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SUBJECT: Interim Guidance for the Prime Lead Memorandum

This memorandum provides interim guidance to improve communications, reporting, efficiency, and enhance BSA referrals to Criminal Investigation (CI) by clarifying existing procedures on the use and tracking of Prime Lead Memorandums (PLM). A PLM is used on a Bank Secrecy Act (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 prosecutorial priorities.\(^1\) In these instances, a PLM is required to transmit evidence of willful violations of BSA laws.

This interim guidance supersedes the current instructions found in IRM sections 4.26.8.6.2, 4.26.11.11.5, and 25.1.12.9 which will be updated within one year of the date of this memorandum. CI will update part 9.4.1 of their IRM to explain the processing of the PLMs and will reference IRM 25.1.12.9. This memo also addresses concerns raised in TIGTA Report #2018-30-071 “The Internal Revenue Service’s Bank Secrecy Act Program Has Minimal Impact on Compliance.”

\(^1\) CI works with their local prosecuting U.S. Attorney to determine prosecution priorities for their assigned area.
Revised Procedures:

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 Advisor (FTA) to discuss the exam and fraud indicators.

It is important to identify as many indicators of fraud as possible. These indicators validate the existence of possible criminal activity that took place.

When it is determined the case does not meet the local criminal referral requirements, and BSA and the FTA believe the information should be shared with CI, the following actions will be taken:

1. BSA examiner will complete the Form 13639, Fraudulent Intent Referral Memorandum (FIRM) and secure email to BSA manager for approval.
2. BSA manager will review and approve Form 13639 and update the case to status 17 in the Title 31 database.
3. BSA examiner will complete the PLM with the assistance of the FTA.
   a. Box 8 of the PLM requires a list of all attachments. Include electronic copies of all supporting evidence; cash checks (front and back), money orders, wire transmission receipts, a spreadsheet of wires and/or other similar records. If the documents are not available electronically or readily convertible to electronic, they should be made available once a special agent requests access to them from the BSA examiner.
   b. If original documents are provided to CI, copies should be kept with BSA case file.
4. BSA examiner will secure email the completed PLM to the BSA manager for approval along with the previously approved Form 13639.
5. BSA manager will review, sign, and secure email the PLM and previously approved Form 13639 to the FTA for signature.
6. BSA manager will secure email the PLM and Form 13639 to BSA Case Selection *SBSE.BSA.Info.Reports@IRS.gov.
7. FTA will secure email the PLM and Form 13639 to the FTA manager.
8. FTA manager will review, approve and secure email the PLM to the appropriate special agent in charge at the appropriate field office or their designee, i.e. CI fraud coordinator, and secure email the PLM to the fraud data specialist (FDS).
9. FDS will record the PLM and number of individuals/entities included with the PLM on a spreadsheet within the National Fraud Program.
10. CI will have 30 calendar days to review the PLM, supporting documents and schedule a meeting with the referring BSA examiner, BSA manager and the FTA to discuss the merits of the PLM. CI does not have to accept or decline the PLM but may hold it for future use. The CI supervisory special agent can request an extension to the 30 days in writing to the BSA territory manager. Together, they will decide if an extension is warranted and if so, will determine an acceptable extension date. The FTA manager will be cc’d when an extension is submitted to the BSA Territory Manager.

11. If CI initiates a criminal investigation from any information in the PLM, CI will assign a source code in the Criminal Investigation Management Information System (CIMIS) of “SBSE BSA Prime Lead”. Any “spinoff” investigations are to be coded similarly. This action will provide data which can be used to track BSA PLM accomplishments.

12. BSA manager will update the case from status 17 to status 12 after the four-way meeting and the examiner will complete the examination. The BSA case file remains in the BSA examiner’s possession throughout the PLM process.

13. The FTA will notify the FTA Manager when the PLM is no longer an active fraud development case. The FTA Manager will secure email the FDS of the change in status of the PLM.

14. BSA manager will record the prime leads in the Title 31 database when the examination is closed. This is completed by selecting “Enter Leads” in the case closure screen and selecting “CI” as the “type”.

15. CI will provide Fraud with a quarterly report of investigations sourced from PLMs.

16. Fraud will provide a quarterly report to BSA Case Selection of received PLMs and investigations initiated from them via secured email *SBSE.BSA.Info.Reports@IRS.gov.

The BSA PLM template will be revised to include a signature block for the FTA and FTA manager.

This process establishes improved tracking and accountability for BSA PLMs referred to CI with the assistance of Fraud.

**Effective Date:**
The revised guidance appearing within the memorandum will be incorporated into IRM 4.26.11.11.5, 4.26.8.6.2, 25.1.12.9 and 9.4.1 within one year of issuance.

If you have questions concerning this interim guidance, contact BSA Policy Analyst Laurie Surratt, (217) 993-6637, Senior Fraud Policy Analyst, Jackie Fralick, (502) 396-5447, or CI Senior Analyst Harry Chavis.

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