



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.26.3

AUGUST 5, 2025

EFFECTIVE DATE

(08-05-2025)

PURPOSE

- (1) This transmits revised IRM 4.26.3, Bank Secrecy Act, Case Selection (CS).

MATERIAL CHANGES

- (1) This IRM has been edited to revise ECS to CS.
- (2) Added IRM 4.26.3.4.1 Program Management and Review.
- (3) Added IRM 4.26.3.1.5 Program Controls.
- (4) Added IRM 4.26.3.1.8 Related Resources.
- (5) Revised IRM 4.26.3.2.3 New Work Orders has been updated to revise procedures and responsibilities.
- (6) Added IRM 4.26.3.2.6 Title 31 Electronic Case File to include required information to identify, select, build, and deliver all BSA Title 31 cases electronically.
- (7) Incorporated SBSE-04-0424-0014 Standard Electronic Workpaper Naming Convention and working closing cases electronically in Bank Secrecy Act Electronic Case Management SharePoint issued 04-29-2024 into IRM 4.26.3.2.6.
- (8) Revised IRM 4.26.3.2.8 Assignment and Delivery of Cases has been updated to include electronic case file procedures.
- (9) Added IRM 4.26.3.2.10 Principal/Headquarters Special Procedures section.
- (10) Added IRM 4.26.3.2.18 Using External Website Procedures.
- (11) Incorporated SBSE-04-0325-0022 Interim Guidance on External Website Access issued 3-19-2025 into IRM 4.26.3.2.18.
- (12) Added IRM 4.26.3.3.5 Form 8300 Electronic Case File to include required information to identify, select, build, and deliver all BSA Title 31 cases electronically.
- (13) Added IRM 4.26.3.4 Form 8300 Follow Up Case Procedures.
- (14) IRM 4.26.3.6 is now BSA Information Leads.
- (15) Added IRM 4.26.3.6.1 Prime Leads.
- (16) This IRM has been edited to update FinCEN Query to the new BSA Search.
- (17) This IRM has been edited to add the BSA CS Case Feedback Form procedures and responsibilities for BSA Title 31, Form 8300, and BSA FBAR cases.
- (18) This IRM has updated mailbox references to include the correct email addresses.

EFFECT ON OTHER DOCUMENTS

IRM 4.26.3 dated March 15, 2022 is superseded. This IRM incorporates Interim Guidance Memorandum SBSE-04-0424-0014 Standard electronic workpaper naming convention and working closing cases electronically in Bank Secrecy Act Electronic Case Management SharePoint, dated 04-29-2024 and Interim Guidance Memorandum SBSE-04-0325-0022 Interim Guidance on External Website Access, dated 03-19-2025.

AUDIENCE

Employees of the Bank Secrecy Act Program in the Small Business/Self Employed (SB/SE) division and can be referenced by all field compliance personnel.

Katherine L. Fox
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Small Business/Self Employed

4.26.3

Case Selection (CS)

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4.26.3.1
(03-01-2019)
Program Scope and Objectives

- (1) Purpose. This section provides guidance for the Bank Secrecy Act (BSA) Case Selection (CS) function in identifying, selecting, classifying, and delivering Title 31 and Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business, inventory to BSA examination groups.
- (2) Audience. These procedures apply to BSA-CS employees who are responsible for the identification, selection and delivery of inventory in the Bank Secrecy Act Program.
- (3) Policy Owner. BSA Case Selection is under the Director of SB/SE Headquarters Examination.
- (4) Program Owner. Director, Exam Case Selection is responsible for BSA Case Selection, which oversees the selection and delivery of inventory to the BSA field exam.
- (5) Primary Stakeholder. BSA Exam Case Selection, Specialty Examination, BSA Field Examination and BSA Policy are the primary stakeholders for this IRM.
- (6) Objective. Ensure BSA examinations are initiated based on level of risk indicators of non-compliance outlined in the IRM. In addition, ensure a review of the decisions to survey a case (i.e., not initiate an examination) are based upon factors outlined in the IRM and approved by an appropriate level of management.

4.26.3.1.1
(03-15-2022)
Background

- (1) BSA-CS is responsible for identifying and delivering cases to BSA field exam. Those cases are identified from a variety of sources. For a list of BSA entities, subject to the BSA under Title 31 Chapter X, refer to IRM 4.26.3.2.1 and for Non-Financial Trades and Businesses (NFTBs) subject to Form 8300 reporting requirements under Title 26 IRC 6050I and Title 31 USC 5331, refer to IRM 4.26.3.3.1.
- (2) Fairness in case selection. Inventory is selected based on level of risk of non-compliance to ensure “fairness” in the inventory selection processes. There are three aspects which apply to fairness in case selection.
 - a. To ensure fairness to the public, the Examination Work Plans provide a balanced approach for BSA case delivery and allocation of resources to address areas of BSA non-compliance by taking into account factors such as geographic locations, Money Service Business (MSB) services and industry types.
 - b. To ensure an equitable process, case selection decisions are made utilizing available experience and information indicating potential risk of non-compliance. No one individual controls the examination selection decision making process. Involvement is limited to only those employees whose duties require them to be included.
 - c. To ensure fairness to each entity selected for exam, case selection decisions are based on the information obtained on the taxpayer using a combination of tools and the underlying BSA law. Managerial as well as quality reviews of selection decisions occur during each phase of the selection and assignment.

4.26.3.1.2
(03-01-2019)
Authority

- (1) Authority for the IRS to conduct BSA examinations includes the following sources:
 - a. IRM 4.26.1.2, Overview of Introduction to Bank Secrecy Act.
 - b. IRM 4.26.1.1.2, Authority.
 - c. IRM 4.26.1-3, Form 8300 Title 31 Delegation to IRS.

4.26.3.1.3
(03-01-2019)
Roles and Responsibilities

- (1) Director, Exam Case Selection is the executive responsible for the oversight and program coordination of workload selection and delivery of inventory for SB/SE BSA Examination.
- (2) BSA Senior Manager, Case Selection is the manager responsible for the oversight of selection of cases and delivery of inventory for SB/SE BSA Field.
- (3) BSA Group Manager, Case Selection is the manager responsible for the selection of cases and delivery of inventory within the SB/SE BSA Territories.

4.26.3.1.4
(08-05-2025)
Program Management and Review

- (1) Program Reports-The following reports are used to monitor the identification, selection and delivery of inventory:
 - a. Weekly Predictive Inventory Reports.
 - b. Bi-Monthly Form 8300 Status Reports.
 - c. Monthly BSA Program Wide Reports.
- (2) Program effectiveness - annual reviews are completed on all operational functions.

4.26.3.1.5
(08-05-2025)
Program Controls

- (1) All information management systems have safeguard measures in place that address key components of Information Technology (IT) security requirements to restrict access to sensitive data.

