



*2000 - 2005*

*Strategic  
Plan*

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## Director's Message

The year 2000 marks the Financial Crimes Enforcement Network's (FinCEN) first decade since its formation in 1990 to serve as the nation's central clearinghouse for broad-based intelligence and information-sharing on money laundering. As Deputy Secretary of the Treasury Stuart Eizenstat stated when introducing the National Money Laundering Strategy for 2000, "Money Laundering ...undermines confidence in the integrity of our financial systems, facilitates crime and corruption, and allows criminals to savor the rewards of their illegal actions."

To combat this growing threat, the FinCEN network links the law enforcement, financial and regulatory communities together for the common purpose of preventing, detecting and prosecuting money laundering and other financial crimes. As FinCEN moves into its second decade, its network is expanding in response to the growing needs of law enforcement in combating the increasingly complex dimensions of money laundering. The Strategic Plan for 2000-2005 builds on the 1997-2002 Plan, and articulates the goals we will work towards achieving over the next five years in order to provide our law enforcement, regulatory and private sector partners with the services they require to effectively combat financial crime.

This plan outlines objectives and strategies in our agency's four

programmatic areas: providing investigative case support, identifying trends and patterns, administering the Bank Secrecy Act (BSA), and fostering international cooperation; as well as maintaining efficient and effective management processes. The strategic planning process enables the agency to examine its programs and refine and adjust its objectives and strategies as changing realities require. This effort provides a basis for developing FinCEN's operational plan and helps direct the more efficient allocation of limited resources.

This plan has been developed in consultation with our many stakeholders in Treasury and other law enforcement and regulatory agencies, in the private sector and in Congress. These partnerships are essential to our ability to successfully meet the needs of our customers. We will continue to strengthen our network by building on these invaluable relationships in the months and years to come. Finally, at the core of all of FinCEN's efforts is an unequivocal commitment to maintain the integrity and privacy of the information collected and to ensure the proper use of this data.



James F. Sloan, Director  
Financial Crimes Enforcement Network

## Introduction

Created in 1990, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) supports law enforcement investigations to prevent and detect money laundering and other financial crimes (such as fraud and embezzlement).

*Money laundering is the process by which criminals or criminal organizations seek to disguise the illicit nature of their proceeds by introducing them into the stream of legitimate commerce and finance. Money can be laundered through a wide variety of enterprises, from banks and money transmitters to stock brokerage houses and casinos. The illicit proceeds provide the fuel for drug dealers, terrorists, arms dealers, and other criminals to operate and expand their enterprises.*

Within the Department of the Treasury, FinCEN establishes, oversees and implements policies to prevent and detect money laundering. FinCEN links law enforcement, financial and regulatory communities into a single information-sharing network. Using Bank Secrecy Act (BSA) information reported by banks and other types of financial institutions, such as casinos and money services businesses, FinCEN serves as the nation's central clearinghouse for broad-based

intelligence and information sharing on money laundering. In addition, FinCEN also has a key role in safeguarding the information and ensuring the integrity of its use. This information helps illuminate the financial trail for investigators to follow as they track criminals and their assets.

FinCEN also participates in multi-agency efforts to develop and implement comprehensive, integrated approaches to combating money laundering. Such efforts include the National Money Laundering Strategy reports (mandated by the Money Laundering and Financial Crimes Strategy Act of 1998) released in September 1999 and March 2000. These reports provide detailed plans for government action—including many of FinCEN's highest priority initiatives.

FinCEN accomplishes its strategic goal: *“Providing law enforcement support through information analysis and the creation of information resources for the prevention, detection, and prosecution of money laundering and other financial crimes,”* by:

- providing investigative case support,
- identifying financial crime trends and patterns,
- administering the BSA, and
- fostering international cooperation.

### *Providing Investigative Case Support*

FinCEN seeks to add value to the information its regulatory program collects from financial institutions and deliver it in the most effective way possible to investigators. FinCEN's analysts use the BSA data, along with law enforcement information and commercially available data, to provide analytical support to law enforcement. Since 1990, FinCEN has provided almost 50,000 analytical case reports involving over 200,000 subjects to federal, state, and local law enforcement and regulatory agencies. These case reports were prepared for about 150 federal agencies and state and local law enforcement investigators in all 50 states plus the District of Columbia and Puerto Rico. This effort has been accomplished by using FinCEN's state-of-the-art technology, in-house analysts, and countless data sources to link together various elements of a case to uncover potential criminal relationships.

FinCEN also provides specially tailored forms of assistance that permit other agencies' staff to have direct access to its resources—an approach that enables FinCEN to accommodate the increasing demand for its services. Two of FinCEN's most successful programs include the Platform access program and the Gateway program.

The Platform access program enables federal agencies to send their representatives to FinCEN to use its

databases and receive technical assistance, when requested, for their pending cases. This program has expanded from 49 participants in FY 1997 to over 70 participants in FY 1999.

