

FinCEN Strategic Plan

For the fiscal years 2003-2008



Financial Crimes Enforcement Network
U.S. Department of the Treasury



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MESSAGE FROM THE DIRECTOR

The Financial Crimes Enforcement Network (FinCEN) is dedicated to supporting law enforcement in the fight against money laundering, terrorist financing, and other financial crimes. FinCEN accomplishes its mission by networking governments, people, and information, both domestically and internationally. The effectiveness of these networking efforts is bolstered by FinCEN's neutral posture with respect to the financial information it shares with its constituencies in the law enforcement and regulatory communities, as well as the feedback it provides to the financial industry. In addition, FinCEN continually seeks ways to further strengthen this cooperative environment by ensuring that the regulatory burden it places on industry is both fair and productive in terms of providing law enforcement with meaningful data.

FinCEN's role in combating money laundering and fighting terrorist financing was significantly expanded immediately following the terrorist attacks on September 11th. The passage of the USA PATRIOT Act recognized the need to expeditiously make additional tools available to law enforcement to fight money laundering and terrorist financing. Title III of the Act elevated FinCEN to bureau status and provided new authorities and opportunities to augment its primary mission.

This Strategic Plan will serve as a guide for enhancing FinCEN's existing products and services while building on FinCEN's new responsibilities under the PATRIOT Act. The Plan highlights FinCEN's three goals: supporting efforts to eliminate safe havens for money laundering and terrorist financing worldwide; modernizing the collection, maintenance, and retrieval of BSA information; and enhancing the value of FinCEN's analytical services and products. In turn, FinCEN's goals support the Department of the Treasury's goal to preserve the integrity of financial systems.

By following this plan, I believe we can achieve those goals and provide outstanding service and value to our customers. We look forward to the next five years as we continue to build an even stronger organization.



*James F. Sloan, Director
Financial Crimes Enforcement Network*

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MISSION, VISION, AND VALUES

INTRODUCTION

The Financial Crimes Enforcement Network (FinCEN) plays a critical role in combating money laundering and the financing of terrorist activity. FinCEN's network links the law enforcement, financial, and regulatory communities, domestically and internationally, for the common purpose of preventing, detecting, and prosecuting financial crime.

FinCEN was established in April 1990, by the U. S. Department of the Treasury (Treasury Order Number 105-08), to provide a government-wide, multi-source intelligence and analytical network. FinCEN's operation was broadened in 1994 to include regulatory responsibilities. In October 2001, the USA PATRIOT Act elevated FinCEN to bureau status and emphasized its role in fighting terrorist financing.

Today, FinCEN is one of three entities (including the Office of Foreign Assets Control and the Internal Revenue Service Criminal Investigation Division) within the U.S. Department of the Treasury responsible for combating money laundering and terrorist financing. These entities work collaboratively with the Executive Office of Terrorist Financing and Financial Crimes under Treasury's Deputy Secretary.

FinCEN works to accomplish its mission in two ways. First, FinCEN administers the Bank Secrecy Act (BSA), our nation's comprehensive anti-money laundering statute, and is responsible for expanding the regulatory framework to industries vulnerable to money laundering, terrorist financing, and other crime. Second, FinCEN analyzes and shares the BSA information with U.S. law enforcement at the federal, state, and local levels, and its international counterparts, to help them identify and track the financial aspects of criminal investigations. Because it both collects and analyzes the BSA data, FinCEN is able to assess and demonstrate the value of the data and suggest ways to increase its value. FinCEN seeks to strike a balance between meeting law enforcement's information needs, minimizing the burden on regulated industry, and protecting individual privacy.

MISSION

FinCEN's mission is to collect, analyze, and share information needed to combat the financial aspects of criminal activity worldwide.

VISION

FinCEN will use innovative methods and state-of-the-art technology to collect, analyze, and deliver valuable information to its customers.

