cards often allow holders to transfer money values anonymously without being subject to the same controls required of institutions that deal with credit and debit cards. While there are many forms and uses of stored value cards in the marketplace, there are two main categories: (1) single-purpose or "closed-loop" cards, such as gift cards, which can only be used to purchase goods at particular retailers, or prepaid telephone cards, which can only be used to make telephone calls, and (2) multipurpose or "open-loop" cards, which can be used to make debit transactions at a wide variety of retail locations, as well as for other purposes, such as receiving direct deposits and withdrawing cash from ATMs.

<sup>47</sup>Credit Card Accountability Responsibility and Disclosure Act of 2009, Pub. L. No. 111-24, § 503, 123 Stat. 1734, 1756 (2009).

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proposed rulemaking (NPRM); (2) solicitation and acceptance of data and other information from the public in response to the NPRM; and (3) publication of the final rule.<sup>48</sup> However, liaisons from four of FinCEN's top five federal law enforcement customers reported that the public record is not always the most appropriate venue for providing comments on proposed regulatory changes because their comments often contain law enforcement sensitive information. According to these officials, raising these concerns in a public forum may compromise key investigative techniques or strategies used in ongoing investigations. While agencies generally publish a rulemaking docket that includes all relevant information and public comments pertaining to the development of the rule, some agencies have a process to exclude nonpublic information from this docket.<sup>49</sup> This information can include, but is not limited to, law enforcement sensitive material that would disclose techniques or procedures for law enforcement investigations or prosecutions.<sup>50</sup> According to FinCEN officials, FinCEN does not currently have a systematic process for soliciting law enforcement-sensitive comments on proposed regulatory changes in a nonpublic docket. The importance of stakeholder input in the process of proposing regulatory changes is well established—it is the basis for the public comment period in the NPRM

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<sup>48</sup>Generally, the APA is the principal law governing how agencies make rules. The APA prescribes uniform standards for rulemaking and most federal rules are promulgated using the APA-established informal rulemaking process, also known as “notice and comment” rulemaking. Generally, a notice of proposed rulemaking (NPRM) is published in the Federal Register announcing an agency's intent to promulgate a rule to the public. The APA requires that the NPRM include a statement of the time, place, and nature of the public rulemaking proceedings, reference to the legal authority under which the rule is proposed, and the terms or substance of the proposed rule or a description of the subjects and issues involved. The NPRM also generally includes the timing and manner in which the public may comment on the proposed rule. E.O. 12866 states that most rulemakings should include a comment period of 60 days, and most agencies do provide a 60-day or longer comment period for complex or controversial rules. After issuance of the NPRM, agencies are generally required to place public comments as well as other supporting materials in a rulemaking docket which must be available for public inspection.

<sup>49</sup>Some agencies have a specific regulatory provision that allows them to exclude from the public docket submitted information not subject to mandatory disclosure under the Freedom of Information Act. 5 U.S.C. § 552(b). (For example, 28 C.F.R. § 50.17 (d) (Department of Justice)).

<sup>50</sup>Other information that is exempt from mandatory disclosure under the Freedom of Information Act includes, but is not limited to, certain trade secrets and commercial or financial information; personnel and medical files and similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy; certain records or information compiled for law enforcement purposes; and geological and geophysical information and data concerning wells.

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process. Establishing a mechanism to solicit law enforcement sensitive information as a part of this comment period could improve FinCEN's efforts to receive important information necessary to making decisions about proposed regulatory changes.

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## Conclusions

As technology has evolved and increasing numbers of law enforcement customers have gained direct access to BSA data, FinCEN has recognized the need to increase the production of more sophisticated complex analytic products. However, to maximize the benefits of this transition, FinCEN needs to have a clear understanding of what complex analytic products its law enforcement customers may need, as well as to keep them informed about key information regarding its process for selecting and developing these products. By providing clarification to law enforcement agencies about the various types of complex analytic products it can provide and establishing a process for informing law enforcement agencies about the availability of these products, FinCEN could help ensure that law enforcement agencies better understand and more fully utilize FinCEN's products in support of their investigations, in order to better fulfill its mission. Moreover, FinCEN's efforts to realign resources to better meet law enforcement's needs through the reorganization of ALD and the development of a planning guide to improve communication with its law enforcement customers are positive steps. However, identifying the specific actions FinCEN plans to take in order to better assess law enforcement's needs and to become more transparent to its law enforcement customers about the division's operations will help FinCEN ensure that going forward, its operations are designed in such a way as to maximize the usefulness of its support to its law enforcement customers.

