



Financial Crimes Enforcement Network Department of the Treasury

Answers to Frequently Asked Questions (FAQs) for Money Services Businesses (MSBs)

Registration:

1. Question: Who is required to register as a Money Services Business (MSB)?

A business is an MSB and must register if it conducts more than \$1,000 in business with one person in one or more transactions (in any category of activity listed below) on the same day in one or more of the following services:

- Money Orders
- Traveler's Checks
- Check Cashing
- Currency Dealing or Exchange

OR the business provides Money Transfer services in any amount.

2. Question: When must an MSB register with FinCEN?

The deadline for filing the MSB registration form (TD F 90-22.55) was December 31, 2001. For those entities that become MSBs after December 31, 2001, the registration deadline is 180 days after the MSB is established, counting from the day after the date of establishment.

3. Question: Who is not required to register?

The MSB Registration requirement does not apply to:

- The U.S. Postal Service;
- Any agencies of the United States, of any State, or of any political subdivision of a State;
- An issuer, seller or redeemer of stored value;
- **A business that is an MSB solely because it serves as an agent of another MSB.**
However, if a business that is an agent for another MSB also engages in MSB activities on its own behalf, such as cashing checks on its own behalf for any person of over \$1,000 in one or more transactions during a day, the business is required to register.
- Banks (including credit unions) and persons registered with, and regulated or examined by the Securities and Exchange Commission or Commodity Futures Trading Commission are not required to register because they are not MSBs. However, if such an entity has a money order division with agents or a money transmission division with agents, those agents may be required to register because they are not agents of an MSB.

4. Question: When must an MSB renew its registration?

MSBs that were initially required to be registered on or before December 31, 2001, were required to renew their registration for the first time by December 31, 2003. Thereafter, their renewal is required every 24 months (on or before December 31, 2005, December 31, 2007, etc.). MSBs that came into existence after December 31, 2001, are initially required to be registered within 180 days beginning on the day after the business is established as an MSB. Their renewal deadline is the end of the 2-calendar year period beginning in the year they initially were required to be registered. For example, if an MSB is required to be registered on October 15, 2002, it must renew by December 31, 2003. Thereafter, renewal is required every 24 months (on or before December 31, 2005, December 31, 2007, etc.). If an MSB is required to be registered on October 15, 2003, it must renew by December 31, 2004, and every 24 months (on or before December 31, 2006, December 31, 2008, etc.).

For MSB registration renewal, check Item 2 b (2 Year Update) on the Registration of Money Services Business Form (TD F 90-22.55).

5. Question: What events would require an MSB to re-register?

MSBs must re-register if there is:

- Change in ownership or control that requires the business to re-register under State law;
- Transfer of more than 10 percent of the voting power or equity interests;
- A more than 50 percent increase in the number of agents during the registration period.

For MSB re-registration, check Item 2 c (Refiling because: Check all that apply.) on the Registration of Money Services Business Form (TD F 90-22.55).

6. Question: Where should I mail the MSB registration form?

Mail the completed MSB Registration form (TD F 90-22.55) to:

IRS Detroit Computing Center
Attn: Money Services Business Registration
P.O. Box 33116
Detroit, MI 48232-0116

Keep a copy of the registration form for 5 years.

7. Question: What are the deadlines for preparation of the initial Agent List and the revised Agent List?

MSBs that are required to register must prepare and maintain a list of their agents, if any, every January 1st for the preceding 12-month period.

For an MSB in existence on or before December 31, 2001, the initial list of agents must be prepared by January 1, 2002, and must be revised each January 1, for the immediately preceding 12-month period. For MSBs established after December 31, 2001, the initial agent list must be prepared by the due date of the initial registration form, which is 180 days after the MSB is established, counting from the day after the date of establishment, and must be revised each January 1 for the immediately preceding 12-month period.

8. Question: What is an Agent? An Issuer? A Redeemer?

- For purposes of the MSB registration requirement, an agent is a business that an issuer authorizes, through written agreement or otherwise, to sell its instruments or, in the case of funds transmission, to sell its send and receive transfer services.
- An issuer is a business ultimately responsible for payment of money orders or traveler's checks as the drawer of such instruments, or a money transmitter that has the obligation to guarantee payment of a money transfer.
- A redeemer is a business that accepts instruments in exchange for currency or other instruments for which it is not the issuer. For example, a hotel that provides a customer with \$1,500 in cash in exchange for the customer's \$1,500 money order (issued by another MSB) is a redeemer. The MSB definition in 31 CFR 103.11(uu)(4) extends to "redeemers" of money orders and traveler's checks only insofar as the instruments involved are redeemed for monetary value – that is, for currency or monetary or other negotiable or other instruments. The taking of the instruments in exchange for goods or general services is not redemption under BSA regulations.