VALUES

- *Partnerships* – We listen to our stakeholders and work closely with them.
- *Teamwork* – We support each other and work together as a team.
- *Innovation* – We encourage creativity and out-of-the-box thinking in order to constantly improve our processes, products, and services.
- *Respect* – We respect differences in people and ideas; we treat each other and those we serve with fairness, dignity, and respect; we encourage individual opportunity and growth.
- *Excellence* – We strive to achieve the highest level of performance and are results driven.



STRATEGIC AREAS AND CHALLENGES

STRATEGIC AREAS

In FY 2003, FinCEN was appropriated \$51.4 million to support a workforce of over 300 employees and contractors and carry out its program, “Combat Financial Aspects of Criminal Activity.” Within the program are three strategic areas:

Extending the Regulatory Framework

FinCEN is the nation’s central clearinghouse for broad-based financial intelligence and information sharing. The Bank Secrecy Act (BSA), originally enacted in 1970, authorizes Treasury to require covered financial institutions to file certain reports (e.g., suspicious activity reports and currency transaction reports) and keep records of certain types of financial transactions. As the administrator of the BSA, FinCEN

promulgates regulations, provides outreach and guidance to the regulated industries, and initiates regulatory enforcement actions in certain circumstances. FinCEN relies on its federal regulatory partners to examine financial institutions within their respective jurisdictions regarding compliance with the BSA.

Because money laundering and terrorist financing do not stop at the U.S. borders, FinCEN is actively involved in strengthening regulatory regimes overseas. FinCEN provides training and technical assistance to a broad spectrum of foreign government officials, financial regulators, law enforcement personnel, and bankers on various aspects of developing and operating a Financial Intelligence Unit (FIU), such as FinCEN.



Collecting and Sharing Information

As the administrator of the BSA, FinCEN is also responsible for managing the information filed by the regulated industries. FinCEN has relied on the Internal Revenue Service (IRS) as the primary service provider for the collection, processing, and retrieval of BSA information. This arrangement has been viewed as an effective way for FinCEN to leverage limited resources.

In order to accelerate the flow of valuable information to law enforcement, FinCEN is working to modernize the systems and processes used to collect, maintain, and access BSA information. One example is the new PATRIOT Act Communication System (PACS), initiated in FY 2003, which allows participating financial institutions to quickly and securely file BSA reports over the Internet. This system will allow BSA data to be processed and made available to law enforcement on an expedited basis, as well as decrease the volume of paper filings.

FinCEN continues to promote the use of its Gateway process, which enables federal, state, and local law enforcement agencies and financial industry regulators to have direct access to records filed under the BSA. This access is provided through a secure web-based network. The Gateway process empowers FinCEN's law enforcement customers to conduct their own routine queries of BSA records rather than rely on FinCEN's analytical resources.

Providing Analytical Services and Products

FinCEN adds value to financial investigations by providing two types of analysis: (1) investigative case research, and (2) identification of foreign and domestic money laundering and terrorist financing trends, patterns, and techniques.

First, FinCEN supports the financial aspects of investigations by providing quality and timely investigative case support to its customers. FinCEN's in-house analysts provide case support to U.S. law enforcement at the federal,

Treasury Strategic Goal	Treasury Strategic Objective	FinCEN General Goal in Treasury Strategic Plan	FinCEN Strategic Goal
Preserve the integrity of financial systems	Disrupt and dismantle financial infrastructure of terrorists, drug traffickers, and other criminals and isolate their support networks	Collect, analyze and share information needed to combat the financial aspects of criminal activity worldwide. <i>Program: Combat Financial Aspects of Criminal Activity</i>	Regulatory Framework: Support efforts to eliminate safe havens for money laundering and terrorist financing worldwide. Information Collection and Sharing: Modernize the collection, maintenance and retrieval of BSA information. Analytical Services and Products: Enhance the value of FinCEN's analytical services and products.

state, and local levels, and to their international counterparts, by preparing reports based on data collected under the BSA, and other commercial and law enforcement information. These reports link together business associates, bank accounts, property records, and other information to assist law enforcement in conducting more complete financial investigations. FinCEN also helps law enforcement customers coordinate their investigations by signaling when two or more agencies have an interest in the same subject.

