



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.26.1

AUGUST 14, 2025

EFFECTIVE DATE

(08-14-2025)

PURPOSE

- (1) This transmits revised text for IRM 4.26.1, Bank Secrecy Act, Introduction and Program Structure.

MATERIAL CHANGES

- (1) Minor editorial edits have been made throughout this IRM.
- (2) Internal email and website addresses have been masked throughout this IRM.
- (3) The title of 4.26.1.1.3 has been revised to Roles and Responsibilities and added the responsibilities of the Program Manager BSA Policy.
- (4) 4.26.1.1.4, Program Management and Review, has been added to this IRM.
- (5) 4.26.1.1.5, Program Controls, has been added to this IRM.
- (6) 4.26.1.4.1.3 has been revised to update the organizational symbols.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 4.26.1 dated February 15, 2019.

AUDIENCE

The Intended audience is 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.

Heather Yocum
Acting Director, HQ, Specialty Exam Policy
Small Business/Self-Employed

4.26.1

Introduction and Program Structure

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4.26.1.1
(02-15-2019)
Program Scope and Objectives

- (1) **Purpose.** This IRM describes the regulatory and organizational structure of the IRS SB/SE Bank Secrecy Act (BSA) examination program.
- (2) **Audience.** These procedures apply to SB/SE Specialty BSA and can be referenced by all other divisions of the IRS.
- (3) **Policy Owner.** Director, Specialty Examination Policy - Small Business/Self-Employed.
- (4) **Program Owner.** Director Specialty Examination.
- (5) **Primary Stakeholders.** BSA Exam Case Selection, Specialty Examination, and SB/SE Examination Quality & Technical Support are the primary stakeholders for this IRM.
- (6) **Contact Information.** To recommend changes or make any other suggestions related to this IRM section, see IRM 1.11.6.5, Providing Feedback About an IRM Section Outside of Clearance.
- (7) **Program Goals.** The goal of this section is to provide an overview of BSA exam authority delegated to the IRS. BSA exams help to ensure that financial institutions are following BSA laws and regulations.

4.26.1.1.1
(02-15-2019)
Background

- (1) The mission of the BSA Program is to safeguard the financial system from the abuses of financial crime, including terrorist financing, money laundering, and other illicit activity by providing the financial community top quality service to help them understand their obligations under the BSA and to ensure BSA compliance with integrity and fairness to all.

4.26.1.1.2
(02-15-2019)
Authority

- (1) Authority for the IRS to conduct BSA examinations includes the following sources:
 - a. *31 USC 5318(a)*, General Powers of Secretary, provides the Secretary of the Treasury with authority to administer provisions of the BSA.
 - b. 31 CFR 1010.810(b)(8), Enforcement, gives the Commissioner, IRS, the delegated authority to examine certain financial institutions to determine compliance with BSA requirements. See Exhibit 4.26.1-1.
 - c. A Memorandum of Agreement dated April 8, 2003, delegates examination and penalty authority for Foreign Bank Account Reports (FBARs) from the Financial Crimes Enforcement Network (FinCEN) to the IRS. See Exhibit 4.26.1-2.
 - d. A Memorandum of Understanding and Delegation of Authority to Examine Non-Financial Trades and Businesses, dated April 10, 2015, delegates examination authority under Title 31 for Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business, from FinCEN to the IRS. See Exhibit 4.26.1-3.
 - e. Related authority: IRC 7601, Canvass of districts for taxable persons and objects, authorizes the Secretary of the Treasury to inquire into taxpayers' tax liability. IRC 7602, Examination of Books and Witnesses, authorizes the Secretary to examine books and witnesses for specific purposes including determining and collecting federal tax liabilities.

4.26.1.1.3
(08-14-2025)**Roles and
Responsibilities**

- (1) Director, Examination - Specialty Policy is the executive responsible for BSA Examination policy and procedures.
- (2) Director, Examination - Specialty Examination is the executive responsible for BSA examination operational compliance.
- (3) The Program Manager, BSA Exam is responsible for ensuring general information about basic BSA examiner responsibilities and IRM sections is communicated to and carried out by BSA examiners.
- (4) Program Manager, BSA Policy is responsible for ensuring general information about basic BSA examiner responsibilities and IRM sections is communicated to and carried out by BSA examiners.