4.26.3.1.6
(03-01-2019)
Terms and Acronyms

Acronym	Definition
AML	Anti-Money Laundering
BECM	BSA Electronic Case File Management
BSA	Bank Secrecy Act
CDW	Compliance Data Warehouse
CI	Criminal Investigation
CTR	Currency Transaction Report
CS	Case Selection
ECFI	Electronic Case File Initiative
ERCS	Examination Return Control System
FCQ	FinCEN Query

Acronym	Definition
FIFO	First In First Out
FinCEN	Financial Crimes Enforcement Network
HIDTA	High Intensity Drug Trafficking Area
HIFCA	High Intensity Financial Crime Area
HQ	Headquarters
IDRS	Integrated Data Retrieval System
ITG	Indian Tribal Government
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
MSB	Money Service Business
NBFI	Non-Bank Financial Institution
NFTB	Non-Financial Trades and Businesses
POD	Post of Duty
RAAS	Research- Applied Analytics and Statistics
SAR	Suspicious Activity Report
SB/SE	Small Business Self-Employed

4.26.3.1.7
(08-05-2025)

Related Resources

- (1) The IRS adopted the Taxpayer Bill of Rights in June 2014. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See **IRC 7803(a)(3)**, Execution of duties in accord with taxpayer rights. For additional information see the *Taxpayer Bill of Rights*.
- (2) Helpful information sources included:
 - The BSA Policy SharePoint site.
 - FinCEN - Financial Crimes Enforcement Network.
 - 31 CFR Chapter X, Financial Crimes Enforcement Network, Department of the Treasury.
 - 31 USC 5311, Declaration of Purpose, et seq (Title 31).
 - IRC 6050I, Returns relating to cash received in trade or business, etc. (Title 26).
 - IRC 6721, Failure to file correct information returns.
 - IRC 6722, Failure to furnish correct payee statements.
 - IRM 4.26.4 - FinCEN Query (FCQ).

4.26.3.2
(09-19-2016)
Title 31 Program

- (1) CS is responsible for delivering inventory of NBFIs subject to the BSA and regulations at 31 CFR Subtitle B Chapter X, for which IRS has been delegated authority to examine.
- (2) This subsection describes the functions and responsibilities that comprise the CS Title 31 program.

4.26.3.2.1
(09-19-2016)
Identification of BSA Entities

- (1) BSA CS identifies entities for which IRS has BSA examination authority. *31 CFR Part 1010 - Enforcement*, 31 CFR 1010.81(b)(8), Enforcement, delegates to the IRS examination authority to ensure BSA compliance over all financial institutions except brokers or dealers in securities, mutual funds, futures commission merchants, introducing brokers in commodities, commodity trading, or financial institutions not currently examined by Federal bank supervisory agencies for soundness and safety. Most IRS delegated entities are commonly referred to as NBFIs. NBFIs include, but are not limited to:

- a. MSBs subject to certain transaction thresholds.
- b. Casinos and card clubs (including Indian tribal casinos) subject to the Anti-Money Laundering (AML) program requirements of the BSA.
- c. Credit unions that are state chartered and non-Federally insured.
- d. Insurance companies subject to the AML program requirements of the BSA.
- e. Dealers in precious metals, precious stones, or jewels subject to the AML program requirements of the BSA.

Note: This list is not all inclusive and may expand as other future classes of BSA entities are defined and jurisdiction is delegated to IRS by the Financial Crimes Enforcement Network (FinCEN).

- (2) MSBs, subject to certain transaction thresholds under IRS jurisdiction include:

- a. Dealers in Foreign Exchange.
- b. Check Cashers.
- c. Issuers or Sellers of Traveler's Checks or Money Orders.
- d. Providers of Prepaid Access.
- e. Sellers of Prepaid Access.
- f. Money Transmitters.

- (3) The following sources may be used to identify NBFIs:

- a. Leads generated from BSA-CS Title 31 workload initiatives.
- b. External databases, BSA Search, and Internet research.
- c. Title 26 referrals from Field Income Tax may require a related statute determination.
- d. BSA examiner referrals resulting from physical observation or review of competitor listings.
- e. Neighborhood publications.
- f. Trade or business associations.
- g. BSA Compliance Department, Detroit special reports.
- h. State and local licensing and/or regulatory agencies.
- i. MSB agent lists received from examiners and FinCEN.
- j. Referrals from Criminal Investigation (CI) referrals, FinCEN, Federal, state, or local law enforcement agencies.

- (4) The Integrated Data Retrieval System (IDRS) or other tax-based systems may not be used to research information for Title 31 BSA compliance.

- (5) The **Title 31 NBFi Database** is updated when a new NBFi entity is identified.
- (6) ECS in partnership with Research Applied Analytics and Statistics (RAAS) and Specialty Policy develop and implement workload initiatives which use a series of analytical approaches and tools available on the Compliance Data Warehouse to evaluate FinCEN data for lead identification.
- (7) BSA Search is an effective tool in assisting with the enforcement of BSA compliance. For more information on BSA Search and the CS Coordinator's use of BSA Search, refer to IRM 4.26.4, FinCEN Query (FCQ).

4.26.3.2.1.1
(03-15-2022)
**Notification After
Identification**

- (1) Upon identification of a new Non-Bank Financial Institution (NBFi) subject to the BSA under Title 31, BSA-CS is required to send notification of the BSA reporting and recordkeeping requirements.
- (2) Notification of the BSA reporting and recordkeeping requirements for MSBs, casinos and credit unions is accomplished by issuance of Letter 1052, Bank Secrecy Act Requirements Notification Letter.
- (3) The requirement to furnish a copy of the current 31 CFR Chapter X to NBFIs that are not MSBs, such as, casinos and credit unions, continues until FinCEN publishes further industry-specific guidance.
- (4) For more information on the issuance of Letter 1052 procedures, refer to IRM 4.26.3.2.15.

4.26.3.2.2
(03-15-2022)
**Title 31 Program
Administration**

- (1) The BSA-CS Group Manager's general responsibilities include:
 - a. Reviewing Weekly Predictive Inventory Reports.
 - b. Analyzing current inventory levels of field groups to ensure the steady flow and adequate assignment of cases.
 - c. Discussing inventory needs with Exam Group Managers and taking the necessary follow up action(s) to establish order(s) in line with Quarterly Work Plans.
- (2) The Title 31 Coordinator's general responsibilities include:
 - b. Selecting cases involving the insurance industry or dealers in precious metals, precious stones, and jewels, due to their AML program requirements, should be selected for T31 examination prior to selecting them for Form 8300 examinations.
 - c. Taking into consideration the priorities in the annual work plans, available resources, case grading guidelines, balanced coverage (geographic area and industry) and anticipated field inventory needs when selecting entities for examination.
 - d. Communicating with the tax examiner on priorities, number of cases needed for an order and resolve any questions.