Second, FinCEN provides strategic analytical support to law enforcement, regulators, policymakers, and the intelligence community. FinCEN analysts, working closely with law enforcement, regulators, and intelligence analysts in the field, add value to BSA data and other financial intelligence to identify trends, patterns, and techniques associated with money laundering, terrorist financing, and other financial crimes, worldwide. FinCEN disseminates this information in a wide range of products, including geographic threat assessments, money flow studies, industry studies, statistical and issues analyses, and bulletins and advisories. FinCEN also provides feedback, bi-annually, to the financial community on the value of their Suspicious Activity Reports to investigations.

PERFORMANCE MANAGEMENT

As shown in the diagram below, FinCEN's Strategic Plan links directly to the Treasury Strategic Plan through FinCEN's General Goal. FinCEN's Strategic Plan presents the strategies

used to achieve Treasury's and FinCEN's goals and the measures used to monitor progress towards them. The three goals presented in FinCEN's Strategic Plan will be reflected as Performance Goals in the Annual Performance Plan and the budget. The Annual Performance Report will measure FinCEN's progress towards achieving annual targets set for each strategy in FinCEN's Strategic Plan.

STRATEGIC CHALLENGES

Several external factors could affect achievement of FinCEN's goals:

- Technology - Staying abreast of advanced technologies and their impact on financial crime trends and patterns. Understanding technology and how it can be used internally to improve service efficiency and customer satisfaction.
- Legislation - Addressing any new legislative initiatives through various efforts, such as rulemaking and outreach programs.
- Human Capital - Assessing how changing economic conditions, both nationally and locally, could affect FinCEN's ability to attract and retain the technical expertise required to meet its goals.
- Reorganization - Maintaining the focus and ensuring the integrity of FinCEN's mission within the new federal law enforcement structure.

GOAL 1: SUPPORT EFFORTS TO ELIMINATE SAFE HAVENS FOR MONEY LAUNDERING AND TERRORIST FINANCING WORLDWIDE

DISCUSSION

FinCEN's goal is to support Treasury's efforts to expand the financial regulatory framework, both domestically and internationally, for the purpose of eliminating safe havens for money laundering and terrorist financing. Identifying vulnerable industries and bringing them under the regulatory umbrella reduces the financial avenues available to money launderers and other criminals, including those involved in terrorist financing.

Efforts to strengthen the U.S. regulatory framework have been greatly accelerated since September 11th and the subsequent passage of the USA PATRIOT Act. FinCEN has worked closely with policymakers to put in

place a wide array of new regulations extending anti-money laundering program requirements to five additional industries (see table below). Suspicious Activity Reporting (SAR) requirements have also been expanded beyond depository institutions to money services businesses, casinos, card clubs, and broker-dealers. Between FY 2004 and FY 2005, FinCEN anticipates extending the regulatory framework to cover five more industries, and to examine the possibility of covering travel agencies, vehicle sales, and real estate, as appropriate. SAR requirements will also be extended to additional financial institutions. FinCEN, in conjunction with the regulatory agencies, will provide the oversight and outreach

Industries Covered by Anti-Money Laundering Regulations

FY 2001	FY 2003 estimated	FY 2005 projected
Depository institutions Casinos Card clubs	Depository institutions Casinos Card clubs Money services businesses Broker-dealers Credit card operators Mutual funds Futures commission merchants	Depository institutions Casinos Card clubs Money services businesses Broker-dealers Credit card operators Mutual funds Futures commission merchants Insurance companies Precious metals, stones & jewels Commodity trading advisors Unregistered investment companies Investment advisors

activities essential to ensuring compliance with the new reporting requirements. At the same time, FinCEN will continue to assess the value of the information it collects and seek ways to minimize the burden on regulated industries.