The Gateway program allows law enforcement agencies in all 50 states, the District of Columbia, and the Commonwealth of Puerto Rico to have direct access to all BSA reports under a carefully monitored system that FinCEN controls and audits. The BSA inquiries from the Gateway program continue to grow at a rate of about 20 percent per year.

In addition, the Gateway program has a unique feature—a 'query alert' mechanism that automatically signals FinCEN when two or more agencies have an interest in the same subject. In this way, FinCEN assists participating agencies in coordinating their investigations. These alerts are matched with federal investigative data, providing another level of networking. The number of Gateway alerts increased over 70 percent between FY 1997 and FY 1999.

### *Identifying Financial Crime Trends & Patterns*

Another significant role of FinCEN is providing strategic analytical support to the law enforcement and regulatory communities. FinCEN's strategic analytical products focus on 'macro-

level' issues regarding money laundering and other financial crimes. These products include in-depth analyses of particular areas or issues based on indicators extracted from BSA data and other sources. Examples of the areas or segments analyzed could include: (1) geographic area, (2) threat vulnerability, (3) industry analysis such as electronic funds transfer systems, or (4) analysis of particular money laundering methods.

To identify trends, patterns, and issues associated with money laundering and other financial crimes, FinCEN utilizes advanced analytical tools. These tools allow FinCEN to 'mine' literally billions of data elements of subjects, property, and financial transactions to uncover potential criminal relationships that would otherwise be virtually impossible to detect with standard link analysis. To further enhance its efforts in this area, FinCEN has been working with data mining experts to design software that is tailored to meet the specialized needs of law enforcement. Data mining is not a static, off-the-shelf technique but instead requires the testing of complex sets of algorithms to determine which will most creatively search and combine random pieces of data to reveal hidden links to criminals and their money laundering schemes.

In addition, FinCEN's strategic analyses emphasize money laundering and other illicit business transactions

related to narcotics trafficking. The General Counterdrug Intelligence Plan (GCIP), released in February 2000 and mandated in the Treasury and General Government Appropriations Act of 1998 and the 1998 Intelligence Authorization Act, calls for strengthening FinCEN as one of four national coordination centers with a focus on providing strategic analysis of narcotics-related financial crimes and investigative support to law enforcement concerning financial crimes.

### *Administering the Bank Secrecy Act*

At the heart of FinCEN's regulatory activities is the administration of the BSA. The BSA, originally enacted in 1970, authorizes Treasury to require financial institutions to file certain reports and keep certain records of financial transactions (e.g., suspicious activity reports, currency transaction reports, reports of cross-border currency transportation, and reports relating to foreign bank and securities accounts).

Over the years, certain BSA provisions have been extended to cover not only traditional depository institutions such as banks, thrifts, and credit unions, but also nonbank financial institutions such as money services businesses (e.g., money transmitters; issuers, redeemers and sellers of money orders and traveler's checks; check cashers

and currency retail exchanges), casinos, and brokers and dealers in securities. More than 220,000 financial service providers are currently subject to many of the BSA requirements.

Currently, suspicious activity reporting is required only by depository institutions. The National Money Laundering Strategy for 2000 lays out an implementation blueprint for the extension of the Suspicious Activity Reporting System (SARS) to other institutions vulnerable to money laundering, including casinos and card clubs, and brokers and dealers in securities. FinCEN will also examine the money laundering vulnerabilities of financial services providers, such as the insurance industry, travel agencies, and pawn brokers for possible application of BSA requirements.

FinCEN benefits substantially from the cooperation of many groups and organizations in implementing its regulatory authorities. To foster that cooperation, FinCEN's regulatory program must reflect the concerns of these groups and organizations, which include the *financial institutions* subject to BSA information collection and reporting requirements; the *financial regulatory agencies* that supervise such institutions and also support FinCEN in administering the BSA; the *Internal Revenue Service's Examination Division*, which examines nonbank financial institutions, such as

casinos and money services businesses, for compliance with the BSA; the *law enforcement community*, which relies heavily on financial information in order to identify and prosecute money laundering and other financial crimes; and the *Internal Revenue Service's Detroit Computing Center*, which handles all aspects of the processing of over 13 million BSA reports filed annually.

### *Fostering International Cooperation*

Because money laundering does not stop at the U.S. borders, FinCEN has been active in encouraging other governments around the world to develop and implement effective anti-money laundering controls. The promotion of international cooperation remains an essential part of FinCEN's networking efforts.

Foremost among these efforts is the continued development of an international partnership among Financial Intelligence Units (FIUs)—centralized analytical agencies similar to FinCEN. FinCEN relies on its counterparts in the global network of FIUs to provide information in support of U.S. law enforcement investigations. Often, this information can only be obtained with difficulty, or not at all, through other channels. FinCEN reciprocally provides its counterparts with anti-money laundering information they need to conduct their own national investigations.

