



H.R. 4049 – MONEY SERVICE BUSINESS ACT OF 2007

FLOOR SITUATION

H.R. 4049 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Carolyn Maloney (D-NY) on November 1, 2007. The House Committee on Financial Services agreed to the bill, as amended, by voice vote on June 24, 2008.

H.R. 4049 is expected to be considered on the floor of the House on July 22, 2008.

SUMMARY

According to a Department of Treasury final rule, Money Services Businesses (MSBs) include businesses such as check cashers, currency exchanges, electronic bill payment services, money transmitters, and currency dealers. The Treasury Department operates the Financial Crimes Enforcement Network (FinCEN) to combat money laundering, terrorist financing, and various other financial crimes. MSBs are frequently exploited by criminals wishing to engage in these types of financial crimes. FinCEN was established in 2004 within Treasury's Office of Terrorism and Financial Intelligence after the passage of the USA Patriot Act (P.L. 107-86), and in wake of the September 11, 2001 terrorist attacks.

According to current federal guidelines, insured depository institutions must conduct reviews of the compliance programs of their own MSB customers. H.R. 4049 is intended to remedy a situation in which banks are reluctant to offer banking and account services to Money-Service Businesses (MSBs) because they are unwilling to assume either the job of on-site examinations to ensure that the MSB has an adequate program to protect against the laundering of money and the financing of terror, or the liability of offering account services without doing such due-diligence.

BACKGROUND

The bill provides that money services businesses (MSBs) may self-certify their compliance with anti-money and counter-terrorism regulations when establishing accounts with federally insured depository institutions. MSBs must certify that they are in compliance with federal banking law and registered as such. Additionally, the MSB must certify that it maintains an anti-money laundering program as required by federal law, be licensed or registered as an MSB by each State in which it operates, and meet such other regulations as the Treasury Secretary formulates to assure strong anti-crime regimes.

The MSB certification requirements under this bill also extend to agents of money transmitting businesses. In addition to the certification requirements for MSBs, agents of MSBs must provide that they are contract bound agents of an MSB, will comply with all applicable laws, and will notify any federally insured depository institution of any material changes to their relationship with the MSB to which they are a contracted agent.

The legislation states that Federally insured depository institutions are not subject to any increased liability for the failure of any MSB or agent to comply with the laws or regulations if they self-certify, but does not relieve banks from any other due-diligence requirements for anti-crime measures. Additionally, the bill includes civil and criminal penalties for the misrepresentation of these certifications by an MSB or their agent.

COST

The Congressional Budget Office estimates "that enacting the bill would have no significant impact on spending subject to appropriation." [Full CBO cost estimate for H.R. 4049](#)

STAFF CONTACT

For questions or further information contact Justin Hanson at (202) 226-2302.