Although FinCEN is responsible for administering anti-money laundering regulations and reporting requirements, it depends on a wide array of Federal agencies (i.e., the Federal Reserve Board, Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, the Securities and Exchange Commission, and the IRS) to enforce compliance. Over the next several

years, FinCEN will be working with these regulators to develop a strategy for evaluating the levels of industry compliance and the effectiveness of efforts to promote compliance.

Internationally, FinCEN will continue to encourage the adoption of comprehensive anti-money laundering regulations worldwide. The expansion of anti-money laundering regimes has accelerated in the last few years, with the number of Financial Intelligence Unit (FIU) counterparts overseas growing from 58 countries/jurisdictions in FY 2001 to 84 in FY 2003. To support this growth, FinCEN anticipates it will need to continue to expand its efforts to provide or coordinate training and technical assistance.

PERFORMANCE MEASURES

How FinCEN Will Assess Progress in Achieving This Strategic Goal	Baseline 2003	Target Date	Target Amount
1. Number of vulnerable industries covered by anti-money laundering regulations	8	2005	13
2. Share of customers satisfied with FinCEN's regulatory guidance	77%	2005	80%
3. Percentage reduction in CTR filings	Baseline	2008	30%
4. BSA compliance - (percentage and quality)	TBD	2008	TBD

STRATEGIES

Strategy 1-1: Expand the U.S. regulatory framework to cover, as appropriate, all vulnerable industries.

FinCEN will continue to work with Treasury to complete the regulations required to implement the anti-money laundering provisions of Title III of the USA PATRIOT Act. FinCEN will also work with Treasury to assess how the new regulations are working in practice and what adjustments are needed to achieve the government's anti-money laundering goals.

FinCEN supports the extension of the regulatory framework by providing guidance to the regulated industries in a variety of ways. Information is provided via FinCEN's website, through presentations at industry and association conferences, in FinCEN publications, such as the bi-annual *SAR Activity Review—Trends, Tips and Issues*, and in response to direct queries.

Strategy 1-2: Maximize regulatory effectiveness while minimizing the burden on industry.

FinCEN is working in partnership with the regulated industries to identify ways for encouraging them to use current statutory exemption provisions as a way of reducing the submission of Currency Transaction Reports that have little or no value for law enforcement purposes.

Strategy 1-3: Ensure effective and uniform enforcement of anti-money laundering regulations.

FinCEN will enhance nationwide compliance with anti-money laundering regulations by reaching out to other regulatory organizations and industry representatives to strengthen public-private partnerships. FinCEN will work with federal and state regulators to determine the level of compliance with the BSA regulations and examine the effectiveness and uniformity of current enforcement programs and measures. FinCEN will also examine options for delegating portions of the enforcement responsibilities to its federal regulatory partners.

Strategy 1-4: Promote the adoption of anti-money laundering and terrorist financing policies globally.

FinCEN works closely with other components of the U.S. government and its partners around the world to promote the adoption of international anti-money laundering standards and the formation of FIUs. In addition, FinCEN works with the Department of State and Treasury's Office of Technical Assistance to provide training and technical assistance to nations seeking to establish FIUs or enhance fully functional FIUs. Over the next five years, FinCEN anticipates increased demand from FIUs for information technology assistance.

GOAL 2: MODERNIZE THE COLLECTION, MAINTENANCE, AND RETRIEVAL OF BSA INFORMATION.

DISCUSSION

FinCEN's goal is to accelerate the flow of valuable financial information from regulated industries, and provide that information in a timely, efficient, and secure manner to law enforcement. There are several modernization efforts directed at improving the collection, maintenance, and retrieval processes. FinCEN is expediting the collection and processing of BSA information through the PATRIOT Act Communication System (PACS) and examining ways to enhance the paper collection and BSA form editing processes. Plans are also underway to redesign the data retrieval systems and processes to make the BSA data more easily accessible and understandable to users.

