

MEMO# 14579

March 27, 2002

DRAFT COMMENT LETTER ON FINCEN'S PROPOSED INFORMATION SHARING RULE

URGENT/ACTION REQUESTED [14579] March 27, 2002 TO: MONEY LAUNDERING RULES WORKING GROUP No. 17-02 RE: DRAFT COMMENT LETTER ON FINCEN'S PROPOSED INFORMATION SHARING RULE As you know, the Treasury Department's Financial Crimes Enforcement Network (FinCEN) proposed rules earlier this month relating to the sharing of information for the purpose of combating terrorism and money laundering.¹ Attached for your review is a draft comment letter on the proposal. The proposed rule has two distinct sections. Section 103.100 governs information requests by federal law enforcement agencies regarding individuals, entities, and organizations engaged in or reasonably suspected of engaging in terrorist acts or money laundering activities. With respect to this Section, the draft letter expresses concern that the proposed rule lacks appropriate constraints on the government's authority to request information, and notes that compliance with information requests pursuant to the proposed rule could become costly and burdensome in the absence of such constraints. The letter therefore recommends that this Section be amended to include reasonable parameters on the information requests by federal law enforcement agencies. The second main part of the proposed rule is Section 103.110, which governs exchanges of information between or among financial institutions and would permit financial institutions, upon providing notice to Treasury, to share information with one another in order to better identify and report to the federal government concerning activities that may involve money laundering or terrorist activities. With regard to this Section, the draft letter recommends that the definition of "financial institution" be broadened to include investment companies and their agents. ¹ See Memorandum to Money Laundering Rules Working Group No. 11-02, dated March 5, 2002. ² The comment letter must be submitted by Wednesday, April 3rd. If you have comments on this draft letter, please provide them to me by phone at 202-371-5430, fax at 202-326-5841, or e-mail at rcg@ici.org no later than the close of business on Monday, April 1st. Robert C. Grohowski Associate Counsel Attachment (in .pdf format)

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