4.26.1.1.4
(08-14-2025)**Program Management
and Review**

- (1) Reports to monitor the current year's work plan, as well as specific programs, are prepared and provided by Performance Planning & Analysis (PPA). These reports provide Headquarters and Field Examination with timely and reliable information used to review the program progress. There are a variety of reports designed to meet the needs of the group or function. Reports used to monitor examination processes include:

Report Name	Description
Direct examination time	This report contains the number of hours charged to a case.
New examination starts	This report contains a list of cases started within the period of the report.
Examination closures	This report contains a list of cases closed within the period of the report.
Average hours expended per case	This report contains the average number of hours charged to all cases within the period of the report.
No issue percentage	This report contains the percentage of case closed with no action with the period of the report.
Closed case cycle time by work-stream	This report contains the cycle time of closed cases by Title 31 and Title 26 categories within the period of the report.
Open case cycle time by work-stream	This report contains a list of open cases by Title 31 and Title 26 categories within the period of the report.
Referrals to Examination	This report contains the number of referrals to Examination made within the period of the report.

Report Name	Description
Referrals to Employment Tax	This report contains the number of referrals to Employment Tax made within the period of the report.
Referrals to CI	This report contains the number of referrals to CI made within the period of the report.
Number of surveyed cases	This report contains the number of surveyed cases within the period of the report.
Workplan accomplishments	This report contains the number of cases opened and closed, by categories Title 31 and Title 26, cases towards meeting the workplan goals of the fiscal year.

4.26.1.1.5
(08-14-2025)
Program Controls

- (1) 31 CFR 1010.810(b)(8), Delegation, delegates authority to examine the compliance to the BSA to the Commissioner of Internal Revenue. The delegation includes non-bank financial institutions such as check cashers to examine all financial institutions, except brokers or dealers in securities, mutual funds, futures commission merchants, introducing brokers in commodities, and commodity trading advisors, not currently examined by Federal bank supervisory agencies for soundness and safety.
- (2) The IRS BSA program operates under the framework of internal controls designed to ensure that examinations are conducted consistently, accurately, and in accordance with BSA laws, regulations, and IRS policies. Key controls include:
 - Periodic reviews of examination case files by group managers
 - Standardized training for examiners, and
 - Review of closed case files is conducted to monitor adherence to established procedures.
- (3) BSA group managers regularly evaluate workload management, risk assessments, and resource allocation within their groups. The managers achieve the evaluations via workload and individual case reviews of the examiners within their group. The reviews provide feedback to examiners on their effectiveness and identify opportunities for improvements.
- (4) BSA Exam examiners access BSA Search to review the filed forms of businesses assigned. Access is restricted, requiring training and permission prior to access. Reports of use Access limitations (passwords for data systems, reports permission levels BSA Search).
- (5) BSA Exam group managers monitor the use of BSA Search by BSA examiners assigned to their group. Periodic audits are conducted to ensure compliance with the access and use policies.

4.26.1.1.6
(02-15-2019)
Acronyms

- (1) The following table contains acronyms, used in this IRM, and the definition of each.

Acronym	Definition
AML	Anti-Money Laundering
BSA	Bank Secrecy Act
CCH	Commerce Clearing House
CTR	Currency Transaction Report
FATF	Financial Action Task Force
FBAR	Report Foreign Bank and Financial Accounts
FinCEN	Financial Crimes Enforcement Network
GAO	Government Accounting Office
GTO	Geographic Targeting Orders
HIDTA	High Intensity Drug Trafficking Areas
HIFCA	High Intensity Money Laundering and Related Financial Crimes Areas
MSB	Money Service Business
NBFI	Non-Bank Financial Institution
OFAC	Office of Foreign Asset Control
PMSJ	Dealers in precious metals, stones, and jewels
SAR	Suspicious Activity Report
TEGE	Tax Exempt/Government Entities
TIGTA	Treasury Inspector General for Tax Administration
USC	United States Code

- (2) See IRM 4.26.10, Bank Secrecy Act, Form 8300 History and Law, for general terms.

4.26.1.1.7
(02-15-2019)
Related Resources

- (1) The IRS adopted the Taxpayer Bill of Rights (TBOR) 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 about the TBOR see the *TBOR SharePoint*.
- (2) Helpful information sources include:
- The BSA Policy SharePoint site
 - A list of SB/SE BSA Policy Analysts, their contact information and program assignments, are found on the BSA Policy SharePoint
 - 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
- (3) The BSA program is required to follow all servicewide examination procedures and those set forth in the SB/SE examining process IRM. However, the following material provides additional information relating to the processing and examination of Bank Secrecy Act program returns:
- IRM 4.26.3 - Case Selection (CS)
 - IRM 4.26.4 - BSA Search
 - IRM 4.26.5 - History and Law
 - IRM 4.26.6 - Examiner Responsibilities
 - IRM 4.26.7 - Penalties
 - IRM 4.26.8 - Special Procedures
 - IRM 4.26.9 - Examination Techniques for Bank Secrecy Act Industries
 - IRM 4.26.10 - Form 8300 History and Law
 - IRM 4.26.11 - BSA Examiner Responsibilities for Form 8300 Examinations
 - IRM 4.26.12 - Examination Techniques for Form 8300 Industries
 - IRM 4.26.13 - Structuring
 - IRM 4.26.14 - Disclosure
 - IRM 4.26.15 - General Program
 - IRM 4.26.16 - Report of Foreign Bank and Financial Accounts (FBAR)
 - IRM 4.26.17 - Report of Foreign Bank and Financial Accounts (FBAR) Procedures

