

Financial Crimes Enforcement Network

Program Summary by Budget Activity

Dollars in thousands

Appropriation	FY 2012	FY 2013	FY 2014	FY 2012 TO FY 2014	
	Enacted	Annualized CR Rate	Request	\$ Change	% Change
BSA Administration and Analysis	\$110,788	\$111,466	\$103,909	(\$6,879)	(6.21%)
Subtotal, Financial Crimes Enforcement Network	\$110,788	\$111,466	\$103,909	(\$6,879)	(6.21%)
Offsetting Collections - Reimbursables	\$3,000	\$3,000	\$3,000	\$0	0.00%
Total Program Operating Level	\$113,788	\$114,466	\$106,909	(\$6,879)	(6.05%)
Direct FTE	327	345	340	13	3.98%
Reimbursable FTE	1	1	1	0	0.00%
Total FTE	328	346	341	13	3.96%

Summary

The mission of FinCEN, a Treasury bureau reporting to the Under Secretary for Terrorism and Financial Intelligence, is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities. FinCEN carries out its mission by exercising regulatory functions under the Bank Secrecy Act (BSA); targeting examination and enforcement efforts in high risk areas; receiving and maintaining financial transaction data; analyzing and disseminating that data for law enforcement purposes; and building global cooperation with counterpart organizations in other countries and with international bodies. FinCEN serves as the financial intelligence unit (FIU) of the United States, responsible for receiving, analyzing, and disseminating disclosures of financial information in order to combat money laundering and terrorism financing.

- Enhance regulatory compliance and enforcement through increased partnership with state regulatory agencies, strengthened relationships with law enforcement, and utilization of modernized technology to improve compliance risk targeting;
- Support criminal investigations and prosecutions through financial expertise and advanced analytical tools across large data sets;
- Engage with priority countries and international bodies to maintain global information exchange of financial intelligence in support of financial crime investigations; and
- Efficiently manage the collection, processing, and retrieval of FinCEN data under the IT Modernization program.

In FY 2013 and FY 2014, FinCEN's priorities are to:

- Advance enforcement efforts and targeted financial actions by better identifying targets and risks to identify illicit finance;

FinCEN FY 2014 Budget Highlights

Dollars in Thousands

Financial Crimes Enforcement Network		
	FTE	Amount
FY 2012 Enacted	327	\$110,788
FY 2013 Annualized CR Rate	345	\$111,466
Changes to Base:		
Adjustment to Request	(5)	(\$6,124)
Non-Recur CR Increase	-	(\$678)
Administrative staffing savings proposed in FY 2013	-	(\$1,501)
Program Staff Attrition	(5)	(\$1,010)
Reduction to IT MOD Investment	-	(\$1,800)
Reduction to Contractual Analytical Support	-	(\$1,135)
Maintaining Current Levels (MCLs):	-	\$1,306
Pay-Raise	-	\$407
Non-Pay	-	\$899
Efficiency Savings:	-	(\$2,739)
Contract Efficiencies	-	(\$534)
Administrative Efficiencies	-	(\$1,280)
Eliminate Information Technology Legacy Systems	-	(\$925)
Subtotal Changes to Base	(5)	(\$7,557)
Total FY 2014 Base	340	\$103,909
Program Changes:		
Program Increases:	-	-
Total FY 2014 Request	340	\$103,909

FY 2014 Budget Adjustments

Adjustment to Request

Non-Recur CR Increase - \$678,000 / +0 FTE

The across-the-board 0.612 percent increase provided in the CR through March 27, 2013 is non-recurred.

Administrative staffing savings proposed in FY 2013 - \$1,501,000 / +0 FTE

These staffing efficiencies were previously proposed in the FY 2013 President's Budget and were achieved through absorption of workload associated with eight positions lost through attrition and using a cross service provider, where cost effective.

