



Financial Crimes Enforcement Network Department of the Treasury

FinCEN Ruling 2006-1 – Anti-Money Laundering Programs for Dealers in Silver

December 30, 2005

Dear []:

I am writing in response to your December 21, 2005 e-mail to Director Fox and Deborah Silberman, requesting on behalf of your clients that we hold implementation of our interim final rule regarding dealers in precious metals, stones or jewels¹ in abeyance for persons that are dealers under the interim final rule solely by virtue of their purchases and sales of silver. You indicate in your e-mail that your company provides consulting services to the precious metals industry and that you currently are assisting about 50 companies in conducting risk-assessments and establishing anti-money laundering programs.

On June 9, 2005, we published an interim final rule requiring dealers in precious metals, stones or jewels to establish and implement by January 1, 2006, anti-money laundering programs. We issued the rule as an interim final rule because we sought additional public comment on four specific issues affecting certain aspects of the interim final rule, including whether silver should continue to be defined as a “precious metal” for purposes of a final rule. We stated that a final rule would be identical to the interim final rule except for any changes made in response to comments received on the four issues. We advised dealers covered by the interim final rule that they were expected to begin developing anti-money laundering programs in accordance with the terms of the interim final rule, and that given the nature of the questions asked, any changes made to a final rule would likely reduce compliance burdens on dealers. We will not be issuing a final rule by the January 1, 2006 implementation date.

You state in your e-mail that it would be unfair to require persons who, based solely on their purchases and sales of silver, are “dealers” for purposes of the interim final rule, to expend considerable resources to establish anti-money laundering programs by year-end if there is a chance that silver will be removed from the list of precious metals covered by the rule. You request that we allow persons involved only in the

¹ Anti-Money Laundering Programs for Dealers in Precious Metals, Stones or Jewels, 70 FR 33702 (interim final rule; request for comments) (June 9, 2005) (to be codified at 31 CFR § 103.140).

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purchase and sale of silver to wait until the publication of a final rule before requiring those persons to establish anti-money laundering programs.

We agree. We have no objection to persons who are dealers pursuant to 31 CFR § 103.140(a)(2), solely by virtue of purchases and sales of silver, not complying with the requirement in 31 CFR § 103.140 to establish anti-money laundering programs by January 1, 2006², pending our issuance of a final rule.

Should you have any further questions about this matter, please feel free to contact our regulatory helpline at 800-949-2732.

Sincerely,

//signed//

William D. Langford, Jr.
Associate Director,
Regulatory Policy and Programs Division

² 31 CFR §§ 103.140(b) – (d).