4.26.1.2

(05-23-2014)

Overview of Introduction to Bank Secrecy Act

- (1) This section contains information about the IRS BSA Program.
- (2) The BSA Program ensures entities follow:
- 31 USC 5311, Declaration of Purpose, excluding section 5315, commonly referred to as the Bank Secrecy Act, and
 - IRC 6050I, Returns Relating to Cash Received in Trade or Business, (Title 26).
- (3) Congressional intent behind the various anti-money laundering statutes, as stated in 31 CFR 5311, Declaration of Purpose, is to “require certain reports or records where they have a high degree of usefulness in criminal, tax or regulatory investigations or proceedings, or in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism.”

4.26.1.2.1

(04-05-2011)

Definition of Money Laundering

- (1) Money laundering is the process of converting funds from illegal activities to conceal their origin, true nature, or ownership into funds that appear to have a legal source. See generally 31 CFR 5340(2)(B), Money Laundering and Related Financial Crime.
- (2) Once money becomes “dirty”, it must be converted into a legitimate form before it can be spent. Money is laundered using a three-step process:
1. **Placement** is the physical movement of cash or cash equivalents derived from illegal or illicit activities and its introduction into traditional or nontraditional financial institutions, into the retail economy, or into foreign

countries (for example, smuggling). The goal of the launderer is to move cash from its source and transform it to another asset without being detected. The cash is vulnerable to detection and seizure during the placement stage.

2. **Layering** is conducting multiple complex financial transactions to make it difficult to trace the proceeds from illegal or illicit sources. Layering disguises or eliminates the audit trail of the funds. The purpose of layering is to hide the audit trail as well as the source and ownership of funds.
3. **Integration** is the introduction of funds derived from illegal or illicit activities back into the economy with the appearance of normal business earnings or providing a seemingly legitimate explanation for financial wealth. It is extremely difficult to distinguish between legitimate and illicit or illegal funds at this stage.

4.26.1.3 (01-06-2016)

Bank Secrecy Act Program Goals

- (1) As a partner in Department of Treasury's national anti-money laundering efforts, the goal of the IRS is to detect violations of and increase compliance with the BSA. See IRM 1.1.16.5.3.4, Bank Secrecy Act (BSA) Examination.
- (2) This goal is accomplished by:
 - a. Identifying those financial institutions and non-financial trades or businesses that have responsibilities under the BSA or IRC 6050I, Returns Relating to Cash Received in Trade or Business.
 - b. Assisting financial institutions (not federally regulated) and non-financial trades and businesses, which IRS oversees, in understanding their roles in combating money laundering and meeting the reporting and record-keeping requirements under the BSA or IRC 6050I.
 - c. Conducting BSA and IRC 6050I examinations, ensuring appropriate BSA programs are established and implemented, and ensuring the compliance of financial institutions with all applicable BSA anti-money laundering program, recordkeeping, and reporting requirements. This includes the filing of CTRs, FBARs, Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business, and SARs.
 - d. Actively participating in coordinated multi-agency anti-money laundering initiatives such as GTOs, HIDTAs, and HIFCAs, which are designed to disrupt and dismantle money laundering organizations.
 - e. Focusing on those institutions most non-compliant.
 - f. Balancing the BSA and IRC 6050I programs.
 - g. Ensuring geographic and industry coverage.
 - h. Coordinating with other business operating divisions and state and federal regulatory and enforcement agencies.
 - i. Making best use of and leveraging available resources.
 - j. Providing adequate training.
 - k. Assigning responsibility.
 - l. Measuring results.
 - m. Setting milestones.

4.26.1.4 (02-15-2019)

Overview of BSA Program Structure

- (1) This section describes the regulatory and organizational structure of the IRS SB/SE Specialty Exam, BSA Program.

4.26.1.4.1
(02-15-2019)
Regulatory Structure

- (1) AML statutes are found in two separate titles of the USC:
 - 31 CFR 5311, Declaration of Purpose, (Title 31), excluding Section 5315, commonly referred to as the Bank Secrecy Act, and
 - IRC 6050I, Returns Relating to Cash Received in Trade or Business, (Title 26).