Program Staff Attrition - \$1,010,000 / -5 FTE

This reduction will be taken across several FinCEN program areas. FinCEN will evaluate open positions for possible absorption of workload associated with positions lost through attrition.

Reduction to IT MOD Investment - \$1,800,000 / +0 FTE

This reduction eliminates funding used in FY 2013 for BSA IT Modernization to expand the number of recurring rule-based 'alert' notifications. The BSA IT Modernization "Alerts" functionality provides the capability to proactively identify potential illicit activity for investigation. As new BSA filings are received, data is evaluated through statistical and rule-based models, allowing the system to automatically identify patterns and send alerts to analysts.

Reduction to Contractual Analytical Support - \$1,135,000 / +0 FTE

Taking into account the decrease in IT Modernization investment, this reduction eliminates funding used in FY 2013 to enhance FinCEN's advanced analytical capabilities in conjunction with BSA IT Modernization. Specifically, this decrease eliminates contract resources (computer specialists, econometrists, and statisticians) that assisted FinCEN analysts in developing new rule-based models to identify illicit activity.

Maintaining Current Levels (MCLs)

Pay-Raise + \$407,000 / +0 FTE

The President's Budget proposes a 1 percent payraise for federal employees in 2014.

Non-Pay + \$899,000 / +0 FTE

Funds are requested for inflation adjustments in non-labor expenses such as GSA rent adjustments, postage, supplies and equipment, and health benefits.

Efficiency Savings

Contract Efficiencies - \$534,000 / +0 FTE

Savings are expected to result from continued re-evaluation of purchase orders for strategic sourcing opportunities and through continued efforts to negotiate more advantageous contract terms.

Administrative Efficiencies -\$1,280,000 / +0 FTE

FinCEN proposes additional reductions in FY 2014 in line with Executive Order 13589, "Promoting Efficient Spending." FinCEN will achieve savings through a change in distribution methodology for various brochures and reports, and greater reliance on FinCEN's public website for the distribution. FinCEN will also reduce the level of support on existing management support services contracts as BSA IT Modernization moves into the sustainment phase.

Eliminate Information Technology Legacy Systems -\$925,000 / +0 FTE

This reduction eliminates funding of legacy systems replaced by BSA IT Modernization to include Secure Outreach system and Visual Links analytic tool. In 2013, FinCEN rolled out new capabilities for the BSA basic query system and new advanced analytics capabilities, allowing elimination of this funding.

Explanation of Budget Activities

BSA Administration and Analysis (\$103,909,000 from direct appropriations, \$3,000,000 from reimbursable resources)

The programs funded by this budget activity support the Treasury strategic goal to protect our national security through targeted financial actions. This activity comprises FinCEN's efforts to administer the BSA, including promulgating regulations; providing outreach and issuing guidance to the regulated industries; providing oversight of BSA compliance; initiating enforcement actions; and managing the information reported by the regulated industries, as well as BSA compliance of non-bank financial institutions.

Enforcement programs employ an intelligence-driven approach to target examination efforts in high-risk areas; proactively investigate and exercise the full range of FinCEN authorities to disrupt the illicit use of the financial system

by priority targets; and use effective and proportionate measures to enforce compliance with the BSA. These measures may include compliance letters, civil money penalties, injunctive actions, and special measures.

Analytical programs include support to U.S. law enforcement and international FIUs in combating financial fraud and crime by facilitating the exchange of investigative information, including with foreign counterpart FIUs; identifying foreign and domestic financial fraud, money laundering, and terrorist financing trends, patterns, and techniques; and liaison with and support of intelligence initiatives within the intelligence community and within Treasury. This activity also incorporates efforts to support large-scale, complex law enforcement investigations involving financial fraud, terrorist financing, money laundering, and other financial crimes.

Global programs include support to international initiatives to educate other jurisdictions about the BSA regulatory regime; work to establish international anti-money laundering/counter-terrorist financing regulatory standards and norms; and efforts to improve the expertise and capabilities of personnel with anti-money laundering/counter-terrorist financing missions.