A core group of FIUs—known as the Egmont Group—has come together to find ways to cooperate, especially in the areas of information exchange, the sharing of expertise, and assisting newer FIUs. One of the most significant contributions of the Egmont Group has been the creation of a secure communication network—developed by FinCEN. This network, based on secure Internet access, permits members of the Egmont Group to communicate with one another via secure e-mail and to post and access information on FIUs, money laundering

trends, financial analysis tools, and technological developments.

FinCEN also supports implementation of Treasury's money laundering initiatives and policies. This includes working to support Treasury's efforts with intergovernmental bodies, such as the Financial Action Task Force (FATF) and its regional spin-offs in the Caribbean and Asia, to reinforce the need for international cooperation, and to provide training and technical assistance to other countries.



## *Mission Statement*

The mission of the Financial Crimes Enforcement Network is to support law enforcement investigative efforts and foster interagency and global cooperation against domestic and international financial crimes; and to provide U.S. policymakers with strategic analyses of domestic and worldwide money laundering developments, trends, and patterns. FinCEN works toward those ends through information collection, analysis and sharing, as well as technological assistance and innovative, cost-effective implementation of the Bank Secrecy Act and other Treasury authorities.

## *Strategic Goal*

**P**roviding law enforcement support through information analysis and the creation of information resources for the prevention, detection, and prosecution of money laundering and other financial crimes.

## *Strategic Objectives*

- 1.** To provide quality and timely investigative support and networking to FinCEN's customers.
- 2.** To provide useful information to law enforcement and regulatory partners about trends, patterns, and issues associated with money laundering and other financial crimes.
- 3.** To administer effectively the Bank Secrecy Act in order to support the prevention, detection, and prosecution of money laundering and other financial crimes.
- 4.** To establish and strengthen mechanisms for the exchange of information globally, and engage, encourage, and support international partners in taking necessary steps to combat money laundering and other financial crimes.
- 5.** To build efficient and effective management processes and administrative support to accomplish FinCEN's mission.

## Objective 1: Providing Investigative Case Support

*Objective: To provide quality and timely investigative support and networking to FinCEN's customers.*

FinCEN's in-house analysts provide direct case support to U.S. law enforcement at the local, state, federal and international levels by preparing reports based on data collected under the Bank Secrecy Act (BSA), and other commercial and law enforcement information. These reports link together associates, bank accounts, property records, and other information to assist law enforcement in forming a more complete financial investigation. Investigations supported by FinCEN appear to have become more complex, as evidenced in part by the increase in the number of subjects per investigative case report between FY 1997 and FY 1999. The increased complexity of investigations reflects a number of trends, including the globalization of crime, the increased targeting of large criminal networks, and the growing volume of BSA data from which to develop investigative leads.

FinCEN develops innovative programs designed to provide specially tailored assistance to law enforcement (e.g., the Gateway and Platform programs discussed in the Introduction). Another example of FinCEN's unique law enforcement support is the Analytical System for Investigative

Support (ASIS). This portable case management database allows law enforcement investigators to record, store, and manipulate their increasingly complex investigative information in a more organized manner. Upon completion of all data entry, field investigators forward the database to FinCEN for financial queries and subsequent in-depth analysis for added value. FinCEN conducts these analyses using various analytical applications and processes, such as those contained in the Artificial Intelligence System, including specially designed graphical presentation and interface tools. Increased usage of ASIS allows FinCEN to provide more comprehensive support to highly sophisticated investigations.

FinCEN continues to work towards expanding its capability to share and network investigative information with law enforcement. Over the past two years, FinCEN has been working to develop a secure communications network—Secure Outreach—that uses secure Internet access to provide investigative information quickly and securely. One feature of the network is that it will provide agencies with the capability of communicating among themselves through a secure e-mail system. Secure Outreach is a key to achieving FinCEN's objective of providing quality and timely investigative support because the network will allow applications that facilitate the electronic transmission of

sensitive investigative information, improve and secure access to BSA information from remote customers, and provide secure communication among our law enforcement customers.

The National Money Laundering Strategy (NMLS) for 2000 sets forth an expanded role for FinCEN in combating money laundering and other financial crimes. The NMLS calls for FinCEN to enhance its support of High Intensity Money Laundering and Related Financial Crime Areas (HIFCAs), to expand investigative support to multi-agency and high profile efforts, and to promote the use of the Gateway Program as a vehicle for two-way information exchange and joint state-federal financial analysis projects.

### Strategies:

- Use Secure Outreach and other technical enhancements to expand customer access to BSA data and other network opportunities.
- Enhance support provided to multi-agency investigations, HIFCA teams, and other high profile investigative efforts.
- Expand networking opportunities among our partners by enhancing

the collection and sharing of information to target money laundering and other financial crime activities.

- Respond to evolving law enforcement needs by identifying emerging issues, suspicious activities, and targets for investigation.
  - Develop new automated techniques that enhance detection and dissemination of alerts regarding possible money laundering activities.<sup>1</sup>
- Expand networking capabilities within the law enforcement and intelligence communities to facilitate coordination of financial information among themselves and discern new ways to support U.S. law enforcement.

