

**Memorandum of Understanding
between the
Internal Revenue Service
and the
[state regulatory agency]
concerning
Money Services Businesses
and Certain Other Non-bank Financial Institutions**

1. Introduction:

- A. This Memorandum of Understanding (MOU) between the Internal Revenue Service (IRS) and the [state regulatory agency], for money services businesses and certain other non-bank financial institutions, sets forth the agreement of the parties to facilitate the sharing of information in order to assist each party in the examination of money services businesses (“MSBs”) and certain other non-bank financial institutions (“NBFIs”) within their respective regulatory jurisdictions, and in so doing, to strengthen and enhance compliance with federal and state anti-money laundering laws and regulations (as set forth in the Bank Secrecy Act (“BSA”) and the regulations promulgated pursuant thereto, as well as all applicable state anti-money laundering and related statutes and regulations) on the part of MSBs and certain other NBFIs.
- B. Only those MSBs and certain other NBFIs, identified in Exhibit 4, that are under the supervision and subject to examination by the State Regulator are within the purview of this MOU.
- C. The parties will meet, whenever both parties agree it is necessary to do so, to discuss any issues pertaining to the implementation of this MOU.

2. Authority:

- A. The Secretary of the Treasury is responsible for the administration and enforcement of the BSA, codified in relevant part at 31 USC 5311, et seq. and the regulations promulgated thereunder, at 31 CFR Part 103. The Secretary has delegated this authority to the Director, Financial Crimes Enforcement Network (FinCEN), including the authority to disseminate information required to be reported under the BSA. FinCEN is a bureau of the U.S. Department of the Treasury. With Treasury Order 180-01, the Secretary of the Treasury has delegated the authority to FinCEN to administer and enforce the provisions of the BSA. The authority to examine certain financial institutions (including, but not limited to, MSBs

- and certain other NBFIs) for BSA compliance, has been delegated to the IRS pursuant to 31 CFR 103.56(b) (8) and under Treasury Directive 15-41 (December 1, 1992).
- B. IRS BSA examination reports and related data contain information obtained under the authority of Title 31 and do not contain tax information obtained under the authority of the Internal Revenue Code (IRC). Section 6103 of the IRC imposes restrictions on disclosure by IRS of tax information obtained under the authority of the IRC. The terms of the MOU do not provide for the exchange of such tax information with the State Regulator.
 - C. The authority for the State Regulator to share information pursuant to the terms of the MOU and participate in joint activities is set forth in [\[insert applicable state statute, code, or regulations\]](#).
 - D. The authority for IRS to exchange BSA Examination Information is set forth in FinCEN's Delegation of Authority for Dissemination of BSA Examination Information, dated June 15, 2004 ("Delegation of Authority"). The exchange of information under the terms of this MOU is subject to the terms and conditions of the Delegation of Authority.

3. Definitions:

- A. "BSA and AML Examination Information" means both IRS BSA Examination Information and State AML Examination Information, unless the context specifies otherwise.
- B. "IRS BSA Examination Information" means BSA examination reports, and IRS workpapers (and information contained therein) and copies of IRS Letters 1112 and 1052 relating to non-bank financial institutions. For purposes of this MOU, IRS BSA Examination Information does not include copies of particular BSA Reports or BSA Forms filed with FinCEN by financial institutions or related entities.
- C. "BSA Report" or "BSA Form" means a report, and any information in such a report that might reveal its existence, that is filed with FinCEN pursuant to the BSA provisions of Title 31 and its implementing regulations.
- D. "MSBs" are defined to include:
 - (1) Check Cashers,
 - (2) Currency dealers or exchangers,
 - (3) Issuers of traveler's checks, money orders, or stored value,
 - (4) Sellers or redeemers of traveler's checks, money orders or stored value, and
 - (5) Money transmitters
 as those terms are defined in 31 C.F.R. 103.11(uu).