4.26.1.4.1.1
(02-15-2019)
Regulatory Structure of Title 31

- (1) The Department of the Treasury has primary responsibility for implementing and enforcing the BSA. The Secretary of the Treasury delegated the authority to administer the BSA to the Director, FinCEN. FinCEN re- delegated responsibility for assuring civil compliance with the law to various Federal agencies including the Internal Revenue Service. 31 CFR 1010.810(b)(8), Enforcement, delegates the responsibility to examine and assure compliance with the requirements of 31 CFR Chapter X, Financial Crimes Enforcement Network, Department of The Treasury, for certain entities to the IRS. See IRM 4.26.5.12, Delegation of Authority and IRS Jurisdiction.
- (2) Most entities under IRS' examination authority are commonly referred to as NBFIs. IRS has the delegated authority to examine banks and other financial institutions for compliance with the BSA that are not examined by federal bank supervisory agencies or other federal functional regulatory agencies, as defined in 31 CFR 1010.100, General Definitions. Thresholds determine if some financial institutions are subject to the BSA. See IRM 4.26.5.4.1, Financial Institutions Defined in 31 CFR 1010.100(t), Financial Institution.
- (3) NBFIs include:
 - a. MSBs subject to certain transaction thresholds. See IRM 4.26.5.12, Delegation of Authority and IRS Jurisdiction, for definitions. 31 CFR Part 1010, General Provisions, 31 CFR Part 1021, Rules for Casinos and Card Clubs, and 31 CFR Part 1022, Rules for Money Services Businesses; and IRM 4.26.5.4.3, Types of Money Services Businesses.
 - b. Casinos and Card Clubs (including Indian Tribal casinos).
 - c. Insurance companies subject to the Anti-Money Laundering (AML) program requirements of the BSA.
 - d. PMSJs subject to the AML program requirements of the BSA.
 - e. Banking entities limited to Credit Unions that are state-chartered and not federally-insured.
- (4) Non-financial Trades or Businesses have dual statutory reporting requirements under Title 26 and Title 31 when receiving more than \$10,000 in cash in a single transaction, or two or more related transactions. Included among such trades or businesses are auto dealerships and sellers of boats. See IRM 4.26.5.4.5, Non-financial Trades or Businesses.
- (5) FinCEN is delegated the primary regulatory authority for Title 31. This includes writing of regulations and imposing civil penalties.
- (6) All requests for technical advice relating to BSA matters must be routed through the Group Manager to BSA Policy. BSA Policy analysts can consult Chief Counsel, SB/SE, for legal analysis and guidance regarding Title 31 law and regulations. Counsel and BSA Policy will consult with FinCEN Counsel as needed on novel issues and issues of first impression that require interpretation of FinCEN regulations. FinCEN has the final word on interpretation of its regulations. See IRM 4.26.17.3, Working the FBAR Case, for guidance on

FBAR cases. In addition, Chief Counsel, Criminal Tax may provide legal advice concerning the criminal aspects of Title 31, including asset forfeiture.

- (7) Communications with FinCEN must be routed through the BSA Liaison to FinCEN. BSA field personnel are not to contact FinCEN directly. Contact information is available on the *BSA Policy SharePoint site*.

4.26.1.4.1.2
(02-15-2019)

Regulatory Structure of Title 26

- (1) IRC 6050I, Returns Relating to Cash Received in Trade or Business, related to Form 8300, is part of Title 26, the Internal Revenue Code, under the regulatory authority of IRS Office of Chief Counsel. See IRM 4.26.10, Bank Secrecy Act, Form 8300 History and Law.
- (2) Requests for technical advice requires routing through the Group Manager to the BSA Policy analyst.

4.26.1.4.1.3
(02-15-2019)

Organizational Responsibilities

- (1) The IRS BSA Program operates within the Services and Enforcement, SB/SE Operating Division, Examination function (CTCO:S:E:SE). See IRM 1.1.16.5, Examination.
- (2) Examination, Specialty Examination, BSA Examination (CTCO:S:E:SE:BSA) oversees examination activities for the BSA Program. See IRM 1.1.16.5.3, Specialty Examination.
- (3) Examination, Specialty Policy, BSA Policy (CTCO:S:E:HQ:SEP:BSAP) is responsible for the BSA Program's policy direction and operates under Headquarters Examination. See IRM 1.1.16.5.5.2.1, Bank Secrecy Act (BSA) Policy.
- (4) Examination, Planning and Performance Analysis, Specialty Workload Planning and Analysis (CTCO:S:E:PPA:WPA) supports BSA Program activities. See IRM 1.1.16.5.4.1, Field and Specialty Examination Workload Planning and Analysis (FSWPA).
- (5) Examination Case Selection, BSA Case Selection (CTCO:S:E:HQ:ECS:S:BSACS) operates under Headquarters Examination. The operation provides guidance on the selection of BSA Examination cases, supports the BSA workplan, delivers inventory and sets assignment criteria for routing of BSA work. See IRM 1.1.16.5.5.3.4, Bank Secrecy Act (BSA) Case Selection.
- (6) Exam Quality and Technical Support, Field and Specialty Exam Quality (CTCO:S:E:HQ:EQTS:FSEQ) is responsible for the National Quality Review of the BSA Examination Program.
- (7) See IRM 1.1.16.5, Examination, for functional missions, responsibilities and structure. This IRM subsection should be relied upon for current Examination organizational structure and functional statements.

