

The Financial Crimes Enforcement Network Provides Further Information to Financial Institutions in Response to the Coronavirus Disease 2019 (COVID-19) Pandemic

Immediate Release: April 03, 2020

This notice updates the Financial Crimes Enforcement Network's (FinCEN's) March 16, 2020 COVID-19 Notice,[1] provides additional information to assist financial institutions in complying with their Bank Secrecy Act (BSA) obligations during the COVID-19 pandemic, and announces a direct contact mechanism for urgent COVID-19-related issues. FinCEN recognizes financial institutions face challenges related to the COVID-19 pandemic. In addition, FinCEN is committed to promoting the success of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), including the need to facilitate expeditious disbursement of CARES Act funds. Accordingly, FinCEN will issue further information, as appropriate, as the CARES Act is implemented and questions arise.

Compliance with BSA Obligations

Compliance with the Bank Secrecy Act (BSA) remains crucial to protecting our national security by combating money laundering and related crimes, including terrorism and its financing. FinCEN expects financial institutions to continue following a risk-based approach, and to diligently adhere to their BSA obligations. FinCEN also appreciates that financial institutions are taking actions to protect employees, their families, and others in response to the COVID-19 pandemic, which has created challenges in meeting certain BSA obligations, including the timing requirements for certain BSA report filings. FinCEN will continue outreach to regulatory partners and financial institutions to ensure risk-based compliance with the BSA, and FinCEN will issue additional new information as appropriate.

Beneficial Ownership Information Collection Requirements for Existing Customers

One of the primary components of the CARES Act is the Paycheck Protection Program (PPP). For eligible federally insured depository institutions and federally insured credit unions, PPP loans for existing customers will not require re-verification under applicable BSA requirements, unless otherwise indicated by the institution's risk-based approach to BSA compliance.

For non-PPP loans, FinCEN reminds financial institutions of FinCEN's September 7, 2018 ruling (FIN-2018-R004) offering certain exceptive relief to beneficial ownership requirements. To the extent that renewal, modification, restructuring, or extension for existing legal entity customers falls outside of the scope of that ruling, FinCEN recognizes that a risk-based approach taken by financial institutions may result in reasonable delays in compliance.

FinCEN will continue to assess reasonable risk-based approaches to BSA obligations and will issue further information, as appropriate, particularly as the CARES Act is implemented.

BSA Reporting Obligations & Updates to Currency Transaction Report (CTR) Filing Obligations

FinCEN has heard from certain financial institutions and trade associations for financial institutions about difficulties in meeting certain BSA obligations, including the timing requirements for certain BSA report filings. In response to concerns regarding certain timing requirements of BSA filings, FinCEN recognizes that certain

regulatory timing requirements with regard to BSA filings may be challenging during the COVID-19 pandemic and that there may be some reasonable delays in compliance.

FinCEN hereby suspends implementation of the February 6, 2020 ruling (FIN-2020-R001) on CTR filing obligations when reporting transactions involving sole proprietorships and entities operating under a “doing business as” (DBA) name (the “2020 Ruling”) until further notice. FinCEN will issue further information on these types of CTR filings at an appropriate time with reasonable implementation periods. Until such issuance, financial institutions should continue to report transactions involving sole proprietorships and DBAs under prior practice. Those financial institutions that have already made the necessary changes to comply with the 2020 Ruling need not revert to prior practice, and may report CTRs in accordance with the now-suspended ruling.

New FinCEN COVID-19 Online Contact Mechanism

FinCEN has created a COVID-19-specific online contact mechanism, via a specific drop-down category, for financial institutions to communicate to FinCEN COVID-19-related concerns while adhering to their BSA obligations.

Financial institutions that wish to communicate such COVID-19-related concerns to FinCEN must go to www.FinCEN.gov (<http://www.FinCEN.gov>), click on “Need Assistance,” and select “COVID19” in the subject drop-down list.[2] Such COVID-19-related communications are strongly encouraged but not required. FinCEN will review COVID-19-related communications. Depending on the volume of such communications, however, FinCEN may only respond via an automated message confirming receipt to communications regarding delays in filing of BSA reports due to COVID-19. FinCEN also encourages financial institutions to contact their functional regulator(s) or other BSA examining authority as soon as practicable if a financial institution has BSA compliance concerns because of the COVID-19 pandemic.[3] Financial institutions are encouraged to keep FinCEN and their functional regulator(s) or other BSA examining authority informed as their circumstances change.

Encouragement of Innovative Efforts and Other Reminders

FinCEN encourages financial institutions to consider, evaluate, and, where appropriate, responsibly implement innovative approaches to meet their BSA/anti-money laundering compliance obligations, in order to further strengthen the financial system against illicit financial activity and other related fraud. Furthermore, FinCEN reminds financial institutions of the December 3, 2018 Joint Statement on Innovative Efforts to Combat Money Laundering and Terrorist Financing issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, FinCEN, the National Credit Union Administration, and the Office of the Comptroller of the Currency.[4]

As noted in its March 16 COVID-19 Notice, FinCEN reminds financial institutions to review information from other relevant functional regulators as updates become available. FinCEN’s March 16 COVID-19 Notice alerted financial institutions to imposter scams, investment scams, product scams, and insider trading. FinCEN also advised financial institutions to remain alert for malicious or fraudulent transactions similar to those that occur in the wake of natural disasters, such as those described in FinCEN’s advisory, FIN-2017-A007, “Advisory to Financial Institutions Regarding Disaster-Related Fraud” (October 31, 2017), including benefits fraud, charities fraud, and cyber-related fraud.[5] FinCEN will continue to monitor the COVID-19 National Emergency and will release updated information for financial institutions as appropriate.

[1] FinCEN’s March 16 COVID-19 Notice: <https://www.fincen.gov/news/news-releases/financial-crimes-enforcement-network-fincen-encourages-financial-institutions> (<https://www.fincen.gov/news/news-releases/financial-crimes-enforcement-network-fincen-encourages-financial-institutions>).

[2] FinCEN's Regulatory Support Section will continue to be available to support financial institutions for the duration of the COVID-19 pandemic.

[3] COVID-19 communications to FinCEN are in addition to, and do not supersede, any methods suggested for financial institutions to communicate COVID-19-related concerns to their functional regulator or BSA examining authority.

[4] Joint Statement on Innovation Efforts: https://www.fincen.gov/sites/default/files/2018-12/Joint%20Statement%20on%20Innovation%20Statement%20%28Final%2011-30-18%29_508.pdf (https://www.fincen.gov/sites/default/files/2018-12/Joint%20Statement%20on%20Innovation%20Statement%20%28Final%2011-30-18%29_508.pdf).

[5] FIN-2017-A007 - Advisory to Financial Institutions Regarding Disaster-Related Fraud (October 31, 2017): <https://www.fincen.gov/sites/default/files/advisory/2017-10-31/FinCEN%20Advisory%20FIN-2017-A007-508%20Compliant.pdf> (<https://www.fincen.gov/sites/default/files/advisory/2017-10-31/FinCEN%20Advisory%20FIN-2017-A007-508%20Compliant.pdf>).



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[Contract Opportunities \(/about/contract-opportunities\)](#)

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