



Senate Fiscal Agency
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BILL ANALYSIS

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House Bills 4579 through 4582 (as passed by the House)
Sponsor: Representative Alexander C. Lipsey (House Bill 4579)
Representative David Palsrok (House Bill 4580)
Representative William J. O'Neil (House Bill 4581)
Representative Lorence Wenke (House Bill 4582)

House Committee: Commerce
Senate Committee: Banking and Financial Institutions

Date Completed: 6-19-03

CONTENT

House Bills 4579 through 4582 would amend various statutes to require a financial institution, if it filed a suspicious activity report with a Federal agency, also to file a copy of the report with the Department of State Police within 24 hours. Currently, if an institution is required to file a transaction report (including a suspicious activity report) under Federal law, it also must file a copy of the report with the Department within 24 hours. Under the bills, the filing requirement would be limited to suspicious activity reports.

The bills would allow a financial institution to file a suspicious activity report with the Department in any manner allowed by Federal law or regulation or in any other manner acceptable to the Department.

In addition, current law provides that, except for a violation of the Federal filing requirements, a financial institution or its director, officer, employee, or agent is not liable in any civil or governmental action for filing a copy of a transaction report or failing to notify an account holder or any other person of the filing. Under the bills, that liability protection would apply to the filing of a suspicious activity report, rather than a transaction report.

House Bill 4579 would amend the Savings and Loan Act; House Bill 4580 would amend the Banking Code; House Bill 4581 would amend the Savings Bank Act; and House Bill 4582 would amend the credit union Act.

MCL 491.1135 (H.B. 4579)
487.14406 (H.B. 4580)
487.3514 (H.B. 4581)
490.16c (H.B. 4582)

BACKGROUND

In the aftermath of the September 11, 2001, terrorist attacks on the World Trade Center and the Pentagon, there was an increased focus on measures to close a number of perceived loopholes in Federal laws relating to financial record-keeping and reporting. On October 26, 2001, the President signed the USA Patriot Act, which, among other things, amended reporting requirements for financial institutions. In an attempt to monitor possible money laundering activities of potential terrorists, those provisions (31 USC 5313-5318) require financial institutions to file reports regarding certain transactions, including transactions involving foreign

agencies and currency, as well as reports on exporting and importing monetary instruments, and reports on suspicious transactions.

In order to provide timely alerts of possible money laundering activities in Michigan, Public Acts 183-185 and 247 of 2002 amended various statutes to require financial institutions to file with the Department of State Police a copy of any transaction required to be filed under the Federal requirements.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would have a minimal fiscal impact on the Department of State Police. The bills could reduce the Department's clerical costs by eliminating the requirement that all transaction reports be filed with it, and instead requiring only suspicious activity reports to be filed.

Fiscal Analyst: Bruce Baker