These improvements will be key to achieving the targeted growth in Gateway, the process by which users directly access records filed under the BSA. FinCEN anticipates expansion of the Gateway user base from less than 1,000 users, currently, to more than 3,000 in FY 2005. Part of the expansion will result from encouraging current FinCEN customers to conduct their own queries of BSA records, using Gateway, rather than

relying on FinCEN's analytical staff. The largest growth in the Gateway user base will result from consolidating direct access to the BSA data through the Gateway process. This effort will enhance FinCEN's ability to: (1) assure that agencies with interests in the same investigative subjects are networked, thereby avoiding overlapping investigations; (2) collect statistics on the usage of SARs in order to provide feedback to the regulatory community and improve overall BSA reporting; and (3) audit BSA data usage.

FinCEN plays a key role in fostering the secure exchange of information among FIUs. FinCEN developed and maintains a secure Internet website, the Egmont Secure Web, which permits connected FIUs to communicate with one another via secure e-mail, and to post and access information related to money laundering trends, analytical tools, and technological developments. Over the next five years, FinCEN is likely to face technological constraints and increased vulnerabilities in connecting an increasing number of new FIUs from less developed countries.

PERFORMANCE MEASURES

How FinCEN Will Assess Progress in Achieving This Strategic Goal	Baseline 2003	Target Date	Target Amount
1. Share of BSA filings submitted electronically	3%	2005	40%
2. Number of users directly accessing BSA data through FinCEN's Gateway process	900 (estimated)	2005	3,000
3. Survey results regarding "value" of direct access to law enforcement	TBD	2008	80%

STRATEGIES

Strategy 2-1: Enhance the timeliness, accuracy, and ease of filing and processing BSA forms.

The collection of BSA data is being expedited using a highly secure network to allow financial institutions to file BSA reports electronically. This new system, PACS, is designed to allow participating financial institutions to quickly and securely file BSA reports over the Internet and reduces a financial institution's costs in filing BSA reports (i.e., elimination of magnetic tape handling, routing paper forms for approval, and shipping costs). PACS also accelerates the delivery of BSA information to federal and state law enforcement and reduces the cost to the government of processing paper forms.

Efforts are also under consideration to modernize the paper collection and BSA form editing processes. There is a need to examine possible workflow enhancements and to adopt technologies to automate paper form processing.

Strategy 2-2: Implement BSA data retrieval system that supports expansion of the Gateway user base.

In order to allow effective use of the BSA data, FinCEN is planning to put in place a secure, web-based system that will provide a user-friendly interface with query, retrieval, reporting, and data analysis capabilities. Over the next two years, FinCEN plans to build and maintain, with contractor support, a BSA data retrieval system, known as BSA Direct. By using modern technology, the new system will accommodate the anticipated expansion of the user base, while providing users with easier access to the data and more sophisticated analytic tools.

Strategy 2-3: Expand access to BSA data through the Gateway process.

FinCEN will continue to encourage law enforcement and regulators to conduct their own basic queries of BSA data using Gateway, as well as to consolidate access to BSA data through the Gateway process. To cost-effectively support an expanded Gateway user base, FinCEN will automate the processes used to audit usage of the BSA data, network customer queries, and provide customer support and training.

Strategy 2-4: Strengthen on-line information sharing among FIUs

To facilitate the secure exchange of information among the FIUs, FinCEN's goal is to have all FIUs hooked up to the Egmont Secure Web. The system has encouraged unprecedented cooperation between FIUs due to security, ease of use, and quick response time.

FinCEN is also sponsoring the Egmont Group's new public Internet site to further encourage international partnerships. This site will be especially useful for other international organizations focusing on money laundering and terrorist financing issues and for countries developing anti-money laundering regimes.

GOAL 3: ENHANCE THE VALUE OF FINCEN'S ANALYTICAL SERVICES AND PRODUCTS

DISCUSSION

FinCEN's goal is to continually enhance its analytic capability—both for investigative case research and strategic analysis. FinCEN seeks feedback from its customers to identify areas for improvement. In a recent survey, although customers were very satisfied overall with the investigative case reports prepared by FinCEN, timeliness was an issue. FinCEN is working to enhance timeliness by developing a case information system that will allow for the more efficient development and tracking of case reports.