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- e. Building, grading, and classifying selected cases for work orders assigned by the BSA-CS Group Manager within the recommended turn-around time of 30 days and 45 days for larger orders on First In First Out (FIFO) basis.
- f. Delivering priority cases, such as those needed for declarations, training, geographic targeting orders, etc.
- g. Assigning selected entities to the tax examiner to perform their tasks outlined in IRM 4.26.3.2.2.
- h. Sending the list of selected cases to CI for clearance before assigning them to the group; requesting a two-week response time from CI.
- i. Maintaining BSA inventory on the Title 31 NBFI Database, controlling unassigned BSA inventory, and delivering orders based on risk ranking methodology.
- j. Collaborating with key stakeholders to develop and maintain Title 31 initiatives within the CDW environment.

(3) BSA-CS Tax Examiner duties include:

- a. Conducting research to validate entity information using BSA Search, Accurant, internet, or other sources, not including IRS Title 26 sources.
- b. Preparing Letter 1052 if needed.
- c. Including prior Letter 1112 violations, if applicable.
- d. Assembling the research and other supporting documents for the electronic administrative file.
- e. Preparing a Survey Cover Sheet, where applicable, and including all relevant research.
- f. Working assigned orders on a FIFO basis unless directed by coordinator to work priority orders.
- g. Completing assigned orders timely and returning them to the coordinator in a manner, which supports the turnaround time of 30 days or 45 days for larger orders.
- h. Other duties as assigned.

4.26.3.2.3
(03-15-2022)
New Work Orders

- (1) The BSA-CS Group Manager and the Title 31 Coordinator will analyze the most recent Predictive Inventory Reports and discuss the inventory needs of the BSA Field Groups the Title 31 Coordinator supports. The discussion will address the anticipated inventory needs of the field groups and consider changes in the staffing of the group that may impact inventory needs.
- (2) The BSA-CS Manager will generate new inventory orders in accordance with the annual starts and closures plans to ensure the field has sufficient inventory for all workstreams. The BSA-CS Manager will discuss the source of leads from which the cases are to be built and selected with the Title 31 Coordinator. Sources of leads include leads lists generated by relevant Workload Initiatives, referrals from FinCEN or other IRS Functions and the Title 31 NBFI Database. The BSA-CS Manager will initiate work orders to maintain the minimum inventory balances for all BSA Field Groups supported by the BSA-CS Group.
- (3) The discussions between the BSA-CS Group Manager and the Title 31 Coordinator are documented by the Title 31 Coordinator and a copy shared with the BSA-CS Group Manager via secure email within one business day of the discussion. The documentation must include the rationale for the source and number of leads built and selected. The responsibility for the composition of the work order and its implementation rests with the BSA-CS Group Manager.

- (4) On a weekly basis, the BSA-CS Group Manager will analyze the Weekly Predictive Inventory Reports and discuss the inventory needs of the BSA Field Groups the Title 31 Coordinator supports. The discussion will address the anticipated inventory needs of the field groups and consider changes in the staffing of the group that may impact inventory needs. .
- (5) The BSA CS Manager will review the new inventory orders in accordance with the starts plan and weekly monitoring reports to ensure the field has sufficient inventory for all workstreams. The BSA CS Manager will discuss the source of leads from which the cases are to be built and selected with the Title 31 Coordinator. Sources of leads include leads lists generated by relevant Workload Initiatives, referrals from FinCEN or other IRS Functions and the Title 31 Database.
- (6) The BSA CS Manager will initiate and assign work orders to maintain the minimum inventory balances for all BSA Field Groups supported by the BSA CS Group.
- (7) BSA CS Managers check in with their Coordinators, as needed to discuss current workload, rationale, source of leads, and number of leads built and selected may be discussed. The responsibility for the composition of the work order and its implementation rests with the BSA CS Group Manager. The BSA CS Group Manager must approve all initial selections. The BSA CS Manager is the point of contact for any communication from BSA Field concerning inventory. Requests for Saturation Exams where the BSA Field generates an order for a specific workstream in a specific area must be approved by BSA Field TM and BSA-CS SM via email communication.

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4.26.3.2.4
(03-15-2022)
Title 31 Case Selection

- (1) Classification is the process of determining whether an entity should be selected for examination.
- (2) The Title 31 Coordinator case selection responsibilities include:

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- e. Documenting the reason(s) for selection or non-selection of an entity for examination on the BSA Title 31 Case Classification Sheet, which is available on the BSA Policy SharePoint site.

4.26.3.2.4.1
(03-01-2019)
**Title 31 Case Selection
Factors**

- (1) Case selection responsibilities include identifying entities using a risk-based approach to identify the highest risk cases. Factors used in the selection process may include:
 - a. Referrals from CI, FinCEN, or other BSA examinations.

- b. Local geographic areas identified as High Intensity Drug Trafficking Areas (HIDTAs) and High Intensity Financial Crime Areas (HIFCAs).
- c. Compliance history.
- d. Unusual Currency Transaction Report or Suspicious Activity Report filings and non-filing patterns.
- e. Anomalies in bank CTRs/SARs filed on the entity, indicating unusual cash activity.
- f. Unregistered as an MSB but appears to be operating as an MSB.
- g. Entities that are MSBs but have not renewed their registration or are new MSBs.
- h. History of filing forms late and/or with errors.
- i. Appearance of facilitating structuring.
- j. Referrals from federal, state, or local enforcement agencies or regulatory agencies.

4.26.3.2.4.2
(03-15-2022)

Title 31 Non-Selection

- (1) A non-select determination is made when the Title 31 Coordinator analyzes case research and deems it low potential such as, no FCQ information, not located in high risk area, low volume (minimal CTR filings, no SAR information), or only one type of MSB service offered, based on Title 31 selection factors listed in IRM 4.26.3.2.4.1.
- (2) The Title 31 Coordinator will non-select the case as follows:
 - a. Return the case to status 06 on the Title 31 NBF Database with the reason for non-select documented in the comment section.
 - b. Document the reason for non-select on the activity record.
 - c. Notify BSA-CS Group Manager of the non-select case files as orders are filled.
- (3) To ensure fairness in case selection, the BSA-CS Manager will review decisions to non-select cases in accordance with IRM 4.26.3.5.