As administrator of the BSA, FinCEN must ensure the effective management, accessibility, dissemination, and use of the highly sensitive confidential information collected under the Act. FinCEN provides authorized law enforcement, regulatory, and intelligence agencies direct access to BSA information.

Other Resources: Offsetting collections and reimbursements totaling \$3,000,000 are collected from other agencies, including the Department of State for assistance to international partners, the Department of Defense for support of U.S. efforts in Afghanistan, and the Treasury Executive Office of Asset Forfeiture for projects to better

support law enforcement. The goal owner for this budget activity is the Director of FinCEN, Jennifer Shasky Calvery

Legislative Proposals

FinCEN is proposing three technical amendments to Titles 31 and 12 that would make improvements in two important areas. The first and second amendments provide authority to rely on examinations conducted by state supervisory agencies for nonbank financial institutions lacking a federal regulator, which would capture most nonbank

financial institutions currently subject to Internal Revenue Service (IRS) examination as delegated through a memorandum of understanding (MOU). The third amendment increases information sharing between FinCEN and counterpart anti-money laundering/counter-terrorist financing regulators. Specifically, this amendment provides consistency between how FinCEN shares information in its capacity as a regulator and information sharing that currently exists between federal financial regulators and their foreign counterparts.

FinCEN Performance by Budget Activity

Budget Activity	Performance Measure	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
		Actual	Actual	Actual	Target	Target
BSA Administration and Analysis	Percentage of customers finding the FinCEN data provides valuable information towards the detection and deterrence of financial crime	87.0	89.0	90.0	90.0	90.0
BSA Administration and Analysis	Percentage of domestic law enforcement finding FinCEN's analytic reports contribute to the detection and deterrence of financial crime	80.0	86.0	83.0	83.0	83.0
BSA Administration and Analysis	Percentage of foreign FIUs finding FinCEN's analytic reports provide valuable information towards the detection and deterrence of financial crime	90.0	92.0	82.0	85.0	87.0
BSA Administration and Analysis	Percentage of regulatory helpline customers understanding BSA guidance	92.0	92.0	89.0	90.0	90.0

Key: DISC - Discontinued and B - Baseline

Description of Performance

In the regulatory area, FinCEN's goal to provide financial institutions with understandable guidance is critical to institutions establishing anti-money laundering programs that comply with FinCEN's regulations. In FY 2012, FinCEN's goal was to maintain a 90 percent satisfaction level, and FinCEN narrowly missed this target with 89

percent due to resource demands associated with a significant increase in call volume.

In the analytical area, FinCEN supports domestic law enforcement and international FIU partners by providing analyses of BSA information and measures the percentage of customers finding FinCEN's analytic reports highly valuable. The following two measures closely tie to how BSA information is used by

law enforcement and foreign FIUs to identify, investigate, and prevent abuse of the financial system. The first measure looks at the value provided to the domestic law enforcement community. In FY 2012, FinCEN met its target of 80 percent with 83 percent of domestic law enforcement finding the reports valuable.

The second measure tracks the value of analytic reports to foreign FIUs. In FY 2012, 82 percent found the analytic reports valuable. FinCEN did not meet the target of 90 percent due to a decrease in the number of FIU customers indicating that FinCEN provided new information relevant to their investigations. FinCEN will continue to seek ways to meet this demand.

To determine the success of the goal to provide useful data, FinCEN tracks the value of the FinCEN data to law enforcement and regulatory agency users with direct access to the data. The survey looks at the value of FinCEN data, such as whether the data provided unknown information, supplemented or expanded known information, verified information, helped identify new leads, opened a new investigation or examination, supported an existing investigation or examination, and provided information for an investigative or examination report. In FY 2012, FinCEN surpassed its target of 86 percent with 90 percent of customers finding the FinCEN data provides valuable information.