4.26.1.5
(02-15-2019)

Information Sources

- (1) Internal and external sources of information are available to assist examiners in accomplishing program goals. See IRM 4.26.1.5.2, IRM 4.26.1.5.3 and IRM 4.26.1.5.4 for some of the available sources of information.

4.26.1.5.1
(02-15-2019)
Training Materials

- (1) IRS training materials include:
- Title 31 Training
 - Form 8300 Training
 - Casino Training for BSA Examiners
 - Insurance Training for BSA Examiners
 - Centralized Examination Training
 - On-the-Job-Instructor Training
 - Dealers in Precious Metal, Precious Stones, and Jewels Training for BSA Examiners
 - Credit Union Training for BSA Examiners
 - Prepaid Access Training
 - BSA Unit II Training
 - BSA Functional Managers Training

4.26.1.5.2
(02-15-2019)
**Anti-Money Laundering
Related Government
Websites**

- (1) The *BSA Examination SharePoint*, provides information about the operation and administration of the BSA Program.
- (2) The *BSA Policy SharePoint*, is accessible by BSA personnel only.
- (3) The *IRS Criminal Investigation website*.
- (4) For information on issues related to tribal entities, see the *TEGE Indian Tribal Governments website*.
- (5) The U.S. Department of the Treasury, *FinCEN website*.
- (6) The U.S. Department of the Treasury, *OFAC website*.
- (7) FATF is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing: *FATF website*.

4.26.1.5.3
(02-15-2019)
Publications

- (1) Other BSA publications include:
- GAO reports relating to BSA are available on the *GAO website*. Search the website using “BSA” or “AML”.
 - FinCEN publications are available on the *FinCEN website*.
 - TIGTA reports relating to BSA are available on the *TIGTA website*. Search the website using “BSA” or “AML”.

4.26.1.5.4
(02-15-2019)
Commercial Sources

- (1) Commercial sources include:
- Research services, for example, CCH, Lexis-Nexis, Bloomberg Tax, and Westlaw
 - Trade association publications, for example, Money Laundering Alert, National Money Transmitters Association, Association of Certified Anti-Money Laundering Specialists, Financial Intelligence Units - Egmont, etc.

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Exhibit 4.26.1-1 (02-15-2019)
31 CFR 1010.810**Exhibit 4.26.1-1****31 CFR 1010.810****§1010.810 Enforcement.**

(a) Overall authority for enforcement and compliance, including coordination and direction of procedures and activities of all other agencies exercising delegated authority under this chapter, is delegated to the Director, FinCEN.

(b) Authority to examine institutions to determine compliance with the requirements of this chapter is delegated as follows:

(1) To the Comptroller of the Currency with respect to those financial institutions regularly examined for safety and soundness by national bank examiners;

(2) To the Board of Governors of the Federal Reserve System with respect to those financial institutions regularly examined for safety and soundness by Federal Reserve bank examiners;

(3) To the Federal Deposit Insurance Corporation with respect to those financial institutions regularly examined for safety and soundness by FDIC bank examiners;

(4) To the Federal Home Loan Bank Board with respect to those financial institutions regularly examined for safety and soundness by FHLBB bank examiners;

(5) To the Chairman of the Board of the National Credit Union Administration with respect to those financial institutions regularly examined for safety and soundness by NCUA examiners.

(6) To the Securities and Exchange Commission with respect to brokers and dealers in securities and investment companies as that term is defined in the Investment Company Act of 1940 (15 U.S.C. 80-1 *et seq.*);

(7) To the Commissioner of Customs and Border Protection with respect to §§1010.340 and 1010.830;

(8) To the Commissioner of Internal Revenue with respect to all financial institutions, except brokers or dealers in securities, mutual funds, futures commission merchants, introducing brokers in commodities, and commodity trading advisors, not currently examined by Federal bank supervisory agencies for soundness and safety; and

(9) To the Commodity Futures Trading Commission with respect to futures commission merchants, introducing brokers in commodities, and commodity trading advisors.