4.26.3.2.4.3
(03-15-2022)

Title 31 Survey

- (1) A survey of an entity/business is applicable when:
 - a. Not an MSB.
 - b. No longer in business.
 - c. Duplicate of an existing case.
 - d. The business is unlocatable.
 - e. New owner for this location.
 - f. Other factors deemed appropriate.
- (2) When factors listed in IRM 4.26.3.2.4.3 apply, the BSA CS Coordinator will survey the entity located on the **Title 31 NBF Database** as follows:
 - a. Prepare a Survey Cover sheet and document the decision for each entity identified by the coordinator.
 - b. Review all documentation provided by the tax examiner; notate on the Survey Cover Sheet or research material "Closed BSA CS Survey", reason for survey, initial and date.
 - c. Disposal Code 20 Survey will be used.
 - d. Notify BSA-CS Group Manager of surveyed cases upon the fulfillment of the work order.
- (3) To ensure fairness in case selection, the BSA-CS Manager will review the decisions to survey cases based in accordance with IRM 4.26.3.5.

4.26.3.2.5
(09-19-2016)
**Title 31 Database
Access and Use**

- (1) The Title 31 NBF Database serves as an inventory of entities that have been identified as NBFs by IRS field functions, agent lists, outside data sources and internet research. The Title 31 NBF Database provides BSA staff with key information on prior examined entities, entities currently being examined and entities currently available for examination selection.
- (2) BSA-CS Title 31 Coordinators have direct access to the Title 31 NBF Database through an BEARS Entitlement and link through Microsoft Access. Title 31 Coordinators use the Title 31 NBF Database as their main source of field case selection.

4.26.3.2.6
(08-05-2025)
**Title 31 Electronic Case
File**

- (1) BSA procedures require a fully electronic case file. The BSA electronic case file is selected, classified, delivered, assigned, developed, closed, processed, and archived electronically. BSA examiners are required to utilize the BSA Electronic Case File Management (BECM) SharePoint or OneDrive to access the case file, maintain the Form 9984, create and edit workpapers, and close the case file. BSA examiners are required to use the current BSA lead sheet package which can be found on the BECM SharePoint or Knowledge Management SharePoint.
- (2) There is an exception to the electronic case file procedures for FBAR paper files.

4.26.3.2.7
(03-15-2022)
**Title 31 Case Building
and Case File**

- (1) Case building is the process of researching and assembling entity information for BSA examiners to consider when conducting their examinations.
- (2) The BSA CS Title 31 Coordinator will assign the initial grade of case using the case grading guidelines (Case Building Procedures for BSA Exams, II. CLASSIFICATION/ CASE GRADING (Coordinators only)) on both the BECM and BSA Policy SharePoint site.
- (3) The Title 31 case file will include the following items as part of the case building process:
 - a. Form 9984, Examining Officer's Activity Record, containing dates of significant case building activity, to include:
 - b. Current BSA Search research -

Reminder: Any confidential BSA Search information such as SAR data MUST be protected. Refer to IRM 4.26.14.6.2, SAR Disclosure by Government Officers and Employees, for detailed security procedures for safeguarding SAR information.

 - c. Internet research, Accurint or other information to confirm business type and address.
 - d. Case Assignment Information Sheet.
 - e. Copy of Letter 1052 .
 - f. Copy of prior Letter 1112, Title 31 Violation Notification Letter, if applicable.
 - g. Case Closing Document.
 - h. BSA Title 31 Case Grading Sheet.
 - i. BSA Title 31 Case Classification Sheet.
 - j. BSA Case Feedback Form.
- (4) The Form 9984 should include completion dates for the following activities: :

- a. Case Selection.
 - b. CI clearance request and approval.
 - c. Letter 1052 issuance.
 - d. BSA Search and internet research.
 - e. Entity research to verify the business is still operating, location, MSB services and ownership.
 - f. Workload initiative project code and tracking code.
 - g. Case classification and case grading.
 - h. Forwarding case to the Field Group.
- (5) Refer to BSA Policy SharePoint site for more information on BSA CS Case Building Procedures.
 - (6) BSA Case Selection Coordinators will create a secure BSA Search data folder within the electronic case file named BSA Search Confidential. Workpapers and documents to be saved within the BSA Search Confidential file include:
 - a. All workpapers and documents which identify a SAR.
 - b. All SARs will be placed in the confidential folder. It does not matter if these are SARs filed on the entity or SARs that the entity filed or should have filed. If workpapers are needed to detail information regarding these SARs, these workpapers should also be placed in the confidential folder.
 - c. The first document in the BSA Search Confidential folder will be the electronic version of Document TDF 15-05.11, Sensitive but Unclassified (SBU) Cover Sheet, catalog 56033J, IRM 10.5.1, Privacy Policy,

4.26.3.2.8
(08-05-2025)
**Assignment and
Delivery of Cases**

- (1) Title 31 cases are assigned to the BSA Field group in status 09 by the BSA-CS GM. The assignment of cases should be completed in accordance with the Electronic Case File Initiative Training PowerPoint. The Electronic Case File Initiative (ECFI) Training is available on the BSA Electronic Case Management SharePoint.
- (2) The coordinator will upload the file(s) including the case building documents to the BECM SharePoint Site. An email will be sent automatically from BECM to the BSA GM for confirmation of delivery.
- (3) Title 31 cases that warrant re-examination will require the examiner to create a zip file that will be forwarded to the BSA Field group manager for approval. Upon approval, the BSA Field group manager will forward to BSA CS to upload to the historical files. Examiner, with manager consent, will determine if case needs to be revisited in one or two years from the date the case is closed. Risk factors of the case that are determined by the examiner should be considered when making date determination for a follow up examination. The following naming convention is to be used when creating the zip file: Case Control Number_Group Number_Follow up date. For example: 12345_Group1604_12-15-23. Zip file to contain the following files: Closing Letter Lead Sheets Memorandums of Interview
- (4) When closing a case out of the group, BSA Field manager will send the zip file to the BSA CS mailbox: *BSA ER. Email subject line to state **Closed T31 Follow Up Case**.
- (5) BSA CS coordinators must include case feedback sheets in electronic case files when building cases for BSA Exam. The purpose of the case feedback

sheet to gather information that would assist the BSA CS division in determining the effectiveness of workload initiatives and improve cases selected for BSA Field examination.