### *How Progress Will Be Measured:*

Progress on this objective will be measured by customer satisfaction with investigative support services rendered. FinCEN will also continue to monitor the results of expanded networking opportunities among its partners, as well as other workload statistics.

<sup>1</sup> Significant information technology initiatives, such as this one, have been included under the appropriate strategies.

## Objective 2: Identifying Financial Crime Trends and Patterns

*Objective: To provide useful information to law enforcement and regulatory partners about trends, patterns, and issues associated with money laundering and other financial crimes.*

A front line of defense against organized and international crime, drug trafficking and money laundering is to monitor the flow of funds that support these activities and identify methods and patterns used to commit these crimes. FinCEN provides a unique capability to identify trends, patterns, and national-level issues associated with money laundering and other financial crimes. It serves as a catalyst for research, analysis and dissemination of information on money laundering methodologies through joint case analysis with law enforcement, integration of all-source information and the application of state-of-the-art data processing techniques.

FinCEN continues to expand the use of techniques, such as data mining, and leading edge analytical tools. These tools will enhance the analysis and manipulation of BSA data by identifying and linking together related subjects for improved investigative lead information. They will also contribute to the identification of trends and patterns. These tools will permit a comprehensive linking of BSA data with other information to identify suspicious activity tied to

organized crime groups and other interstate criminal activity.

The National Money Laundering Strategy (NMLS) for 2000 calls for FinCEN to undertake or continue several analytical efforts. These efforts include analytical support to the HIFCAs and other multi-agency investigative efforts, and the ongoing identification and targeting of major money laundering schemes.

Additionally, FinCEN is co-chairing with the American Bankers Association a public-private working group that has been established to identify issues related to the use of Suspicious Activity Report (SAR) information. The working group will focus on improving collaborative feedback to the financial, regulatory and law enforcement communities, primarily through a periodic SAR Activity Review providing current information on SAR trends and patterns, law enforcement use, tips on improving reporting, and an industry forum. FinCEN will also be providing strategic analytical support for the General Counterdrug Intelligence Plan.

As highlighted in the NMLS, FinCEN continues its work on estimating the magnitude of money laundering, drawing domestic and international focus on the issue by chairing federal interagency Economic Policy and Law Enforcement Committees and developing linkages with international

partners. FinCEN awarded a major contract in August 2000 to develop a methodology for estimating the magnitude of money laundering.

### **Strategies:**

- Work closely with law enforcement to identify and disseminate current trend and pattern information through collaborative analysis of active money laundering investigations.
- Continue to develop analytical methodologies, models and other technical tools that provide additional insights into suspicious activities and transaction patterns associated with money laundering schemes.
- Continue long term analytical efforts to estimate the domestic and international magnitude of money laundering.
- Enhance efforts to assist law enforcement in tracking the utility of SAR and other BSA data and provide feedback to the regulatory and financial communities.
- Enhance FinCEN's capability to frame and support counter-money

laundering policies associated with National Money Laundering Strategy objectives and other multi-agency task force initiatives.

- Enhance FinCEN's unique expertise and specialized information systems to provide financial lead information for U.S. law enforcement in multi-jurisdictional financial crimes and other special investigations.
  - Improve FinCEN's ability to detect the flow of illicit funds and its associated transactions through enhanced information technology.

### ***How Progress Will Be Measured:***

Progress on this objective will be measured by customer satisfaction with FinCEN's analytical products. FinCEN will continue to monitor the volume and type of analyses it produces for its customers. As noted previously, FinCEN has awarded a contract that will develop a methodology for estimating the magnitude of money laundering. This measure will allow FinCEN and other law enforcement agencies to evaluate their efforts in the context of overall money laundering trends.

## Objective 3: Administering the Bank Secrecy Act

*Objective: To administer effectively the Bank Secrecy Act in order to support the prevention, detection, and prosecution of money laundering and other financial crimes.*

Working in partnership with the financial services industry, the financial regulatory agencies, various divisions of the Internal Revenue Service, and the law enforcement community, FinCEN establishes policies to administer the BSA effectively, while balancing the associated burden imposed on the regulated financial institutions. For example, final regulations have been published which revise and simplify the manner in which depository institutions may be exempted from the obligation of filing Currency Transaction Reports on many of their customers, such as department store and supermarket chains, whose recurring transactions are generally of little interest to law enforcement.

FinCEN relies heavily on the federal financial regulatory agencies and the Internal Revenue Service's Examination Division to examine financial institutions for BSA compliance. These partners refer appropriate cases of non-compliance with the BSA to FinCEN for enforcement action, such as civil

money penalties. Through enhancements to its internal processes and increased coordination with its regulatory partners, FinCEN's enforcement program is in the process of becoming significantly more effective. For example, FinCEN has enhanced its communication with regulated institutions by posting enforcement actions on its website.

The National Money Laundering Strategy (NMLS) provides renewed emphasis on FinCEN's regulatory efforts. In accordance with the Strategy, rules have been published to require registration and suspicious activity reporting for the money services business industry, that is, for money transmitters; issuers, redeemers and sellers of money orders and traveler's checks; check cashers and currency retail exchanges. FinCEN has issued the final regulations and has implemented an extensive outreach and education program to this industry on BSA requirements.