FinCEN also seeks to enhance the quality and value of its strategic analytical services. FinCEN provides a broad range of short and long-term analytical products to law enforcement, regulators, and the regulated industries. These products are aimed at identifying U.S. and global trends, patterns, and techniques associated with money laundering and terrorist financing, and providing feedback on the use and utility of SARs. FinCEN will continually be challenged to

develop or acquire increasingly powerful tools that will allow its analysts to uncover trends and patterns, or investigative targets, from large volumes of data. Increasingly, such analyses will be conducted jointly with other law enforcement agencies at home and abroad, reflecting the growing complexity and interconnectivity of terrorist financing and money laundering schemes.

Recently, FinCEN has embarked on a new effort to support law enforcement investigations. In response to provision 314 of the USA PATRIOT Act, FinCEN has developed the Law Enforcement and Financial Institution Information Sharing (LEFIIS) system, which permits law enforcement to get expedited feedback from financial institutions on subjects of money laundering or terrorism investigations. This new system is providing law enforcement with timely and valuable information about investigative subjects, as well as further opportunities for coordinating investigations.

PERFORMANCE MEASURES

How FinCEN Will Assess Progress in Achieving This Strategic Goal	Baseline 2003	Target Date	Target Amount
1. Share of FinCEN's customers rating its investigative case reports as valuable	79%*	2005	85%
2. Average time to complete advanced analytical case reports	42-45 days	2008	25-30 days
3. Share of FinCEN's customers rating its strategic analytical services and products as valuable.	TBD	2008	80%

* FY 2002 rating. The FY 2003 survey will be conducted in the last quarter of FY 2003.

STRATEGIES

Strategy 3-1: Provide valuable investigative case support.

FinCEN will continue to enhance the timeliness and value of its products and the efficiency of the processes used to develop those products. FinCEN will begin an investigative case report work process review in FY 2004 to identify opportunities for increasing the efficiency of the process and the timeliness of the product. FinCEN will also evaluate the potential of an electronic Case Information System (CIS) that would allow FinCEN's customers to submit a request for research to FinCEN electronically and receive the resulting case report back electronically.

Foreign requests for investigative research are increasing rapidly, reflecting the growth in FIUs. FinCEN is examining various strategies for enhancing its ability to meet the special needs of foreign requests.

Strategy 3-2: Provide valuable investigative targets.

An increase in information sharing among federal agencies since the enactment of the USA PATRIOT Act has progressively enhanced FinCEN's proactive initiatives. Various elements of information are collectively analyzed, along with BSA data, using unique analytical linking techniques. This process yields valuable leads for law enforcement and government task forces in their efforts to combat terrorist financing, money laundering, and financial crimes. FinCEN is examining several methods for expanding its capacity to develop pro-active investigative targets.

Strategy 3-3: Provide valuable analyses on U.S. and global money laundering and terrorist financing trends.

To assist partners in the improvement of money laundering and terrorist financing prevention and detection programs, and to keep pace with the evolution of systemic money laundering threats, FinCEN has created new resource centers, such as its Geographic Threat Assessment and Non-Traditional Methodologies Sections. These sections produce geographic threat assessments for law enforcement and provide information to FinCEN's partners on the emerging methods for money laundering and terrorist financing. Over the next few years, FinCEN will be developing a strategy for measuring and enhancing the value of these products.

Strategy 3-4: Enhance and accelerate information sharing among law enforcement and financial institutions regarding potential terrorist financing or money laundering schemes.

FinCEN continues to enhance its new LEFIIS system – a combination of e-mail and blast fax – that can quickly transmit names of suspects to financial institutions and get back reports of matches within days. FinCEN has also devised a system for qualifying financial institutions to share information with other similarly qualified institutions regarding individuals and entities suspected of engaging in terrorist financing or money laundering. This information cannot be used for any other purpose, and its security and confidentiality are carefully safeguarded.