- E. “Non-bank financial institution” (“NBF”) means a financial institution that is listed in 31 CFR 103.11(n) or is otherwise subject to a requirement under the BSA, other than a financial institution that is examined by a federal bank supervisory agency, a federal securities agency, a federal commodities agency, or a self-regulatory organization registered with a federal securities agency or a federal commodities agency, for compliance with the provisions of the BSA.
- F. “State AML Examination Information” means all information, including but not limited to, reports, workpapers, correspondence and memoranda concerning or arising out of an examination of a MSB or certain other NBF by a State Regulator for compliance with [[enter the applicable state statute here](#)]
- G. “Program Documents” means (1) publicly available BSA or AML examination program documents; (2) publicly available written guidance pertaining to BSA or AML examinations; and (3) relevant sections from publicly available written instructions for preparing BSA-related examination reports or their functional equivalent. Program Documents do not include any documents that have not been made available to the public.

4. Purpose and Scope:

- A. The primary purpose of this MOU is to enhance interagency cooperation and thereby enhance compliance with the BSA, the regulations promulgated pursuant to the BSA, and all applicable state anti-money laundering laws, including rules and regulations that apply to MSBs and certain other NBFs, by sharing information that will enhance the quality of examinations, alert parties to the existence of compliance issues involving entities under their supervision, and provide mutually beneficial training to BSA examiners employed by the parties. This MOU is intended to further the purpose of the BSA by encouraging, fostering and requiring the filing of reports and the retention of 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.” 31 U.S.C. § 5311. This MOU is also intended to foster the flow of information between the parties in a manner that avoids undue regulatory duplication on MSBs and certain other NBFs, conserves regulatory resources, and better ensures consistency in the application of the regulatory provisions of BSA.
- B. This MOU does not amend or supersede any other agreements between the IRS and the State Regulator, including, but not limited to, any other agreements that provide for the exchange of BSA information for law enforcement purposes. This MOU is not intended to alter or amend any

authority provided under the Re-Dissemination Guidelines for Bank Secrecy Act Information, dated June 25, 2004, issued by FinCEN.

C. Scope of activities covered by this MOU may include:

- (1) Sharing BSA and AML examination information, including upcoming examination schedules.
- (2) Sharing lists of MSBs and certain other NBFIs and providing access to certain information maintained on the State Regulator databases.
- (3) Sharing other MSB and certain other NBFIs information available from the State Regulator, including, but not limited to, the status of licenses or charters granted by the State Regulator to MSBs and certain other NBFIs.
- (4) Training and orientation of IRS examiners and examiners for the State Regulator.
- (5) Sharing Program Documents.

D. Scope of activities not covered by this MOU:

IRS shall not share with the State Regulator, under the terms of this MOU, BSA Reports or BSA Forms, as these terms are defined in section 3 of this MOU, or any information contained therein, or records required under the provisions of the BSA to be maintained by the financial institutions. FinCEN, as administrator of the BSA, coordinates all requests for access to such information pursuant to applicable law.

No information about criminal investigations or referrals for criminal investigations, or referrals for civil penalties, shall be shared with the State Regulator under this MOU.

No information about criminal investigations or referrals for criminal investigations, or referrals for civil penalties, shall be shared with the IRS under this MOU.

5. Duties and Responsibilities of the IRS:

The IRS will provide the following under this MOU:

- A. MSB and Certain Other NBFIs BSA Compliance Examination History
For letters issued by the IRS on and after the date of this MOU, the IRS will provide the State Regulator with copies of IRS Letter 1112, *Title 31 Violation Notification Letter with Report of Findings and Recommendations*, (Exhibit 1) identifying apparent violations of BSA requirements by the MSBs or certain other NBFIs that operate under the jurisdiction of the State Regulator. IRS will provide copies of these letters or examination reports to the State Regulator on a quarterly basis. IRS will provide these copies to the State Regulator on or about January 31,

April 30, July 31, and October 31 of each year. Should any of these dates fall on a weekend or Federal holiday, IRS will provide copies to the State Regulator on the next following workday. At its option, IRS may provide to the State Regulator extracts of information contained in the copies of previously issued IRS Letter 1112 or examination reports in lieu of providing actual copies. The information may be provided in an electronic or paper format.