- a. The use of the feedback sheets by BSA examiners is voluntary.
- b. Upon closure of the BSA Examination BSA Field examiners will email the completed Feedback Sheet to the following email address. **SBSE BSA CS Case Feedback Form*

4.26.3.2.9
(03-15-2022)
**Centralized Exam
Coordinator**

- (1) Centralized Exam Coordinator responsibilities include:
 - a. Maintaining current Headquarters (HQ) inventory on the Title 31 NBF Database.
 - b. Identifying MSBs for examination by using information from branch and/or agents lists, and other sources used to identify exams.
 - c. Working with the BSA-CS Group Manager in the selection of cases to support the Annual Work Plans.
 - d. Selecting MSBs for examination using risk-based analysis to identify potential noncompliance and create a list of potential MSBs for examination.
 - e. Considering the priorities in the annual work plan, available resources (potential leads, FinCEN requests, and other similar sources) and balanced coverage (geographic area and industry), to deliver workload to BSA field groups to meet BSA Program goals.
 - f. Updating the Title 31 NBF Database, if applicable, when a list of branches and/or agents related to the headquarter examination is received from the lead examiner.
 - g. Sending historical data on branches and/or agents to the lead examiner.
 - h. Building administrative files on branches and/or agents selected for examination to include an analytical summary of high-risk transactions, networks, and suspicious activity.
 - i. Monitoring all cases through T31 weekly reports is completed for all phases of the examination process and after closure.
 - j. Providing monthly reports on all assigned and closed examinations to BSA Field and BSA CS management, and others, upon request.
- (2) To ensure fairness in case selection, the BSA-CS Manager will review the decisions to select cases in accordance with IRM 4.26.3.5.

4.26.3.2.10
(08-05-2025)
**Principal/Headquarters
Special Procedures**

- (1) BSA CS, with the assistance from Research, Applied Analytics and Statistics (RAAS), can analyze a large volume of data using the Compliance Data Warehouse (CDW) for analysis and storage. Currently, RAAS analysis is limited to analyzing **traditional** money transmitters. Virtual currency administrators and exchangers are defined as a money transmitters by FinCEN; however, examiners can use subscription tools, such as advanced blockchain analytical tools, to determine compliance with the BSA requirements until further functionality is added.
- (2) BSA CS uses technology to analyze data to identify potentially unusual patterns of transactions and identify high risk branch locations.
- (3) List(s) of agents are received from BSA Field Examiners and provided to BSA CS Headquarters Coordinator.

- (4) Examiners must follow the BSA CS guidance on which financial services and financial institutions will be supported by these procedures.
- (5) The BSA Lead examiner will upload the financial institution's transactional data and a current agent list into the Share Drive for further analysis. BSA POC will notify BSA CS the data has been posted to the Share Drive.
- (6) The BSA CS Centralized Exam Coordinator will work with RAAS to develop a risk based assessment of agents for potential examination.
- (7) RAAS/BSA CS will provide a file(s) to the BSA lead examiner via SharePoint portal, which includes the analytical summary of high-risk transactions, networks, and unusual activity for use in the headquarters' exam. The BSA lead examiner is responsible for reviewing the analysis and selecting an appropriate transactional sample to test for BSA compliance.
- (8) BSA CS typically sends out headquarters cases for examination, not individual branches. If during the initial interview examiner determines the case assigned to them is a branch of a headquarters, they must notify the group manager who will reach out to BSA CS and request the headquarters examination be established.

4.26.3.2.11
(03-01-2019)

Casino Coordinator

- (1) Casino Coordinator duties include:
 - a. Identifying casinos using BSA WLI leads primarily. Additional sources for case identification include the following: the IRS Office of Indian Tribal Governments (ITG), the National Indian Gaming Commission, the Gaming Business Directory and other sources.
 - b. Performing internal outreach efforts to promote the utilization of Form 5346, Examination Information Report, to generate BSA leads.
 - c. Providing a list of potential tribal casinos to ITG contact for their compliance checks using risk-based analysis to identify potential non-compliance per MOU between ITG and BSA Exam.
 - d. Working with the BSA-CS Group Manager in the selection and approval of cases to support the annual work plans.
 - e. Selecting casinos for examination based on highest risk and noncompliance, while providing nationwide coverage. The analysis should be on Currency Transaction Reports- and Suspicious Activity Reports filed by the casino compared to the gaming operation performed.
 - f. Obtaining BSA-CS Group Manager concurrence for the initial selection of casinos for assignment to the Field.
 - g.
 - h. Maintaining casino information from potential leads on the Title 31 NBF database. This includes monitoring the cases during the exam and after closure making sure the database has the most current information on the casino.
 - i. Providing to management a monthly report on all casino examinations assigned and closed.
 - j. Providing information on casino workstreams to BSA Policy, ITG, and other stakeholders upon request.
 - k. Building administrative files and remaining current with casino procedures, MOUs and BSA Program Goals.

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- (2) To ensure fairness in case selection, the BSA-CS Manager will review the decisions to select cases in accordance with IRM 4.26.3.5.

4.26.3.2.12
(03-01-2019)

**Compliance Initiative
Coordinator**

- (1) Compliance Initiative Coordinator duties include:
 - a. Receiving requests for compliance initiative exams from Field Groups, Policy, FinCEN or other sources.
 - b. Receiving approved lists of compliance initiative exams or non-compliant areas or industries. For example, Geographic Targeting Order from FinCEN.
 - c. Identifying and creating a list of non-compliant areas or industries for examination. For example, receiving information from the Field groups about non-compliant areas and the applicable law.
 - d. Working with the BSA-CS Group Manager in the selection of cases for approved compliance initiative exams to support the Examination Work Plans.
 - e. Selecting entities for examination using risk-based analysis to identify potential non-compliance. Case selection factors for risk-based analysis includes using the information in IRM 4.26.3.2.4.1.
 - f. Building administrative files.
 - g. Emailing a list of selected cases for assignment to the field to BSA-CS Group Manager for approval
 - h. Maintaining compliance initiative exam case information on the Title 31 NBF Database by monitoring Project Code 120.XX, related to these exams.
 - i. Providing management detailed and summary monthly reports of all compliance initiative exams assigned and closed.
- (2) Refer to BSA Policy SharePoint site for more information on building administrative files and preparing monthly reports.
- (3) To ensure fairness in case selection, the BSA-CS Manager will review the decisions to select cases in accordance with IRM 4.26.3.5.

4.26.3.2.13
(03-01-2019)

**State BSA MOU
Coordinator**

- (1) The BSA MOU Coordinator is responsible for receiving quarterly reports for each state with which IRS BSA has an MOU. The duties include:
 - a. Retrieving state examination reports and state lists of registered MSBs from the FinCEN Portal.
 - b. Filing information in the individual state folder on the BSA AML00 share drive.
 - c. Updating the Title 31 database and adding newly identified entities.
 - d. Providing quarterly and annual reports to FinCEN per the BSA-FinCEN MOU.
 - e. Providing quarterly reports of BSA examinations to the state liaison with which BSA has an MOU.
- (2) Refer to BSA Policy SharePoint site for more information on procedures for using/updating State Quarterly information.
- (3) The State BSA MOU Coordinator is responsible for providing the **Violation and Headquarters Reports** and a list of MSBs quarterly per the MOU.