As described in the NMLS, FinCEN's regulatory efforts over the next several years will continue to focus on significant enhancements to the BSA regulatory programs, the extension of BSA requirements to additional industries, and enhanced support for its regulatory partners in the administration of the BSA.



**Strategies:**

- Assure that all types of financial services providers are subject to BSA and anti-money laundering program requirements.
  - Assure the most effective and efficient use of resources by focusing regulatory program initiatives in the areas of highest risk for money laundering and other financial crimes.
  - Improve and facilitate BSA and anti-money laundering compliance by enhancing support for regulatory efforts by financial institutions, regulatory partners, and law enforcement.
- Implement electronic filing options for BSA reporting requirements.
  - Assure regulatory efforts are responsive to evolving technologies, industry developments, and globalization of financial products and services.

***How Progress Will Be Measured:***

Progress on this objective will be measured by customer satisfaction with FinCEN's regulatory outreach efforts. FinCEN will also assess progress towards this objective by measuring the timely completion of BSA enforcement matters and tracking its progress on other regulatory programs.

## Objective 4: Fostering International Cooperation

*Objective: To establish and strengthen mechanisms for the exchange of information globally, and engage, encourage, and support international partners in taking necessary steps to combat money laundering and other financial crimes.*

**F**inCEN works closely with other components of the U.S. government and its global partners around the world to counter the growing threat of transnational crime to financial institutions and governments. To accomplish this objective, FinCEN continues to provide support for its Financial Intelligence Unit (FIU) counterparts and help facilitate the exchange of information among these institutions in support of anti-money laundering investigations. Additionally, FinCEN, in coordination with other U.S. government agencies, continues to assist foreign governments and institutions fighting transnational crime by assessing and evaluating money laundering controls in particular countries and providing training and technical assistance.

FinCEN supports the Treasury initiatives highlighted in the National Money Laundering Strategy for 2000, which include providing training and assistance to nations implementing counter-money laundering measures, supporting expanded FIU membership in the Egmont Group, and

providing country-specific expertise for policy development. FinCEN will expand its efforts to identify those international jurisdictions that pose a money laundering threat to the United States, and expand its expertise and analysis related to correspondent banking and offshore financial services.

Over the past five years, FinCEN's efforts have contributed to the dramatic growth in the number of FIUs—from 14 in 1995 to 53 in 2000. Over the next five years, FinCEN will focus its efforts on strengthening the capabilities and efficacy of current FIUs through increased training and technical assistance in such programs as personnel exchanges, regional workshops, and financial and investigative seminars and classes.

FinCEN also fosters effective international cooperation by facilitating investigative information exchanges. It encourages more effective communication channels in support of U.S. and foreign law enforcement. This role has increased dramatically—with support for U.S. law enforcement increasing three-fold during the past year.

Finally, FinCEN continues to maintain in-depth, country-specific expertise concerning financial crimes and money laundering activities around the globe. This expertise provides the basis for FinCEN's contributions to interagency studies and Congressionally-mandated

annual reports, such as the Department of State's annual International Narcotics Strategy Report. This report is used by financial institutions, various policy experts, and the international community to frame a variety of policy and operational decisions.

### **Strategies:**

- Promote increased cooperation with and among foreign law enforcement authorities to exchange information about investigations and significant money laundering systems.
  - Promote the networking of FIUs through the Egmont Secure Web to enhance the timely sharing of investigative information.
- Provide evaluations of nations' efforts to combat money laundering using FinCEN's extensive knowledge base.

- Provide training and technical assistance to cooperating countries in the development and operation of FIUs and the formulation and implementation of counter-money laundering strategies.
- Support Treasury's efforts to highlight the importance of global counter-money laundering efforts bilaterally, multilaterally, and within intergovernmental bodies and multilateral organizations, and to promote adoption of international anti-money laundering standards such as those of the Financial Action Task Force.

### ***How Progress Will Be Measured:***

FinCEN will measure progress on this objective by looking at key international workload measures that indicate the response to FinCEN's efforts to support FIU development, and promote policies and the exchange of investigative information, globally, to combat money laundering here and abroad.

## Objective 5: Strengthening Management Support

*Objective: To build efficient and effective management processes and administrative support to accomplish FinCEN's mission.*

The Management Support objective has been added to this plan to recognize the role of both FinCEN's overall management team and its administrative support functions (e.g., human resources, information technology, financial management and procurement) in the achievement of FinCEN's mission. These functions are important to, and cut across all the operational functions of the organization. The management team and the administrative support areas will need to work together to promote the integration of FinCEN's functions, thus enhancing the efficiency and effectiveness of the organization.

The Management Support objective includes strategies for providing FinCEN's employees with high quality, cost-effective administrative support services, using in-house expertise and the best cross-servicing arrangements available to FinCEN. The Management Support objective also provides strategies that address Treasury-wide management initiatives in the areas of customer and employee satisfaction. These initiatives are structured to implement a "balanced measures" approach to evaluating program success.