Strategy 3-5: Ensure that FinCEN’s analysts have the latest tools and training.

The extension of the SARs requirement to the money services businesses, securities and futures industries, broker-dealers, and casinos is generating an increasing volume of filings. FinCEN needs sophisticated tools to review and analyze these reports for money laundering and other criminal activities. FinCEN is developing a strong research and development orientation that will enable it to exploit emerging technologies and identify new techniques for “mining” large amounts of information.

FINCEN MANAGEMENT PRIORITIES

Underlying the success of FinCEN's strategic goals are key management initiatives or priorities. These initiatives address how FinCEN will implement the President's Management Agenda (PMA).

Strategy 4-1: Re-engineer the FinCEN processes and approaches for "doing IT" in order to meet changing requirements and maximize limited IT resources.

FinCEN will refine its Information Technology (IT) governance system as outlined in the PMA. As part of this process, FinCEN will develop a modernization blueprint (Enterprise Architecture) that fits within the overall Treasury Enterprise Framework and ensures that IT spending is focused on high priority modernization initiatives. The governance process will assure continued improvement in overall project management. It will incorporate tools, such as modular and performance-based contract methods, to ensure that projects are developed in manageable units to reduce overall risk. Project development will also adhere to electronic government principles and involve partnering with other agencies as appropriate to avoid redundancies and achieve overall efficiencies.

FinCEN will ensure that major IT projects are within 10 percent of cost/schedule/performance objectives, and IT systems are certified and accredited within one year of deployment.

Strategy 4-2: Develop and retain a high-performing, diverse workforce.

FinCEN will continue its efforts to meet the PMA objectives in this area. Those efforts include: continued development of an effective leadership cadre; implementation of a performance management system that links individual performance to organizational goals; continued reduction in diversity gaps within the organization by enhancing efforts to recruit and retain a diverse workforce; and enhancement of tools and processes necessary to measure and rate performance.

Strategy 4-3: Maximize business results through efficient and effective business practices.

As part of a maturing organization, FinCEN will continue to identify ways to integrate its functional areas and reduce the "silo" nature of its operations. FinCEN will also evaluate FinCEN's business processes and culture and identify opportunities and approaches to instill more mature corporate processes and culture.

FinCEN will also continue its efforts to meet the PMA objectives in this area. FinCEN will successfully complete the Office of Management and Budget's Program Assessment Rating Tool (PART) process in FY 2004. Management will review financial and performance information periodically and use it to make informed budget decisions, justify funding requests, and direct program improvements. The results of program evaluations, which began in FY 2003, will provide a critical and continuing source of performance information.

APPENDIX A. USE OF PROGRAM EVALUATIONS

Prosperous and Stable American and World Economies

<i>Issue</i>	<i>Evaluations</i>
Regulatory Framework	Options to reduce Low Value Currency Transaction Reports: A report was submitted to Congress recommending ways to encourage institutions to use the filing exemption process for CTRs. FinCEN will chair a public-private working group to identify workable mechanisms to achieve the desired 30 percent reduction in CTR filings.
Analytical Services & Products	Investigative Case Support Work Processes: A work process review will begin in FY 2004, in anticipation of the development of an electronic document management system.
Customer Satisfaction	Customer Satisfaction Surveys: FinCEN will continue to conduct customer satisfaction surveys, on a rotating basis, for its key program areas. In FY 2003, a follow-up survey will be conducted on investigative case reports, and in FY 2005 on regulatory support. In FY 2004, plans are to develop a baseline survey for strategic analysis products.
Employee Satisfaction	Employee Satisfaction Survey: FinCEN conducted a baseline employee satisfaction survey in FY 2002. Recommendations based on the survey are being addressed and a follow-up survey will be conducted in FY 2004.
Program & Internal Control Reviews	Efficiency and Effectiveness of Programs: FinCEN will review at least one program annually to identify ways to improve efficiency and effectiveness. Additionally, FinCEN will continue reviews in support of its overall management control program.