(10) To the Federal Housing Finance Agency with respect to the housing government sponsored enterprises, as defined in §1010.100(mmm) of this part.

(c) Authority for investigating criminal violations of this chapter is delegated as follows:

(1) To the Commissioner of Customs and Border Protection with respect to §1010.340;

(2) To the Commissioner of Internal Revenue except with respect to §1010.340.

(d) Authority for the imposition of civil penalties for violations of this chapter lies with the Director of FinCEN.

(e) Periodic reports shall be made to the Director, FinCEN by each agency to which compliance authority has been delegated under paragraph (b) of this section. These reports shall be in such a form and submitted at such intervals as the Director, FinCEN may direct. Evidence of specific violations of any of the requirements of this chapter may be submitted to the Director, FinCEN at any time.

(f) The Director, FinCEN or his delegate, and any agency to which compliance has been delegated under paragraph (b) of this section, may examine any books, papers, records, or other data of domestic financial institutions relevant to the recordkeeping or reporting requirements of this chapter.

(g) The authority to enforce the provisions of 31 U.S.C. 5314 and §§1010.350 and 1010.420 of this chapter has been redelegated from FinCEN to the Commissioner of Internal Revenue by means of a Memorandum of Agreement between FinCEN and IRS. Such authority includes, with respect to 31 U.S.C. 5314 and 1010.350 and 1010.420 of this chapter, the authority to: assess and collect civil penalties under 31 U.S.C. 5321 and 31 CFR 1010.820; investigate possible civil violations of these provisions (in addition to the authority already provided at paragraph (c)(2)) of this section; employ the summons power of subpart I of this part 1010; issue administrative rulings under subpart G of this part 1010; and take any other action reasonably necessary for the enforcement of these and related provisions, including pursuit of injunctions.

Exhibit 4.26.1-2 (04-05-2011)
FBAR Delegation to IRS



DEPARTMENT OF THE TREASURY
FINANCIAL CRIMES ENFORCEMENT NETWORK

APR 2 2003

Robert Wenzel
Acting Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Room 3000 IR
Washington, DC 20224

**Memorandum of Agreement
and Delegation of Authority for
Enforcement of FBAR Requirements**

Dear Mr. Wenzel:

The Financial Crimes Enforcement Network ("FinCEN"), a bureau within the U.S. Department of the Treasury, administers and enforces the provisions of the Bank Secrecy Act (the "BSA"), 31 U.S.C. § 5311 *et seq.*, pursuant to a delegation by the Secretary of the Treasury. The Secretary is directed by 31 U.S.C. § 5314 to require the reporting of transactions with foreign financial agencies. FinCEN's implementing regulations require that each person subject to the jurisdiction of the United States report to the Internal Revenue Service ("IRS") any "financial interest in, or signature authority or other authority over, a bank, securities or other financial account in a foreign country" and maintain records of accounts required to be reported. 31 CFR §§ 103.24, 103.27, and 103.32. The IRS is the bureau of the Department of the Treasury charged with the principal responsibility for enforcing and administering the federal tax laws. The form used to comply with § 103.24 is currently known as the Report of Foreign Bank and Financial Accounts ("FBAR"), TD F 90-22.1. This agreement between FinCEN and the IRS states the terms and conditions under which FinCEN delegates its authority to enforce the FBAR requirements of the BSA to the IRS.

Exhibit 4.26.1-2 (Cont. 1) (04-05-2011)
FBAR Delegation to IRS

Robert Wenzel
Page 2

1. Purpose; Legal Authority; Definitions.

(a) Purpose. In promulgating the FBAR requirements, the Secretary found the FBAR to be useful to criminal, tax, and regulatory investigations and proceedings. The purpose of this agreement is to enhance enforcement of the FBAR filing and recordkeeping requirements.

(b) Source of Authority. Pursuant to Treasury Order 180-01, FinCEN has the authority to enforce the FBAR provisions of the BSA, including the imposition of civil money penalties for willful or negligent violations of the FBAR provisions. FinCEN may redelegate this authority to the Commissioner.

(c) Definitions. For purposes of this agreement, the following definitions shall apply:

(1) "FBAR" means the Report of Foreign Bank and Financial Accounts ("FBAR"), TD F 90-22.1 (or any successor form).

(2) "Commissioner" means the Commissioner of the IRS.

2. Delegation of FBAR Enforcement.

(a) General. Subject to the terms hereof, FinCEN delegates to the Commissioner the authority to enforce the provisions of 31 U.S.C. § 5314, 31 CFR §§ 103.24 and 103.32. Such authority includes, with respect to these provisions, the authority to: assess and collect civil penalties under 31 U.S.C. § 5321 and 31 CFR § 103.57; investigate possible civil violations of these provisions (in addition to the authority already provided at 31 CFR § 103.56(c)(2)); employ the summons power of 31 CFR Part 103, Subpart F; issue administrative rulings under 31 CFR Part 103, Subpart G; and take any other action reasonably necessary for the enforcement of these and related provisions, including pursuit of injunctions.