While FinCEN's annual survey and feedback forms provide law enforcement with opportunities to give FinCEN feedback on some completed products, FinCEN could also benefit from soliciting input from law enforcement agencies regarding its selection or development of ongoing and planned complex analytic products. By actively working with its law enforcement customers to identify ways to improve communication, FinCEN could help ensure that as it continues to emphasize the production of these products, it is maximizing the relevance of these products to its law enforcement customers. ALD's August 2008 internal report recognizes the potential benefits of soliciting input from stakeholders in its law enforcement roundtable meetings on how FinCEN develops its analytic products. However, doing so before work is initiated and throughout the development process could help ensure that FinCEN is

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not only better informed of law enforcement agencies' needs but is better able to take advantage of its law enforcement customers' subject matter expertise in conducting its work. Finally, developing a mechanism to solicit law enforcement sensitive information as part of the public comment period for proposed regulatory changes could improve FinCEN's efforts to receive important information necessary to make decisions about the implementation of these changes.

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## Recommendations for Executive Action

To help ensure that FinCEN maximizes the relevance and usefulness of the support it provides, we recommend that the Director of FinCEN work in conjunction with its law enforcement customers to take the following four actions:

- Clarify and communicate to law enforcement agencies the various types of complex analytic products FinCEN can provide and establish a process for informing law enforcement agencies about the availability of these products.
- Complete a plan, including identifying the specific actions FinCEN will take, to better assess law enforcement needs, and make the division's operations more transparent to FinCEN's law enforcement customers. This plan should include a mechanism for FinCEN to communicate to law enforcement agencies its decision-making process for selecting complex analytic products to pursue and why FinCEN rejects a request.
- Establish a systematic process for actively soliciting input from law enforcement agencies and incorporating this input into the selection and development of its analytic products.
- Develop a mechanism to collect law enforcement sensitive information from law enforcement agencies during the public comment period of the NPRM process.

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## Agency Comments and Our Evaluation

We provided a draft of this report to the heads of the Departments of Defense, Justice, Homeland Security, and the Treasury. On November 20, 2009, we received written comments from FinCEN, which are summarized below and reprinted in appendix II. The Department of Defense and the Department of Justice provided technical comments, which we incorporated into this report, where appropriate. On November 17, 2009, the audit liaison for the Department of Homeland Security stated that the department had no comments. In written comments on this report, the FinCEN Director stated that FinCEN concurred with GAO's recommendations to improve communications and support to the law enforcement community. After receiving a copy of our draft report for comment, FinCEN provided us with additional information

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documenting that it had reorganized ALD in order to realign resources to better meet law enforcement's needs. The FinCEN Director noted that the realignment better positions the bureau to move forward with actions identified in the ALD internal report, along with the recommendations outlined in our report. As a result, we modified the recommendation language in our draft report to reflect the work that FinCEN had already done.

With regard to our recommendation that FinCEN establish a process to inform law enforcement about the availability of completed products, FinCEN officials noted that they typically observe the "third-party rule" on dissemination of information obtained from the requesting agency and, in some cases, this may limit their ability to share products that are completed in response to a request from a single customer. The rule generally provides that information properly released by one agency to another agency cannot be released by the recipient agency to a third agency without prior knowledge and consent of the agency that originally provided the information. The third-party rule applies to all data and information FinCEN receives from the agencies with which it works on a specific project. However, officials further stated that they are committed to looking for ways to better publicize FinCEN's analytic work and will continue to do so within the framework of adequately protecting the information provided to them. While we recognize the need for FinCEN to protect sensitive information, we believe that establishing a process to clarify and communicate to law enforcement when and under what circumstances FinCEN can or will attempt to share analytic products with other law enforcement customers will help ensure that it is effectively carrying out its mission to support the investigation and prosecution of financial crimes.

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We are sending copies of this report to interested congressional committees, the Secretary of the Treasury, the Director of FinCEN, and any other interested parties. In addition, this report also is available at no charge on GAO's Web site at <http://www.gao.gov>.