4.26.3.2.14
(03-01-2019)
**FinCEN BSA MOU
Coordinator**

- (4) Email via encrypted or secure email each state's quarterly reports to the BSA State MOU Liaison with a copy to BSA-CS Group Manager, by the 15th of the month following the end of the quarter.
 - (5) Refer to BSA Policy SharePoint site for more information on procedures for preparing the Violation and Headquarters Reports and lists of MSBs.
- (1) The FinCEN BSA MOU coordinator provides quarterly reports to the BSA FinCEN Liaison by end of the month, following the end of the quarter.
 - (2) The FinCEN BSA MOU Coordinator emails reports, via encrypted or secure email, to the BSA FinCEN Liaison, along with copies to the BSA-CS Program Manager and Group Managers quarterly. The Letter 1112, Title 31 Violation Notification Letter, & NI (No Issue) Report Database is also sent with the reports.
 - (3) Letter 1112, Letter 4029, Bank Secrecy Act No Change Letter, and the L1112 & No Issue (NI) Report Database are burned to a removable storage device and mailed directly to the FinCEN BSA Liaison by the FinCEN BSA MOU Coordinator quarterly.
 - (4) Refer to BSA Policy SharePoint site for more information on procedures for preparing the FinCEN quarterly reports.
 - (5) The FinCEN BSA MOU Coordinator provides two annual reports to the BSA FinCEN Liaison for the fiscal year, by October 31, XXXX.
 - (6) The FinCEN BSA MOU Coordinator will email via encrypted or secure email the two reports to the BSA FinCEN Liaison and copy the BSA-CS Program and Group Managers, Senior Program Analyst along with the Total Title 31 Entities Examined Database and the Total Title 31 Entities Database.
 - (7) Refer to BSA Policy SharePoint site for more information on procedures for preparing the FinCEN annual reports.

4.26.3.2.15
(03-15-2022)
**New Entity/Entity Update
Coordinator**

- (1) Responsibilities of the New Entity/Entity Update Coordinator include:
 - a. Checking the Title 31 NBF1 database to ensure new entities submitted by BSA Examination are not already listed.
 - b. Checking the "Do not work" listing provided by the Centralized Exam Coordinator. If listed, the entity will need to have freeze code "C" added.
 - c. Verifying entity is still active and legal information is accurate.
 - d. Sending new entities to the database administrator to be added to the database.
 - e. Sending updated information on existing database entities received from the field to the database administrator after researching to confirm accuracy.
- (2) Refer to BSA Policy SharePoint site for more information on procedures for new entities and issuance of Letter 1052 procedures.

4.26.3.2.16
(08-05-2025)
**Virtual Currency
Coordinator**

- (1) The Virtual Currency Coordinator duties include:
 - a. Receiving potential leads and requests for examinations from various sources.

- b. Performing internal research using virtual currency analytical tools to vet potential leads.
- c. Working with the BSA-CS Group Manager in the selection of cases to support the Annual Work Plans.
- d. Selecting virtual currency cases for examination using risk-based analysis to identify potential noncompliance.
- e. Building administrative files.
- f. Emailing a list of selected virtual currency cases for assignment to the field to BSA-CS Group Manager for approval.
- g. Maintaining virtual currency case information on the Title 31 NBF database. This includes monitoring the cases during the exam and after closure making sure the database has the most current information.
- h. Providing information on virtual currency examinations to BSA Policy and others upon request.

4.26.3.2.17
(08-05-2025)

**Report of Foreign Bank
and Financial Accounts
(FBAR) Coordinator**

(1) The BSA CS FBAR Coordinator duties include:

- a. Receiving potential leads and requests for examinations from various sources.
- b. Analyzing information from internal IRS and publicly available external sources.
- c. Working with the BSA-CS Group Manager in the selection of cases to support the Annual Work Plans.
- d. Selecting FBAR cases for examination using risk-based analysis to identify potential noncompliance.
- e. Emailing a list of selected FBAR cases for assignment to the field to BSA-CS Group Manager for approval.
- f. Building administrative files and establishing case controls on the Examination Return Control System (ERCS).
- g. Maintaining FBAR inventory control of unassigned cases on ERCS.
- h. Analyze the month end of cycle report and assign cases accordingly.
- i. Providing information on FBAR examinations to BSA Policy and others upon request.

4.26.3.2.18
(08-05-2025)

**Using External Website
procedure**

(1) When researching an internet site that is blocked by IRS IT Firewalls, use the Internet Proxy Exception Request Form. First, try to research the site on your IRS laptop using the Microsoft Edge browser or Chrome browser, if installed. If the site is blocked, then use the proxy form. To ensure continued case building activities, multiple websites can be input on the proxy form. This form can be accessed via *CS/IRC*. If IRS IT does not allow access to the site, then examiners are required to either note the site unreachable and/or verify pertinent information (name, address, phone, email, website URL) by other IRS approved means (Accurant, BSA Search, etc.).

4.26.3.3
(09-19-2016)

Form 8300 Program

- (1) BSA CS is responsible for delivering inventory of NFTBs subject to Form 8300 requirements under Title 26 IRC 6050I, Returns Relating to Cash Received in Trade or Business, etc., and Title 31 31 USC 5331, Reports Relating to Coins and Currency Received in Non-Financial Trades or Business (NFTB).
- (2) This subsection describes the functions and responsibilities that comprise the BSA CS Form 8300 program.

4.26.3.3.1
(08-05-2025)
**Identification of Form
8300 Entities**

- (1) BSA-CS is responsible for identifying trades or businesses that may conduct transactions in which they receive in excess of \$10,000 in cash or cash equivalents and have a requirement to file Form 8300. Resources that can be used to identify trades or businesses include:
 - a. Leads from BSA-CS Form 8300 workload initiatives, Criminal Investigation, State law enforcement agency data, and information from other examinations.
 - b. BSA Search.
 - c. Internal and external databases.
 - d. Examiner referrals from physical observation and interviews (BSA New Entity/Competitor Form). Retain Form 3210 for 1 year, then destroy based on the National Archives and Records Administration (NARA) approved requirements outlined in Document 12990, IRS Records Control Schedule (RCS) 23, Item 36.
 - e. Special reports from the BSA Compliance Department, Detroit.
 - f. Newspapers, magazines, neighborhood publications, internet, realtor listings, or other periodicals.
 - g. Form 8300 Electronic Mandate Reviews.
 - h. CTR to Form 8300 ratio.
- (2) BSA CS in partnership with Research Applied Analytics and Statistics (RAAS) and Specialty Policy develop and implement workload initiatives which use a series of analytical approaches and tools available on the Compliance Data Warehouse to evaluate FinCEN data for lead identification.