(b) Scope of Delegation. FinCEN delegates only its authority to enforce the FBAR provisions of the BSA to the Commissioner as described above, and nothing in this delegation

Exhibit 4.26.1-2 (Cont. 2) (04-05-2011)
FBAR Delegation to IRS

Robert Wenzel
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affects FinCEN's authority over any other provision of the BSA or its implementing regulations.

This delegation to the Commissioner includes the authority to further delegate this authority to any officer or employee within the IRS. Nothing in this memorandum of agreement should be read to diminish any authority already provided to the Commissioner under Treasury Directive 15-41 or 31 CFR Part 103.

3. Revision and Interpretation of FBAR Requirements.

(a) Regulatory and Form and Instruction Revisions. IRS may propose to FinCEN revisions to 31 CFR Part 103 to further enhance enforcement of 31 U.S.C. § 5314 and 31 CFR §§ 103.24 and 103.32. IRS may revise TDF 90-22.1 and its instructions.

(b) Inquiries. The Commissioner will have the responsibility for responding to general inquiries and requests for advice, and providing related assistance to the general public, on compliance with FBAR requirements.

(c) Legal Advice and Assistance. The Office of Chief Counsel, IRS, will provide legal advice, interpretation, and assistance to IRS officers or employees with respect to all matters pertaining to FBARs and advise on, prepare, or issue administrative rulings and proposals for regulatory revisions -- consulting the Office of Chief Counsel, FinCEN when the Office of Chief Counsel, IRS determines it to be necessary or desirable.

4. Reports.

(a) Annual Reports. The Commissioner or his delegates shall supply to FinCEN annual reports of all cases involving violations of the FBAR penalty in a given calendar year.

(b) Contents. Each report shall indicate the aggregate number of penalty assessments and the aggregate dollar amounts. Additionally, each report shall indicate FBAR case disposition by

Exhibit 4.26.1-2 (Cont. 3) (04-05-2011)
FBAR Delegation to IRS

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the following categories: (a) no action, (b) referral to CI, (c) civil assessment, and (d) warning letters.

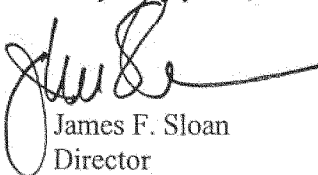
5. Effective Date; Termination.

(a) Effective date. This agreement shall become effective as of the first Monday immediately following the date on which it is signed on behalf of the IRS.

(b) Termination. This agreement may be terminated by either party upon 30 days' written notice to the other.

Kindly acknowledge the agreement of the IRS to the terms stated above, and your authorization to make such agreement on its behalf, by signing the enclosed copy of this agreement in the space indicated below and returning it to FinCEN, whereupon this document shall become an agreement between the IRS and FinCEN.

Very truly yours,


James F. Sloan
Director

Accepted and agreed to

this 8th day of April, 2003,


by 
Robert Wenzel
Acting Commissioner
Internal Revenue Service



Exhibit 4.26.1-3 (01-06-2016)

Form 8300 Title 31 Delegation to IRS



April 10, 2015

Mr. John Koskinen
Commissioner of Internal Revenue
1111 Constitution Avenue, NW
Room 3000 IR
Washington, DC 20224

Re: Memorandum of Understanding and Delegation of Authority to Examine Nonfinancial
Trades and Businesses

Dear Commissioner Koskinen:

The Financial Crimes Enforcement Network ("FinCEN"), a bureau within the U.S. Department of the Treasury, administers and enforces the Bank Secrecy Act (the "BSA"), 12 U.S.C. § 1829(b), 12 U.S.C. §§ 1951-1959, 31 U.S.C. §§ 5311-5314, and 31 U.S.C. §§ 5316-5332, pursuant to a delegation by the Secretary of the Treasury ("Secretary").

The Internal Revenue Service ("IRS") is a bureau of the Department of the Treasury charged with the principal responsibility for enforcing and administering the federal tax laws. This agreement between FinCEN and the IRS states the terms and conditions under which FinCEN delegates to the IRS the authority to examine nonfinancial trades or businesses for compliance with the requirements set forth in the BSA and its implementing regulations.