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If you or your staff have any questions about this report, please contact me at (202) 512-8777, or [larencee@gao.gov](mailto:larencee@gao.gov). Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix VI.



Eileen Regen Larence  
Director, Homeland Security and Justice Issues

# Appendix I: List of Agencies GAO Surveyed

		Federal agency	State agency	One of FinCEN's top five federal law enforcement customers
1	U.S. Immigration and Customs Enforcement	✓		✓
2	Drug Enforcement Administration	✓		✓
3	Federal Bureau of Investigation	✓		✓
4	Internal Revenue Service—Criminal Investigation Division	✓		✓
5	U.S. Secret Service	✓		✓
6	Bureau of Alcohol, Tobacco, Firearms, and Explosives	✓		
7	U.S. Postal Inspection Service	✓		
8	U.S. Customs and Border Protection	✓		
9	Army Criminal Investigations Division	✓		
10	U.S. Attorneys Office—Eastern District of New York	✓		
11	Department of Justice—Asset Forfeiture and Money Laundering Section	✓		
12	U.S. Marshals Service	✓		
13	U.S. Air Force Office of Special Investigations	✓		
14	Defense Criminal Investigative Service	✓		
15	Naval Criminal Investigative Service	✓		
16	Ohio Bureau of Criminal Identification & Investigation		✓	
17	Arizona Department of Public Safety		✓	
18	California Department of Justice		✓	
19	Florida Department of Law Enforcement		✓	
20	Illinois State Police		✓	
21	Texas Department of Public Safety		✓	
22	New Jersey Division of Criminal Justice		✓	
23	Virginia State Police		✓	
24	New York District Attorney		✓	
25	San Francisco High-Intensity Financial Crime Area (HIFCA)			
26	Chicago HIFCA			
27	Los Angeles HIFCA			
28	New York HIFCA			
29	Puerto Rico HIFCA			

Source: GAO.

# Appendix II: Comments from the Department of the Treasury



DEPARTMENT OF THE TREASURY  
FINANCIAL CRIMES ENFORCEMENT NETWORK

November 20, 2009

Ms. Eileen Larence  
Director, Homeland Security and Justice  
U.S. Government Accountability Office  
441 G Street N.W.  
Washington, D.C. 20515

Dear Ms. Larence:

Thank you for the opportunity to review and comment on the Government Accountability Office (GAO) draft report entitled, *ANTI-MONEY LAUNDERING: Improved Communication Could Enhance the Support FinCEN Provides to Law Enforcement*. We appreciate GAO's efforts to review the products and services developed by the Financial Crimes Enforcement Network (FinCEN) in support of law enforcement agencies, and are pleased that the report recognizes the value of FinCEN's efforts and the unique expertise it provides related to the analysis of Bank Secrecy Act (BSA) information. FinCEN's ability to provide unique expertise for the analysis of BSA information stems from our relationships with all involved in deterring and detecting financial crimes, which includes not only law enforcement agencies, but also federal and state regulators, financial institutions from seven different industries, and over 100 foreign countries and jurisdictions.

As your report illustrates, FinCEN plays an important role in supporting law enforcement agencies' prosecution of financial crimes. As FinCEN Director, I have personally engaged with the leadership of each of the five major federal law enforcement agencies, and FinCEN analysts and liaisons engage with federal, state, and local law enforcement representatives on a daily basis. Balancing the needs and interests of more than 300 federal, state, and local law enforcement agencies with differing authorities and jurisdictions requires continual assessment and adjustment.

FinCEN concurs with GAO's recommendations to improve communications and support to the law enforcement community. Our internal assessment, referenced in GAO's report, reinforces FinCEN's commitment to better serve law enforcement agencies. We are pleased to report that the realignment of FinCEN's analytic resources is complete. This realignment better positions the bureau to move forward with actions identified in our internal report, along with the recommendations outlined in the GAO report.

We would like to emphasize one important issue with regards to the GAO's recommendations to better inform law enforcement about our products' availability and for accepting their law enforcement sensitive input on proposed regulatory changes. As noted in the GAO report, the information contained within our analytical products oftentimes

[www.fincen.gov](http://www.fincen.gov)

Ms. Eileen Larence

November 20, 2009

Page 2

contains sensitive information provided by the requesting agency. In these cases, we observe the “third party rule” on dissemination of information obtained from the requesting agency and, in some cases, this may limit our abilities to share products that are completed in response to a request from one of our customers. With that said, we are committed to constantly looking for ways to better publicize our analytical work and will continue to do so within the framework of our duty to adequately protect the information we are entrusted with. With regards to receiving law enforcement sensitive comments on regulatory proposals and including these comments in a non-public rulemaking docket, this is a concept we are looking into, and will pursue if it is legally and technically possible to do so while still meeting the overriding need to protect this sensitive information.