9. Question: What is the difference between a branch and an agent? Should I complete an MSB Registration form for each?

A branch is a place of operation that is owned by the issuer of the MSB product or service. An issuer may have numerous branches (that are owned by the issuer) through which the issuer sells its own instruments or transmits funds. An MSB is not required to register separately each of its branches.

For purposes of the MSB registration requirement, an agent is a separate business entity from the issuer of an MSB product or service. The issuer authorizes its agents, through written agreement or otherwise, to sell its instruments or, in the case of funds transmission, to sell its send-and-receive transfer services. An MSB agent should not be registered if it is an MSB solely because it is an agent of another MSB; rather, the issuer must list the agent on the issuer's agent list.

10. Question: How do I get proof that I have registered as an MSB? If a bank asks for proof that I have registered, what do I show them?

You will receive an acknowledgement letter from the Detroit Computing Center within four to six weeks after you file your registration, along with a facsimile of the registration form you filed. Check the facsimile to ensure that all the information is correct; if so, keep it for your records for 5 years. If there are errors, correct them, and mail back to the same address as indicated in the instructions. This is the only proof of registration that you will receive. Show

the letter and a copy of the registration form you filed to the bank. If you have not received an acknowledgement letter within a reasonable amount of time, or if you have lost your letter, write to request a letter from the Detroit Computing Center, Attn: J. McRae, P.O. Box 32063, Detroit, MI 48232 - or call 1-800-800-2877.

Reporting Suspicious Activity

1. Question: Which MSBs are required to report suspicious activities?

The requirement that MSBs file a Suspicious Activity Report (SAR) applies only to money transmitters, currency dealers or exchangers, and issuers, sellers and redeemers of money orders and traveler's checks. **It does not apply to check cashers or to issuers, sellers, or redeemers of stored value.** However, any MSB may voluntarily file a SAR for any suspicious transaction that it believes is relevant to the possible violation of any law or regulation, but whose reporting is not required. A statutory safe harbor from liability for reporting applies whether the filing is voluntary or required.

2. Question: When must MSBs begin to report suspicious activities to FinCEN and how are they to be reported?

Money transmitters and issuers, sellers, or redeemers of money orders and traveler's checks were required to begin reporting suspicious transactions occurring after December 31, 2001. Currency dealers or exchangers are required to file SARs beginning on August 11, 2003. MSBs must use the SAR form especially designed for them, the SAR-MSB, TD F 90-22.56. This SAR-MSB form should be sent to the: Detroit Computing Center, ATTN: SAR-MSB, P.O. Box 33117, Detroit, MI 48232-5980.

3. Question: When is an MSB required to file a SAR?

An MSB is required to file a SAR on a transaction or series of transactions conducted or attempted by, at, or through the MSB if both of the following occur:

- The transaction or series of transactions involves or aggregates funds or other assets of \$2,000 or more, AND
- The MSB knows, suspects, or has reason to suspect that the transaction (or a pattern of transactions of which the transaction is a part) falls into one or more of the following categories:
 1. Involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity 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; or
 2. Is designed to evade any Bank Secrecy Act regulations; or
 3. Has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and the MSB knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.

4. Involves use of the money services business to facilitate criminal activity.

An issuer of money orders or traveler's checks is required to report a transaction or pattern of transactions that involves or aggregates funds or other assets of \$5,000 or more when the identification of the transactions as suspicious is derived from a review of clearance records or other similar records of money orders or traveler's checks that have been sold or processed.

4. Question: What is the deadline for filing a SAR?

An MSB is required to file each SAR no later than 30 calendar days after the date of the initial detection by the MSB of facts that may constitute a basis for filing a SAR.

5. Question: I'm worried about being sued by the customer if I file a SAR. How do I avoid being sued?

Federal law (31 U.S.C. 5318(g)(3)) provides a "safe harbor" or protection from civil liability to financial institutions and their directors, officers, employees or agents that report suspicious activity to FinCEN or appropriate law enforcement or supervisory agencies. A financial institution is prohibited from notifying any person involved in the transaction that the transaction was reported on a SAR (31 USC 5318(g)(2)). If you receive a subpoena for a SAR, or a request of any kind to produce a copy of a SAR (other than a request by FinCEN, or an appropriate law enforcement or supervisory agency), you should contact FinCEN's Office of Chief Counsel at 703-905-3590 immediately.

6. Question: I'm worried about damaging someone's reputation or getting someone in trouble if I'm wrong about a transaction being suspicious. What happens to SARs after they are filed and who looks at them?

A SAR is not an accusation against someone or an allegation that they have committed a crime. A SAR indicates that a transaction seems suspicious. SARs are not disseminated to the public; rather, they are provided only to appropriate law enforcement and financial supervisory agencies.

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