In addition, the IRS, to the best extent possible, will provide its upcoming BSA examination schedule to the State Regulator on a quarterly basis. IRS will provide its examination schedule to the State Regulator on or about January 31, April 30, July 31, and October 31 of each year. Should any of these dates fall on a weekend or Federal holiday, IRS will provide copies to the State Regulator on the next following workday.

The IRS may grant requests from the State Regulator to provide information outside of the quarterly schedule identified above.

B. MSB and Certain Other NBF Identification Data

For letters issued by the IRS on or after the date of this MOU, IRS will provide copies of:

- (a) IRS Letter 1052, *Notification of BSA Reporting and Record Keeping Requirements*, (Exhibit 2) and
- (b) current listings of MSBs and certain other NBFs within the jurisdiction of the State Regulator.

IRS will provide copies of these letters and listings to the State Regulator on a quarterly basis. IRS will provide these copies to the State Regulator on or about January 31, April 30, July 31, and October 31 of each year. Should any of these dates fall on a weekend or Federal holiday, IRS will provide copies to the State Regulator on the next following workday. At its option, IRS may provide to the State Regulator extracts of information contained in the copies of previously issued IRS Letter 1052 in lieu of providing actual copies of the previously issued Letter 1052. The information in the letters and the listings may be provided in an electronic or paper format.

The IRS may grant requests from the State Regulator to provide information outside of the quarterly schedule identified above.

C. Program Documents

The IRS will provide to the State Regulator copies of Program Documents that guide its examiners during the course of its BSA examinations of MSBs and certain other NBFs.

D. Training of State Regulator Staff

Upon request, the IRS will provide to the State Regulator's examiners an orientation on the provisions of the BSA administered by the IRS, utilizing materials that have been previously approved by FinCEN. The time, place, and number of orientations will be determined by mutual agreement.

The State enters into this MOU with the understanding that IRS shall consult with FinCEN prior to providing any training under this MOU.

E. Notification of Legally Enforceable Demand for Information

To the extent practicable, the IRS agrees to notify the State Regulator of any legally enforceable demand for information that was provided to the IRS by the State Regulator under the terms of this MOU, prior to complying with the demand. IRS will make a best effort to assert any valid legal exemption or privilege that the State Regulator requests. Unless subject to a court order or other compulsory process, the IRS will seek the approval of the State Regulator before providing such information in response to a demand or request by a third party.

F. Tax Information is not to be Exchanged Under this MOU

This MOU provides for the exchange of BSA and AML Examination Information only and not for the exchange of any tax information. If any exchange between the IRS and the State of tax information is to be made, it is to be made under the terms of a separate agreement.

6. Duties and Responsibilities of the [state regulatory agency]:

The State Regulator will provide the following under this MOU:

A. MSB and Certain Other NBFI Licensing and Chartering Data

At least quarterly, the State Regulator will provide a current listing of state licensed, chartered, or supervised MSBs and certain other NBFIs. At least quarterly, the State Regulator will also provide reports of examinations or audits of MSBs and certain other NBFIs that were conducted by the State Regulator and correspondence to MSBs and certain other NBFIs as the information relates to the BSA, agent lists and, subject to state and Federal disclosure laws, information concerning identified or suspected noncompliance with the BSA.

In addition, the State Regulator, to the best extent possible, will provide its upcoming BSA examination schedule for MSBs to the IRS on a quarterly basis.

The State Regulator may grant requests from the IRS to provide information outside of the quarterly reporting requirement identified above,

including, but not limited to, requests to verify or provide specific licensing or chartering information.