4.26.3.3.2
(08-05-2025)
**Form 8300 Program
Administration**

- (1) BSA CS Form 8300 Coordinator's general responsibilities include:
 - a. Analyzing information from internal IRS and publicly available external sources.
 - b. Ensuring entities are not subjects of a CI investigation.
 - c. Analyzing the month end of cycle report and assign cases accordingly.
 - d. Delivering priority cases, such as those needed for training, geographic targeting orders, and other similar situations.
 - e. Grading and classifying selected cases using case selection methodology referenced in IRM 4.26.3.3.3. Grading, classification, and Case Feedback sheets are available on the BSA SharePoint BSA CS site.
 - f. Emailing a list of selected cases for assignment to the field to BSA-CS Group Manager for approval.
 - h. Transmitting the electronic case file to the field group through BECM.
 - i. Collaborating with other divisions to develop and maintain Form 8300 initiatives within the CDW environment.
- (2) Administrative duties of the BSA-CS Form 8300 Coordinator include:
 - a. Establishing case controls on the Examination Return Control System (ERCS).
 - b. Maintaining Form 8300 inventory on ERCS.
 - c. Maintaining control of unassigned Form 8300 inventory.

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4.26.3.3.3
(03-15-2022)
**Form 8300 Case
Selection**

- (1) BSA CS Form 8300 Coordinator case selection responsibilities include:
 - a. Selecting entities for Form 8300 examinations using risk-based analysis to identify entities with potential noncompliance. See IRM 4.26.3.3.3.1 for selection factors.
 - b. Considering the priorities outlined in the annual work plan, available resources, case grading guidelines, balanced coverage (geographic area and industry) and anticipated field inventory needs when selecting entities for examination.
- (2) The BSA Form 8300 Coordinator will:

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- (3) To ensure fairness in case selection, the BSA-CS Group Manager will review the decisions to select cases in accordance with IRM 4.26.3.5.

4.26.3.3.3.1
(03-01-2019)
**Form 8300 Case
Selection Factors**

- (1) Case selection responsibilities include identifying entities using a risk-based approach to identify cases with the potential for the greatest positive impact on compliance. Factors used in the process may include:
 - a. Cash intensive entities currently filing income tax returns and/or employment tax returns with no CTR or Form 8300 filings.
 - b. Entities in geographic areas with high potential for money laundering such as HIDTAs and HIFCAs.
 - c. Entities with a previous history of noncompliance.
 - d. Entities cited for poor or inadequate recordkeeping.
 - e. Entities with unusual Form 8300 or CTR filing patterns.
 - f. Entities referred by Federal, state, or local law enforcement or regulatory agencies.
 - g. Entities with gross revenue disproportionate to Form 8300 and CTR filings.
 - h. Entities with anomalies in bank CTR or SAR filings.
 - i. Entities identified through other BSA examinations, such as, during a centralized examination of another entity.

4.26.3.3.4
(03-15-2022)
**Form 8300
Non-Selection**

- (1) A non-select determination is made when the Form 8300 Coordinator analyzes case research and deems it low potential based on Form 8300 case selection factors listed in IRM 4.26.3.3.3.1 .

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- (3) To ensure fairness in case selection, the BSA CS Group Manager will review the decisions to non-select cases in accordance with IRM 4.26.3.5.

4.26.3.3.5
(08-05-2025)
**Form 8300 Electronic
Case File**

- (1) BSA Case Selection Coordinators will create a secure BSA Search data folder within the electronic case file named BSA Search Confidential. Workpapers and documents to be saved within the BSA Search Confidential file include:
- All workpapers and documents which identify a SAR.
 - All SARs will be placed in the confidential folder. It does not matter if these are SARs filed on the entity or SARs that the entity filed or should have filed. If workpapers are needed to detail information regarding these SARs, these workpapers should also be placed in the confidential folder.

Reminder: Any confidential BSA Search information, such as SAR data, must be protected. Refer to IRM 4.26.14.6.2, SAR Disclosure by Government Officers and Employees, for detailed security procedures for safeguarding SAR information.

- (2) The first document in the BSA Search Confidential folder will be the electronic version of Document TDF 15-05.11, Sensitive but Unclassified (SBU) Cover Sheet, catalog 56033J IRM 10.5.1, Privacy Policy.

4.26.3.3.6
(03-15-2022)
**Form 8300 Case
Building and Case File**

- (1) All Form 8300 case building activities must be recorded on Form 9984 with the date completed.
- (2) The Form 8300 case file must include:
- IDRS research (AMDIS, INOLES, BMFOLI/IMFOLI, BMFOLZ, BMFOLT, BRTVU/RTVUE).
 - ERCS print.
 - BSA Search research with any SAR information protected in a secure and confidential file placed on BECM.

Reminder: Any confidential BSA Search information such as SAR data MUST be protected. Refer to IRM 4.26.14.6.2, SAR Disclosure by Government Officers and Employees, for detailed security procedures for safeguarding SAR information.

- Accurint.
- Form 8300 Classification Sheet available on the BSA Policy SharePoint site.
- Form 8300 Case Grading Sheet available on the BSA Policy SharePoint site.
- Form 8300 Case Feedback Sheet, which will be submitted to the BSA CS Mailbox: **SBSE BSA CS Case Feedback Form* . *The use of the feedback sheets by BSA examiners is voluntary.*

4.26.3.4
(08-05-2025)
**Form 8300 Follow Up
Case Procedures**

- (1) Penalty cases that warrant a re-examination will require the BSA Field examiner to create a zip file that will be sent to BSA CS by the group manager. BSA Field Examiner, with manager consent, will determine if case needs to be revisited in one year from the date the case is closed or in two years. Risk factors of the case to be considered when making date determination. The following naming convention is to be used when creating the zip file: Last four of TIN of the Business_Group Number_Follow up date. For example: xxxx_Group 1604_06-05-23. Zip file to contain the following files:

- Letter 4595, Form 8300 No Intentional Disregard 30 Day Letter.
- Lead Sheets.
- Memorandums of Interview.
- Form 14141, Agreement to Assessment and Collection of Penalties Under 26 USC 6721 and 6722 for Violations of 26 USC 6050I.
- Form 8278, Assessment and Abatement of Miscellaneous Civil Penalties.
- Form 3198, Special Handling Notice for Examination Case Processing.

Reminder: Manager will send the zip file to the following BSA CS mailbox **BSA ER*, when closing case out of the group. Email subject line to state **Closed 8300 Follow Up Case.**

- (2) Naming convention for letters (Letter Type_Last four of EIN_Group_Closure Date)(Example: L4595_XXXX_1609_12-15-21).
- (3) The Form 8300 BSA CS Coordinator will monitor the **BSA ER* mailbox.