1. Definitions; Purpose; Legal Authority.

(a) Definitions. For purposes of this agreement, the following definitions shall apply:

"Commissioner" means the Commissioner of Internal Revenue;

"Nonfinancial trade or business" has the meaning assigned to the term at 31 U.S.C. § 5312(a)(4); and

"Form 8300" refers to the report used by nonfinancial trades or businesses to comply with the requirements of 31 U.S.C. § 5331 and 26 U.S.C. § 6050I, also known as the Report of Cash Payments Over \$10,000 Received in a Trade or Business.

www.fincen.gov

Exhibit 4.26.1-3 (Cont. 1) (01-06-2016)
Form 8300 Title 31 Delegation to IRS

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April 10, 2015

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(b) Purpose. The Secretary has found compliance on the part of nonfinancial trades or businesses with the BSA to be highly useful in criminal, tax and regulatory investigations and proceedings, and in the conduct of intelligence or counterintelligence activities to protect against international terrorism. The purpose of this agreement is to enhance compliance with these requirements.

(c) Source of Authority. Under 31 U.S.C. § 310 and Treasury Order 180-01, FinCEN has the authority to enforce compliance with the BSA, which includes the authority to examine nonfinancial trades or businesses for compliance with the requirements of the BSA and its implementing regulations. Treasury Order 180-01 allows FinCEN to redelegate this authority to the Commissioner.

2. Delegation of Authority.

(a) Examinations and Investigations. In addition to the authorities delegated in 31 C.F.R. § 1010.810(b)(8), (c)(2), and (g), FinCEN delegates to the Commissioner the authority under 31 U.S.C. § 5318(a)(3) and (b) to examine nonfinancial trades or businesses for compliance with the requirements of the BSA and the requirements of 31 C.F.R. Chapter X, and to investigate possible civil violations of these requirements by nonfinancial trades or businesses. The Commissioner may employ the summons power under 31 U.S.C. § 5318(a)(4) and (b) with respect to these examinations or civil investigations.

(b) Scope of Delegation. Nothing in this delegation affects FinCEN's authority under 31 U.S.C. § 310 and Treasury Order 180-01 with respect to any provision of the BSA or its implementing regulations. This delegation to the Commissioner includes the authority to further delegate authority to any officer or employee within the IRS. Nothing in this delegation may be read to diminish any authority delegated to the Commissioner in 31 C.F.R. § 1010.810 or the Memorandum of Agreement between FinCEN and IRS that is referenced in subsection 1010.810(g). Nothing in this delegation may be construed as delegating authority that has been delegated in 31 C.F.R. § 1010.810 to an agency other than the Commissioner or the IRS.

(c) Information to be provided to FinCEN. The Memorandum of Understanding between FinCEN and the IRS dated April 25, 2005 ("the April 25, 2005, MOU") shall remain in full force and effect. Information obtained in examinations or civil investigations involving compliance with the requirements of 31 C.F.R. Chapter X or potential violations of 31 C.F.R. Chapter X will be provided to FinCEN, in accordance with the terms of the April 25, 2005, MOU. Disclosures made pursuant to the April 25, 2005, MOU will be made in accordance with all applicable laws, including 26 U.S.C. § 6103 of the Internal Revenue Code. The IRS has the authority, under Title 26, to conduct Form 8300 compliance examinations of all trades and businesses. The delegation of authority to the IRS in this MOU includes the authority to conduct Form 8300 compliance examinations under Title 31. This is intended to enable the IRS to share the results of such examinations to a greater extent with FinCEN and other federal and state governmental agencies, for purposes consistent with the BSA.

Exhibit 4.26.1-3 (Cont. 2) (01-06-2016)
Form 8300 Title 31 Delegation to IRS

Mr. John Koskinen

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3. Ratification.

To the extent that any action heretofore taken consistent with this Memorandum of Understanding and Delegation of Authority may require ratification, it is hereby approved and ratified.

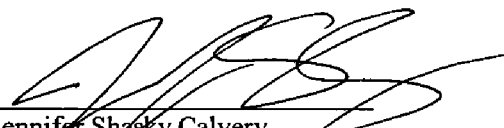
4. Effective Date; Termination.

(a) Effective date. This agreement shall become effective as of the first Monday immediately following the date on which it is signed on behalf of the IRS.

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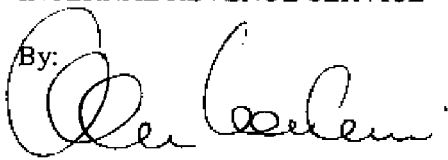
Kindly acknowledge the agreement of the IRS to the terms stated above, and your authorization to make such agreement on its behalf, by signing the enclosed copy of this agreement in the space indicated below and returning it to FinCEN, whereupon this document shall become an agreement between the IRS and FinCEN.

Sincerely,


Jennifer Shasky Calvery
Director

INTERNAL REVENUE SERVICE

By:



John Koskinen
Commissioner

Date:

4-21-2015