Management and administrative accomplishments over the last several years include: establishment of a full-time Equal Employment Opportunity (EEO) Program Officer to foster an environment of equal opportunity; expanded outreach programs to colleges and universities to ensure that FinCEN continues to have the expertise required to support its mission; continued pursuit of new and innovative technology to ensure employees have state-of-the-art tools and equipment; and enhanced resource accountability by strengthening internal reporting and senior management's commitment to team building.

### Strategies:

- Improve capacities to recruit, develop, and retain high-caliber employees.
  - Provide training that will enhance employee expertise and aid FinCEN's succession planning efforts.
- Foster an environment of equal opportunity.
- Improve customer service through the integrated, seamless delivery of FinCEN's products.

- Regularly measure employee satisfaction and make improvements in key areas identified by employees.
- Develop information technology capabilities to enhance abilities to analyze data and expand secure access to law enforcement and regulatory users.
- Enhance processes that promote wise capital investment and effective management of FinCEN's assets.

***How Progress Will Be Measured:***

FinCEN will assess progress towards this objective, in part through performance measures of employee satisfaction (through employee satisfaction surveys). FinCEN will also have customer satisfaction measures for many of its major program areas. An internal set of workload indicators will be used to monitor success in the human resources, financial, and information technology areas.

## *Key External Factors*

*Key external factors affecting achievement of FinCEN's strategic goal and objectives include:*

**Resource Levels.** The National Money Laundering Strategy (NMLS) significantly increases FinCEN's responsibilities. The agency will need additional resources to implement the actions called for in the strategy, and included in this plan. A realignment of resources between program areas to fund the NMLS initiatives would severely impact FinCEN's ability to meet its overall goals due to the close linkage between law enforcement, regulatory, and international efforts.

**Internal Revenue Service's (IRS) Support to BSA Functions.** FinCEN's ability to accomplish the objectives and strategies outlined in this plan substantially depends upon IRS resources and implementation of Title 31 program objectives. IRS has had a longstanding and vital role in the fight against money laundering through various IRS components, including the Criminal Investigation Division, the Examination Division, and the Detroit Computing Center (DCC). IRS' support of Treasury's anti-money laundering programs range from data system development and data storage at DCC; to examination of

recordkeeping, reporting requirements, and compliance program provisions of the BSA; and to jurisdiction to investigate criminal violations of the BSA. As part of its restructuring and modernization efforts, IRS management, including the Commissioner, has committed to continue IRS' BSA compliance efforts and its support of Treasury's anti-money laundering programs.

**New Legislation.** Any new or unforeseen legislative developments or legal challenges could impact the effective use of BSA authorities.

**Advanced Technologies.** Advanced technologies represent both a challenge and an opportunity for FinCEN. The development of new technologies—such as electronic cash, electronic purses, Internet- or smart-card-based electronic payment systems, and Internet banking—is increasing the ability of individuals to rapidly transfer large sums of money, and could pose a challenge for FinCEN and other law enforcement agencies combating money laundering. On the other hand, new technologies have the potential to greatly expand FinCEN's capability to analyze data, identify trends and patterns, and discover money laundering methods or schemes. However, the opportunity to use state-of-the-art technologies is contingent on having sufficient resources to acquire and implement them.

**Rapid Expansion of Financial Services and Products.** The Gramm-Leach-Bliley Act, enacted in November 1999, effectively repealed the long-standing prohibitions on the mixing of banking with the securities or insurance businesses. This legislation, along with the unprecedented growth observed in the financial services community, may affect the scope and nature of the industries subject to the BSA. If so, FinCEN would evaluate the need for additional anti-money laundering safeguards.

**Importance of Global Anti-Money Laundering Measures.** Meaningful dialogue with other countries to stress

the importance of developing and implementing effective and consistent global anti-money laundering measures must continue. Breakdown in these efforts could adversely impact the global trading and financial systems. Effective anti-money laundering programs must continue to be encouraged and aggressively implemented worldwide. The borderless world of international financial systems increases the appeal to criminal elements of non-cooperative countries or jurisdictions with no or few safeguards against money laundering. Political commitment must be generated at the highest levels to ensure the cooperation and participation of other countries in implementing anti-money laundering laws.

## Appendix A: FinCEN's Strategic Management Process

As part of the Treasury Department, FinCEN has implemented an integrated strategic management process consistent with guidelines established by the Department. This process both complies with The Government Performance and Results Act of 1993 and assists FinCEN in evaluating the effectiveness of its efforts. The process accomplishes this by:

- setting strategic goals and priorities for the long-term,
- setting annual performance targets,
- managing and budgeting to achieve those targets, and
- systematically reporting on annual performance.