APPENDIX B. GLOSSARY OF TERMS AND ACRONYMS

Bank Secrecy Act (BSA) of 1970 – Act that authorizes the Secretary of the Treasury to require financial institutions to keep records and submit reports the Secretary deems useful for criminal, tax, and regulatory investigations and proceedings. In 1994, the Secretary delegated the BSA regulatory authority to FinCEN.

Case Information System (CIS) – System that will allow FinCEN to replace its current case receipt, investigative case research, and case report dissemination processes with a fully-integrated electronic process.

Currency Transaction Report (CTR) – Report filed by financial institutions regarding currency transactions of more than \$10,000 by, through, or to the financial institution.

Egmont Secure Web (ESW) – A virtual private network maintained by FinCEN. The network connects Egmont FIUs, allowing information to be passed securely among them via e-mail.

Financial Intelligence Units (FIUs) – Specialized government agencies created by a number of countries over the last decade to serve as focal points for national anti-money laundering programs. Since 1995, a number of FIUs began working together in an information organization known as the Egmont Group, to provide a forum for FIUs around the world to improve support to their respective governments in the fight against financial crimes.

Law Enforcement and Financial Institution Sharing (LEFIIS) – System implemented by FinCEN, in accordance with Section 314 (a) of the USA PATRIOT Act, to facilitate the sharing of information between federal law enforcement agencies and financial institutions regarding terrorism or money laundering targets.

Money Laundering – Process by which criminals or criminal organizations seek to disguise the illegal origin of their proceeds. Crimes such as drug trafficking, smuggling, computer fraud schemes, and embezzlement can produce substantial profits, creating an incentive to legitimize the gains through money laundering.

Money Services Businesses (MSBs) – Term used to define over 150,000 entities such as money transmitters; issuers, redeemers, and sellers of money orders and traveler's checks; check cashers; and currency exchangers.

[USA] PATRIOT Act Communication System (PACS) – System designed to allow participating financial institutions to file BSA reports quickly and securely over the Internet.

President's Management Agenda (PMA) – An aggressive strategy, announced in the summer of 2001, for improving the management of the Federal government. It focuses on five management areas: Human Capital, Budget and Performance Integration, Competitive Sourcing, E-Government, and Financial Management.

Program Assessment Rating Tool (PART) – A systematic, consistent process for developing program performance ratings and then using that information to make budget decisions. Developed by OMB, the PART is composed of assessment criteria on program performance and management. The PART establishes a “good government” standard of performance and will be used to rate programs in an open, public fashion.

Strategic Goals – Overarching statements of aim or purpose for key FinCEN functions.

Strategies – Statements regarding how FinCEN will achieve its Strategic Goals. These strategies cover the major functions and operations.

Suspicious Activity Report (SAR) – Report filed by financial institutions covered by the Bank Secrecy Act to identify suspicious transactions relevant to possible violations of the law.

Terrorist financing – Process used to fund terrorist acts. This process shares most of the fundamental attributes of money laundering (e.g., the need for fundraising, funds transfers, and obfuscation of funds origins and beneficiaries) and uses similar methods for moving and laundering money, engaging money professionals such as currency exchangers, bankers, accountants, and lawyers.

USA PATRIOT Act of 2001 (Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism) – Legislation seeking to strengthen U.S. anti-money laundering laws by focusing on offshore banking and related facilities that protect anonymity, enabling criminals to move funds; correspondent banking which is susceptible to manipulation by money launderers; and private banking, which is susceptible to manipulation by corrupt foreign government officials. The Act also expands the Bank Secrecy Act to include additional sectors of financial services industry. FinCEN was directed to implement 23 of the 44 provisions of Title II – International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001.

COMMENTS OR QUESTIONS?

Comments or questions regarding FinCEN's Strategic Plan can be sent to:

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Comments can also be e-mailed to: webmaster@fincen.treas.gov

For more information on FinCEN, please visit our website at:
www.fincen.gov