



Financial Crimes Enforcement Network

A bureau of the U.S. Department of the Treasury

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FinCEN Requires AML Program and SAR Filing for Non-Bank Mortgage Lenders and Originators Reporting Would Assist Law Enforcement with Fraud Detection

VIENNA, Va. – The Financial Crimes Enforcement Network (FinCEN) today finalized [regulations](#) that require non-bank residential mortgage lenders and originators to establish anti-money laundering (AML) programs and file suspicious activity reports (SARs), as FinCEN requires of other types of financial institutions.

“Today FinCEN is closing a regulatory gap by requiring non-bank mortgage lenders and originators to develop anti-money laundering programs and file suspicious activity reports with FinCEN,” said FinCEN Director James H. Freis, Jr. “Suspicious activity reports are a critical source of information to law enforcement and regulatory agencies in their investigation and prosecution of mortgage fraud and a wide range of other financial crimes.”

Based on FinCEN’s ongoing work directly supporting criminal investigations and prosecutions, including in connection with the Financial Fraud Enforcement Task Force and recently the [Residential Mortgage-Backed Securities Working Group](#) as well as other anti-fraud efforts, FinCEN believes that the new regulations will help mitigate some of the risks and minimize some of the vulnerabilities that criminals have exploited in the non-bank residential mortgage sector. Analysis of SARs reported in FinCEN’s annual, quarterly and special [fraud reports](#), shows that independent mortgage lenders and brokers originated many of the mortgages that were the subject of bank SAR filings.

In a further step to combat fraud in the residential mortgage markets, FinCEN issued a [proposal in November](#) 2011 that would require the Federal government sponsored enterprises Fannie Mae, Freddie Mac, and the Federal Home Loan Banks to develop AML programs and file SARs with FinCEN.

Taken together, the final rules issued today and the proposed rules issued in November provide additional tools for financial institutions and law enforcement to hold scammers accountable for

their fraud and other financial crimes. Among the many mortgage related scams FinCEN has identified in its reports are false statement, use of straw buyers, fraudulent flipping, flopping, and identity theft. The new regulations likely will significantly increase the number of mortgage related SAR filings; give law enforcement and regulators more comprehensive data on specific crimes; and provide government and industry a more complete perspective on mortgage related crime trends nationwide.

The final rule will be effective 60 days after publication in the Federal Register and is available on www.FinCEN.gov. The compliance date for this final rule is six months after publication in the Federal Register.

President Obama created the Financial Fraud Enforcement Task Force by executive order in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. Attorneys' Offices and State and local partners, it is the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud and bring to bear a powerful array of criminal and civil enforcement resources.

Since its formation, the Task Force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among Federal, State and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Task Force members have charged a record number of mortgage fraud cases in the past two years, trained more than 100,000 professionals responsible for awarding and overseeing Recovery Act funds and held regional summits around the country to discuss strategies, resources and initiatives as well as to meet with communities most affected by the financial crisis.

Learn more about the Financial Fraud Enforcement Task Force at www.stopfraud.gov .

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*F*inCEN's mission is to enhance U.S. national security, deter and detect criminal activity, and safeguard financial systems from abuse by promoting transparency in the U.S. and international financial systems.