*Setting strategic goals and priorities for the long term.* FinCEN's strategic plan sets objectives and strategies for accomplishing its strategic goal. FinCEN's plan builds on the direction provided in the Treasury-wide strategic plan. FinCEN's operational plan, updated annually, provides detailed "means" for accomplishing the objectives and strategies in the strategic plan, and the performance measures.

FinCEN's strategic planning process involves all of its offices. Senior management sets the general direction and priorities. Working groups consisting of the Deputy Assistant Directors and representatives from each office meet weekly during the process to

review and comment on the sections prepared by each office, as well as any crosscutting issues. A Strategic Plan Review Board, made up of the Assistant Directors, reviews the draft plan, and the Director gives the final approval. The plan also reflects the findings from FinCEN's on-going consultations with its customers and stakeholders.

*Setting annual performance targets.* FinCEN's budget submission is formatted to serve as both a budget request and as the Results Act performance plan. The performance goals included in the budget submission serve to justify the resources requested. The performance goals presented in the budget justification are the same as the strategic objectives presented in FinCEN's strategic plan. The performance measures and targets stem from the performance goals.

*Managing and budgeting to achieve those targets.* FinCEN's annual budget submission is based on the objectives and strategies of its strategic plan. FinCEN's budget request is effectively its annual implementation plan for the strategic plan. Its managers will be guided by the strategies outlined in this plan, as well as the Treasury-wide strategic plan. FinCEN tracks progress in implementing strategies and achieving performance targets during the year and makes adjustments as needed to maximize performance.



*Systematically reporting on annual performance.* FinCEN's annual budget submission also includes the annual performance report required by the Results Act. Each year, actual

performance is compared to the targets published at the start of the year and explanations are provided to explain differences between planned and actual levels.

## *Appendix B: Linkage of Treasury's Strategic Goals & Objectives to FinCEN's Strategic Goal & Objectives*

### **Treasury Strategic Goal:**

Combat Money Laundering and Other Financial Crimes

### **Treasury Strategic Objective:**

Dismantle Domestic and International Money Laundering Networks

### **FinCEN Strategic Goal:**

Provide Law Enforcement Support Through Information Analysis and the Creation of Information Resources for the Prevention, Detection, and Prosecution of Money Laundering and Other Financial Crimes

### **FinCEN'S FY 2000-2005 Strategic Plan Objectives = FY 2002 Performance Goals**

*Providing Investigative Case Support:* To provide quality and timely investigative support and networking to FinCEN's customers.

*Identifying Financial Crime Trends and Patterns:* To provide useful information to law enforcement and regulatory partners about trends, patterns, and issues associated with money laundering and other financial crimes.

*Administering the Bank Secrecy Act:* To administer effectively the BSA in order to support the prevention, detection, and prosecution of money laundering and other financial crimes.

*Fostering International Cooperation:* To establish and strengthen mechanisms for the exchange of information globally, and engage, encourage, and support international partners in taking necessary steps to combat money laundering and other financial crimes.

*Strengthening Management Support:* To build efficient and effective management processes and administrative support to accomplish FinCEN's mission.

## Appendix C: Coordination on Cross-Cutting Issues

*This table highlights agencies and groups that FinCEN must coordinate with in order to achieve its strategic objectives.*

	Investigative Case Support	Financial Trends & Patterns	Admin. BSA Regulations	International Cooperation	Management Support
Department of Treasury, Departmental Offices	X	X	X	X	X
BSA Advisory Group		X	X		X
Dept. of Treasury, IRS	X	X	X	X	X
Dept. of Treasury, Law Enforcement Bureaus	X	X	X	X	X
Dept. of Justice	X	X	X	X	X
Other Federal, State, & Local Law Enforcement	X	X	X	X	
Federal and State Regulators	X	X	X	X	X
Law Enforcement and Intelligence Community Coordination Groups	X	X		X	X
U.S. Postal Service	X	X	X	X	
Dept. of State	X	X	X	X	
Egmont Group	X	X		X	X
FATF & Other Inter-governmental Groups		X		X	
Office of Natl. Drug Control Policy		X		X	
Department of Defense	X				

FinCEN coordinates with its stakeholders primarily through its participation in the BSA Advisory Group (BSAAG), the Money Laundering Working Group and various intergovernmental groups. The BSAAG, a Treasury-sponsored group, is composed of representatives from the institutions subject to the BSA, such as banks, broker-dealers, and MSBs, as well as state and federal law enforcement and financial regulators. The BSAAG discusses ways to enhance money laundering deterrence and detection through the financial community. The Money Laundering Working Group, a wholly-governmental group, is composed of representatives from federal crime investigative agencies, financial institution regulatory agencies and state criminal investigators with jurisdiction over money laundering related offenses. It helps to formulate policy, evaluate emerging trends and explore potential regulatory and other legal solutions.