B. Program Documents

The State Regulator will provide to the IRS copies of Program Documents that guide its examiners during the course of examinations of MSBs and certain other NBFIs for compliance with [[enter the applicable state statute here](#)].

C. Other State MSB and Certain Other NBFI Information

Upon the request for specific information, to be used by the IRS only for the purpose of carrying out its responsibilities with respect to the BSA, and subject to state statute and regulations, the State Regulator will make available information collected in the course of screening, licensing, chartering, and examining MSBs and certain other NBFIs. Such information may include, but is not limited to, State AML examination information, business transaction reports, and fee structures. The State Regulator agrees that, in carrying out its responsibilities with respect to the BSA, the IRS may share the information it receives from the State Regulator with FinCEN as provided for in section 7.D. of this MOU.

D. Training of IRS Staff

Upon request, the State will provide an orientation on the provisions of the AML or other laws and regulations pertaining to MSBs and certain other NBFIs that are administered by the State Regulator. The time, place, and number of orientations will be determined by mutual agreement.

E. Notification of Legally Enforceable Demand for Information

To the extent practicable, the State Regulator agrees to notify the IRS of any legally enforceable demand for information that was provided to the State Regulator by the IRS under the terms of this MOU, prior to complying with the demand. The State Regulator will make a best effort to assert any valid legal exemption or privilege that the IRS requests. Unless subject to a court order or other compulsory process, the State Regulator will seek the approval of the IRS before providing such information in response to a demand or request by a third party.

F. Tax Information is not to be Exchanged Under this MOU

This MOU provides for the exchange of BSA and AML examination information only and not for the exchange of any tax information. If any exchange between the IRS and the State Regulator of tax information is to be made, it is to be made under the terms of a separate agreement.

7. Additional Understandings with Respect to the Use of the Information Obtained:

- A. To the extent information provided hereunder by the State Regulator is confidential within the meaning of State law, disclosure to the IRS is intended only as a limited waiver of confidentiality as permitted by state law.
- B. Both parties agree that any BSA or AML Examination Information received under the terms of this MOU is to be used for official purposes only.
- C. The State Regulator enters into this MOU with the understanding that IRS may provide a copy of this MOU to FinCEN and that IRS may inform FinCEN of any terminated MOUs.
- D. The State Regulator enters into this MOU with the understanding that IRS may provide FinCEN with access to information received from the State under the terms of this MOU.

8. Protection of Information:

- A. The State Regulator agrees to adequately protect IRS BSA Examination Information shared under this MOU from unauthorized disclosure. The State Regulator agrees to ensure that the IRS BSA Examination Information is only accessed by those individuals who are authorized to have access and who have a need for the information. The State Regulator shall make adequate provisions for the secure storage of the IRS BSA Examination Information received pursuant to this MOU when it is not being used. The State Regulator will ensure that all State Regulator automated information systems and networks that receive, process, store, or transmit such information have adequate protective measures in place to restrict access. Information received from the IRS hereunder that is no longer needed shall be either returned to the IRS or destroyed by burning, mulching, pulping, shredding, or disintegrating. In the event this MOU is terminated, this provision, requiring the State Regulator to protect IRS BSA Examination Information, will survive such termination for as long as the State Regulator retains or has access to IRS BSA Examination Information.
- B. The IRS agrees to adequately protect the State AML Examination Information received pursuant to this MOU from unauthorized disclosure. IRS agrees to ensure that such information is only accessed by those individuals who are authorized to have access and who have a need for the information. IRS shall make adequate provisions for the secure storage of the information provided to it under this MOU when it is not being used. IRS agrees to ensure that all IRS automated information

systems and networks that receive, process, store, or transmit information pursuant to this MOU have adequate protective measures in place to restrict access. Information received by the IRS that is no longer needed shall be either returned to the State Regulator or destroyed by burning, mulching, pulping, shredding, or disintegrating. In the event this MOU is terminated, this provision, requiring the IRS to protect State AML Examination Information, will survive such termination for as long as the IRS retains or has access to State AML Examination Information.