4.26.3.5
(08-05-2025)
Review of Performance

- (1) The BSA-CS Group Manager (or designee) will, review an appropriate sample size of the overall completed employee classification efforts and survey decisions quarterly to ensure adhere to examination case selection policy.
- (2) As part of the Program Review process, the BSA-CS Program Manager (or designee) ensures the BSA-CS Group Manager reviews adhere to the examination case selection policy.
- (3) Reviews will be documented and copy retained by the BSA-CS Program Manager (or designee).

4.26.3.6
(03-15-2022)
BSA Information Leads

- (1) During a BSA examination, information may be uncovered pertaining to the financial transactions of individuals and businesses. This information may have a material impact on income tax compliance under Title 26. The BSA Field Group is responsible for preparing Form 5346, Examination Information Report, for referral of the information.
- (2) The BSA Field examiner will prepare the electronic Form 5346, Examination Information Report and submit to their group manager. The group manager will forward the approved Form 5346, plus any supporting documentation, to BSA CS using the **SBSE BSA Info Reports/Referrals* mailbox. Referrals received by the mailbox are forwarded to Exam Field Support monthly.
- (3) IRS CI referral leads will be submitted using as an example IRM Exhibit 25.1.12-2, Sample Memorandum to Transmit leads from BSA to CI, and a copy electronically forwarded to: **SBSE BSA Info Reports/Referrals*.
- (4) All information reports sent to BSA CS are tracked, monitored and monthly reports are provided to BSA Management.
- (5) Copies of Forms 5346 are not maintained in the electronic case file. Document workpapers to indicate that forms were prepared by annotating the workpapers with **"Forms 5346 prepared"** or by highlighting/bolding the transactions warranting the report. Examiners should check the box applicable to Forms 5346 on Form 105 Lead Sheet 105, under the Case Closing section of Lead Sheet 105 Form 105 to indicate if Forms 5346 have been prepared.

- (6) The BSA Field examiner will prepare the Form 5346 electronically for their group manager's approval. The group manager will forward the approved Form 5346, plus any supporting documentation, to **SBSE BSA Info Reports/Referrals* mailbox.

4.26.3.6.1
(08-05-2025)
Prime Leads

- (1) Refer to 4.26.6.5.3.15 (10-08-2019) Referrals and Notification and to 4.26.8.6.2 (02-14-2019) Where a Referral to Criminal Investigation is Not Recommended When BSA examiners identify indicators of fraud during an examination a discussion must be held with their BSA manager. If the BSA manager concurs, the manager and examiner will contact the Fraud Technical Enforcement Advisor (FEA) to discuss the exam and fraud indicators.
- (2) A Prime Lead Memorandum (PLM) is used on a BSA examination when a criminal fraud referral to Criminal Investigation (CI) is not warranted. This may occur but is not limited to instances when indicators of fraud do not meet the Law Enforcement Manual criteria or local prosecution priorities. In these instances, a PLM is required to transmit evidence of willful violations of BSA laws.
- (3) When it is determined the case does not meet the local criminal referral requirements, and BSA and the FEA believe the information should be shared with CI. Refer to IRM 25.1.12.9, BSA Leads to CI - Prime Lead Memo.

4.26.3.7
(03-15-2022)
Using Referrals in Title 31 and Form 8300

- (1) Referrals may be received from FinCEN, SAR Review Teams, CI groups, BSA group and other sources, regarding the activity of an NBF or an NTFB. The Coordinator will include the information in the electronic case file with TDF15-05.11, Sensitive But Unclassified (SBU), for the BSA examiner to place in a sealed and confidential envelope, if printed. IRM 10.5.1, Privacy Policy.
- (2) The BSA Coordinator will exercise independent judgment on the appropriate BSA action to take on referrals received. Any action, such as assigning the case for a Title 31 or Form 8300 examination, is to be based on the same criteria used to select any other BSA work.
- (3) Under the direction of management with Coordinator concurrence, SAR referrals should be given priority consideration, case-built and sent to the Field.
- (4) When the referral information source is a SAR, the responsibility for the security and use of the SAR and the SAR data is with each person having access. The information is sensitive and must be treated accordingly. Refer to IRM 4.26.14.6.2, SAR Disclosure by Government Officers and Employees, for detailed security procedures for safeguarding SAR information.
- (5) The SAR referral information may be used only for a purpose related to a criminal, tax, or regulatory investigation or proceeding, or in the conduct of intelligence or counterintelligence activities to protect against international terrorism.
- (6) The information contained in a SAR cannot be further released, disseminated, disclosed, or transmitted without prior approval of the Director of FinCEN or their authorized delegate. No SAR information, including the existence of a SAR, may be disclosed during any BSA activity to the examined entity or to any other person or entity outside the IRS. A SAR must be treated with particular care given the unsubstantiated allegations of possible criminal activity it contains, akin to allegations contained in confidential informant tips. Such

reports, or the fact they have been filed, may not be disclosed by a government employee to any person involved in the transaction, "other than as necessary to fulfill the official duties of such officer or employee." 31 USC 5318 (g)(2). Unauthorized release of information collected under the BSA may result in criminal or civil sanctions. SAR information is extremely sensitive data.

- (7) Since disclosing SAR information would identify a confidential informant and would seriously impair a civil or criminal investigation, use of a SAR-based lead in Title 31 or Form 8300 activities is restricted in the same manner as its use in any examination. See IRM 4.26.14, Bank Secrecy Act, Disclosure. Prohibited actions include:
 - a. Disclosing to anyone outside the IRS that a SAR has been filed.
 - b. Proposing a reporting violation based solely on information contained in a SAR, CI referral, or other referral.
 - c. Disclosing a source or possible source of SAR information.
 - d. Conducting the examination in a way the trade or business could reasonably conclude any of the above.
- (8) Civil and criminal penalties may apply with respect to the unauthorized disclosure of SARs. Such disclosures undermine the very purpose for which the suspicious activity reporting system was created—the protection of the nation's financial system through the prevention, detection and prosecution of financial crimes and terrorist financing. The unauthorized disclosures of SARs can compromise the national security of the United States and threaten the safety and security of those institutions and individuals who file such reports. An unauthorized disclosure of SAR information is a very serious matter. All such unauthorized disclosures by IRS personnel are investigated. The IRS is committed to continuing to work with FinCEN, the Federal functional regulatory agencies, law enforcement and the financial services industry to ensure that the information contained in SARs is safeguarded.
- (9) SARs, like all BSA reports, are exempt from the disclosure provisions of 5 USC 552, Freedom of Information Act.

4.26.3.8
(03-01-2019)
Liaison

- (1) Contacts with other operating divisions or with state and local government agencies should first be discussed with management.
- (2) BSA CS-Group Managers will ensure that the current MOU for each state agency is followed when exchanging BSA information. They will also ensure that appropriate information is provided to and received from state agencies as provided in the specific MOU.

4.26.3.9
(03-15-2022)

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