Again, we appreciate GAO’s efforts to review FinCEN’s efforts to support law enforcement agencies, and look forward to updating you at a later date on the plans and progress towards the report’s recommendations. If you have any questions, please feel free to contact Nicholas Colucci, Associate Director, Analysis and Liaison Division, at 703-905-5175.

Sincerely,

/s/

James H. Freis, Jr.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Eileen Larence, (202) 512-8777 or [larencee@gao.gov](mailto:larencee@gao.gov)

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## Acknowledgments

In addition to the contact named above, Kirk Kiester, Assistant Director; Samantha Carter; Miriam Hill; and Hugh Paquette made significant contributions to the work. David Alexander and George Quinn, Jr., assisted with design, methodology, and data analysis. Billy Commons and Jan Montgomery provided legal support. Linda Miller and Sally Williamson provided assistance in report preparation.

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# Related GAO Products

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*Bank Secrecy Act: Suspicious Activity Report Use Is Increasing, but FinCEN Needs to Further Develop and Document Its Form Revision Process.* [GAO-09-226](#). Washington, D.C.: February 27, 2009.

*Bank Secrecy Act: Federal Agencies Should Take Action to Further Improve Coordination and Information-Sharing Efforts.* [GAO-09-227](#). Washington, D.C.: February 12, 2009.

*Information Security: Further Actions Needed to Address Risks to Bank Secrecy Act Data.* [GAO-09-195](#). Washington, D.C.: January 30, 2009.

*USA PATRIOT Act: Better Interagency Coordination and Implementing Guidance for Section 311 Could Improve U.S. Anti-Money Laundering Efforts.* [GAO-08-1058](#). Washington, D.C.: September 30, 2008.

*Bank Secrecy Act: Increased Use of Exemption Provisions Could Reduce Currency Transaction Reporting While Maintaining Usefulness to Law Enforcement Efforts.* [GAO-08-355](#). Washington, D.C.: February 21, 2008.

*Bank Secrecy Act: Surveys of Financial Institutions and CTR Users, an E-supplement to [GAO-08-355](#).* [GAO-08-385SP](#). Washington, D.C.: February 21, 2008.

*Telecommunications: FCC Should Take Steps to Ensure Equal Access to Rulemaking Information.* [GAO-07-1046](#). Washington, D.C.: September 6, 2007.

*Bank Secrecy Act: FinCEN and IRS Need to Improve and Better Coordinate Compliance and Data Management Efforts.* [GAO-07-212](#). Washington, D.C.: December 15, 2006.

*International Financial Crime: Treasury's Roles and Responsibilities Relating to Selected Provisions of the USA PATRIOT Act.* [GAO-06-483](#). Washington, D.C.: May 12, 2006.

*Bank Secrecy Act: Opportunities Exist for FinCEN and the Banking Regulators to Further Strengthen the Framework for Consistent BSA Oversight.* [GAO-06-386](#). Washington, D.C.: April 28, 2006.

*Fisheries Management: Core Principles and a Strategic Approach Would Enhance Stakeholder Participation in Developing Quota-Based Programs.* [GAO-06-289](#). Washington, D.C.: February 23, 2006.

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*Federal Rulemaking: Past Reviews and Emerging Trends Suggest Issues That Merit Congressional Attention.* [GAO-06-228T](#). Washington, D.C. November 1, 2005.

*USA PATRIOT Act: Additional Guidance Could Improve Implementation of Regulations Related to Customer Identification and Information Sharing Procedures.* [GAO-05-412](#). Washington, D.C.: May 6, 2005.

*Standards for Internal Control in the Federal Government.* [GAO/AIMD-00-21.3.1](#). Washington, D.C.: November 1, 1999.

*Money Laundering: FinCEN's Law Enforcement Support Role Is Evolving.* [GAO/GGD-98-117](#). Washington, D.C.: June 19, 1998.

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