9. Disclosure, Dissemination, and Record Keeping Requirements:

- A. Both parties may be required, upon request, to verify that all requirements for recordkeeping and accounting for information provided pursuant to this MOU are being met.
- B. Except for the sharing of information with FinCEN pursuant to the terms of this MOU and except as provided for in section 5.E. of this MOU, IRS will not share with other agencies or organizations State AML Examination Information shared under this MOU without the prior written approval of the State Regulator.
- C. Both parties agree to make all requests for information in writing unless exigent circumstances apply. Each request must be signed by the person or persons designated for such purpose. If information is released based on an oral request due to exigent circumstances, the requester must send written confirmation of the oral request as soon as possible after the oral request has been made.
- D. The State Regulator enters into this MOU with the understanding that, to the extent that IRS workpapers contain information relating to a BSA examination, any disclosure of that information to the State Regulator must be coordinated with FinCEN on a case-by-case basis.
- E. Except as provided for in section 6.E. of this MOU, the State Regulator shall not share IRS BSA Examination Information shared under this MOU with other agencies or organizations without the prior written approval of both IRS and FinCEN.
- F. Nothing in this MOU will cause the IRS or the State Regulator to disclose information for which there is a statutory prohibition against such disclosure or there exists a legally recognized privilege.
- G. Should the State Regulator receive a request, pursuant to state law providing for access by the public to government information, for disclosure of IRS BSA Examination Information provided under this MOU, the State Regulator shall notify the IRS as soon as practicable.

- H. Should the IRS receive a request, pursuant to Federal law providing for access by the public to government information, for disclosure of State AML Examination Information provided under this MOU, the IRS shall notify the State Regulator as soon as practicable.
 - I. The State Regulator agrees to assert any legal exemption or privilege available under state law to protect IRS BSA Examination Information from public disclosure.
 - J. The IRS agrees to assert any legal exemption or privilege available under Federal law to protect State AML Examination Information from public disclosure.
- 10. Civil Enforcement:**
No provision of this MOU is intended to alter in any way the enforcement authority of the State Regulator or the IRS.
- 11. Third Party Rights:**
This MOU does not confer any rights or benefits on any third party.
- 12. Effective Date:**
The effective date of this MOU is the date it has been signed by all parties to the MOU.
- 13. Amendment of MOU:**
This MOU may be amended provided that any such amendments are agreed to in writing by both parties.
- 14. Termination of MOU:**
This MOU may be cancelled upon [agreed upon number of days] days written notice by either the IRS or the State Regulator or immediately by signed agreement by the IRS and the State Regulator.
- 15. Contacts:**
Contacts for the purpose of this MOU will be the IRS Governmental Liaison for [State], and [state regulatory agency contact person's title].
- 16. Personnel Authorized to Request or Receive Information**
Exchanges of information under this MOU shall be limited to those IRS and State Regulator employees listed on Exhibit 3 of this MOU. Only

those individuals are authorized to request or receive information on behalf of their respective agency. This list shall be updated as necessary, but at least annually by December 31 of each year.

Approvals:

For the [state regulatory agency]

For the Internal Revenue Service

Name

Name

Director, Fraud and BSA, SB/SE

Title

Internal Revenue Service

Organization

Organization

Date

Date

Name

Area Manager, Governmental

Liaison and Disclosure, SB/SE

Title

Internal Revenue Service

Organization

Date

Exhibit 1 – Letter 1052

Internal Revenue Service

Department of the Treasury

Person to Contact:

Contact Telephone Number:

Employee Identification Number:

Date:

Dear

Based on available information, it appears your business may be engaged in one or more of the following financial services:

- Currency dealer or exchanger
- Check casher
- Issuer of traveler's checks, money orders or stored value
- Seller or redeemer of traveler's checks, money orders or stored value
- Money transmitter
- Casino or card club
- Domestic bank or other financial institution not supervised by a federal banking agency

This letter is to advise you that businesses providing the above financial services may be "financial institutions" as defined in 31 C.F.R §§ 103.11(n) and 103.11(uu) under the Bank Secrecy Act (BSA). If your business is providing these services, you may be required under the BSA to:

- Develop, implement and maintain an anti-money laundering compliance program
- Register as a "Money Services Business" with the Financial Crimes Enforcement Network (FinCEN) of the Department of the Treasury
- Obtain, record and maintain records relating to certain financial transactions
- File reports of currency transactions, in excess of \$10,000, with the Internal Revenue Service, Detroit Computing Center
- File Suspicious Activity Reports with FinCEN

Enclosed please find information regarding the requirements of the BSA and implementing regulations. The provisions of the BSA, regulations implementing the BSA, BSA Forms, BSA guidance for financial institutions, and other relevant information is also available at, and downloadable from, FinCEN's web site at www.fincen.gov.

If you have any questions, please contact the employee named on the first page of this letter.

Sincerely,

Enclosure(s):

Exhibit 2 - IRS Letter 1112

Internal Revenue Service**Department of the Treasury**

Person to Contact:

Contact Telephone Number:

Employee Identification Number:

Date:

Dear

We found apparent violations of the Bank Secrecy Act (31 CFR 103) while conducting a Bank Secrecy Act compliance examination.

We've attached a list of these apparent violations. If you accept our findings and recommendations and will correct the apparent violations, please sign and return the attached acceptance statement.

You need to contact the Detroit Computing Center by mail to correct any delinquent filings. Your cover letter should request a backfiling determination. Mail a copy of this letter with your request to:

Internal Revenue Service
Detroit Computing Service
Compliance Review Group
Post Office Box 32063
Detroit, MI 48232-0063

If you disagree with the attached findings and recommendations, please send us, within 30 days of this letter, a written response explaining why.

Please contact the person whose name and telephone number are shown above if you have any questions.

Thank you for your cooperation.

Sincerely yours,

Report of Findings and Recommendations

(Attachment to Letter 1112 (DO) dated)

Business name		Employer Identification Number (EIN)
Business address		Telephone number
City	State	ZIP Code

We found the following apparent reporting violations:

Date	Amount	Person(s) Involved

We found the following apparent recordkeeping violations:

Date	Amount	Person(s) Involved

Recommendations:

Acceptance Statement

(Attachment to Letter 1112 (DO) dated _____)

Business name		Employer Identification Number (EIN)
Business address		Telephone number
City	State	ZIP Code

I, _____ have received and reviewed
The Internal Revenue Service Report of Findings and Recommendations, addressing specific areas of noncompliance
with the Bank Secrecy Act recordkeeping and reporting requirements, dated _____.

I agree to follow the recommendations and to correct the reporting and recordkeeping violations.

Name

Title

Date

Exhibit 3

**Employees Authorized to Request or Receive Information under the
Money Services Business Memorandum of Understanding**

IRS Employees

State Employees

Exhibit 4

Types of Money Services Businesses and Certain Other Non-bank Financial Institutions that are within the Money Services Business Memorandum of Understanding

The purpose for this exhibit is to clarify what types of money services businesses and other non-bank financial institutions are within the purview of the Memorandum of Understanding between IRS and [state agency's name] dated _____ (the MOU). This exhibit is not intended to alter any of the terms of the MOU.

The following types of Money Services Businesses and other Non-bank Financial Institutions within the state of [state's name] are, as of [today's date], under the supervision and subject to examination by [state agency's name]. In accordance with section 1.B of the MOU, these are the types of non-bank financial institutions that will be within the purview of the MOU as of [today's date]. This attachment may be revised at a future date, as needed.

Type of MSBs:**Type of NBFIs other than MSBs:**