## Appendix D: Use of Program Evaluations in Updating Strategic Plan

*Specific program evaluations that were used to develop and update this strategic plan include the following:*

Program Evaluation/Audit	Results
Assessment of FinCEN's Strategic Plan for FY 1997-2002 (OIG-00-CA-005)	Includes suggestion that FinCEN should build on the base that it established in its first strategic plan by enhancing the process with information from its performance report.
FinCEN's Office of Compliance and Regulatory Enforcement (OCRE) (Office of Inspector General, November 1999)	The recommendations encourage the continuation of the initiatives that resulted in improved operations and reduced the backlog of enforcement matters.

*Examples of future program evaluations and audits currently proposed to assess the effects on FinCEN's strategic goal include the following:*

Program Evaluation/Audit	Purpose/Status
Magnitude of Money Laundering (MML) Study	In early August 2000, FinCEN awarded a contract to develop a methodology for estimating the magnitude of money laundering.
Using Artificial Intelligence to Combat Money Laundering	OIG audit effort (in progress)
Treasury Bureaus' Controls and Security over Law Enforcement Data	OIG audit effort (in progress) to ensure Treasury and its bureaus have provided for adequate security, integrity, and control over sensitive computerized law enforcement data.
Review of Treasury's Implementation of the National Money Laundering Strategy	Planned OIG audit to determine if the Department is meeting its performance goals, outlined in the NMLS for 2000, in an effective manner.
FinCEN's Project Gateway	Planned OIG audit to determine whether state and local law enforcement are using Gateway effectively.

Additionally, FinCEN is planning to expand its efforts in FY 2001 and FY 2002 to get customer feedback on the value of its investigative case support, long-term analytical products, and regulatory outreach efforts. The agency is currently examining the best methods for obtaining and reporting on customer feedback. FinCEN will also initiate an employee satisfaction survey in the FY2001-2 timeframe.

## *Appendix E: Data Capacity*

For every performance measure presented in FinCEN's Annual Performance Plans, a definition, and verification and validation information are provided. The data quality can be assessed as having "Reasonable Accuracy" (judged to be sufficiently accurate for program management and performance reporting purposes) or "Questionable or Unknown Accuracy." In the case of measures where statistical confidence intervals are available, these can be provided instead of the rating statements. In FinCEN's FY 2000 Final

Performance Plan, all measures were judged to be of "Reasonable Accuracy."

Each program and its accompanying performance measures are evaluated, at least annually, by the Assistant Director responsible for the program or designee, to discern if the data provided is reasonably accurate. FinCEN will use automation-based logging and tracking systems, whenever possible, for its measures to improve the quality and timeliness of the data collected.

## *Appendix F: Management Challenges and High-Risk Areas*

### *Management Challenge or High Risk Area: Money Laundering/Bank Secrecy*

**I**n its annual letter to the Congress, dated December 13, 1999, the Treasury's Office of the Inspector General identified money laundering as a serious management challenge. Money laundering is important in two respects. First, it is a critical adjunct to underlying criminal activity. Second, if unchecked, it can taint a country's financial institutions. To address these concerns, the Treasury and Justice Departments jointly issued the National Money Laundering Strategy (NMLS) for 1999 in March 1999 and the NMLS for 2000 in March 2000. The Strategies reflect a national commitment to a coordinated, effective fight against money laundering, and set forth an ambitious agenda of actions that will significantly affect FinCEN's programs and resources.

## Appendix G: Consultations and Stakeholders

As part of the process of revising and finalizing this strategic plan, FinCEN requested input from stakeholders who potentially might be affected by or interested in the plan. Copies of FinCEN's draft Strategic Plan were sent to governmental stakeholders for comment—primarily members of the Money Laundering Working Group (including representatives from the Internal Revenue Service, the Customs Service, the Secret Service, the Federal Law Enforcement Training Center, the Department of Justice, the Federal Bureau of Investigation, the Drug Enforcement Agency, the United States Postal Inspection Service, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Federal Reserve, the Securities and Exchange Commission, and the Commodity Futures Trading Commission.) Additionally, copies were sent to the Bureau of Alcohol, Tobacco and Firearms, the Office of National Drug Control Policy and the National Security Agency.

FinCEN also distributed copies of the draft Plan to private-sector representatives on the BSA Advisory

Group (the government agencies or groups represented on the BSAAG are basically the same as those on the National Money Laundering Working Group).

Comments were received from the Department of Justice, the Drug Enforcement Administration, the Department of State, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Commodity Futures Trading Commission, and the IRS (Examination and Criminal Investigation), as well as several private-sector representatives on the BSAAG. The comments primarily reflected technical corrections and clarifications. In some instances, our stakeholders suggested the plan should place greater emphasis on, or provide more detail about a particular role or function. However, none of the comments took issue with the basic goals, objectives or strategies laid out in the strategic plan.

Finally, consultations with House and Senate congressional staff, which were led by FinCEN's Director, provided FinCEN with valuable comments and observations.

## *Where to Send Comments or Questions*

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

Deputy Chief Financial Officer  
Financial Crimes Enforcement Network  
2070 Chain Bridge Road  
Suite 200  
Vienna, VA 22182

Comments can also be e-mailed to:

[webmaster@fincen.treas.gov](mailto:webmaster@fincen.treas.gov)