

Client Alert.

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Proposed Budget Cuts to FinCEN's "Project Gateway"

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As part of its proposed 2012 fiscal year budget, the United States Treasury Department intends to implement cost-cutting measures that would limit access to "Project Gateway," the Financial Crimes Enforcement Network's ("FinCEN") Bank Secrecy Act ("BSA") real-time data access system. Project Gateway currently provides state agencies (e.g., law enforcement agencies and banking departments) with direct access to the federal repositories of Suspicious Activity Reports ("SARs"), Currency Transaction Reports ("CTRs"), and other BSA data. The proposal would reduce funding to Project Gateway by \$1,351,000, effectively ending this popular program. Post-reduction, only state coordinators would have access to Project Gateway, and 142 current access agreements across the country would be terminated.

If the funding cutback is adopted, *state regulators and law enforcement* agencies will no longer have easy access to Project Gateway to obtain real-time information from SARs and CTRs. Those with current access to Project Gateway believe that it provides material assistance to law enforcement and contains data often not readily available elsewhere. It is an efficient system that has worked well over the years. However, without access to Project Gateway, states will look for other ways to obtain this data. For example, a bill pending in the Massachusetts Senate would, if enacted, require all financial institutions, both bank and nonbank, to file duplicate copies of BSA reports with the state government.

The Project Gateway cutback, therefore, if it results in a surge of duplicate filing legislation, will subject states and financial institutions to new administrative and financial burdens and potential fee increases. For example, it is unlikely that the states will create a multistate filing and retention process to ensure that the method of filing and the security afforded to the data is uniform throughout the country. Many questions related to multistate duplicate SAR and CTR filings exist: Will the states be able to implement electronic filing? Where will the SARs be stored? How will the reports be accessed by multiple state agencies? Who will have access and what will the security features be?

Concerned organizations and individuals should advise FinCEN that the financial services industry supports the continuation of Project Gateway because it is a system that works, it reduces regulatory burdens, and it serves the public interest. For more information about these proposed budget cuts, please contact [Ezra Levine](#) at (202) 887-1597.

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