affected by this proposed AD. We also estimate that 59% of the replacements will not be done at piece-part exposure, and will require approximately 650 work hours per engine to perform the proposed actions, and that the average labor rate is $65 per work hour. Required parts would cost about $16,000 per engine (a prorated cost of the unused spool life to the original life). Based on these figures, we estimate the total cost of the proposed AD to U.S. operators to be $74,420,000.

Regulatory Findings

We have determined that this proposed AD would not have federalism implications under Executive Order 13132. This proposed AD would not have a substantial direct effect on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that the proposed regulation:

1. Is not a ''significant regulatory action'' under Executive Order 12866;

2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and

3. Would not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

We prepared a summary of the costs to comply with this proposal and placed it in the AD Docket. You may get a copy of this summary by sending a request to us at the address listed under **ADDRESSES**. Include ''AD Docket No. 2003–NE–67–AD'' in your request.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

Accordingly, under the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

2. The FAA amends § 39.13 by adding the following new airworthiness directive:

GE Aircraft Engines (GE): Docket No. 2003–NE–67–AD.

Comments Due Date

(a) The Federal Aviation Administration (FAA) must receive comments on this airworthiness directive (AD) action by July 19, 2004.

Affected ADs

(b) None.

Applicability

(c) This AD applies to GE CF34–3A, CF34–3A2, CF34–1A, CF34–3A1, CF34–3B, and CF34–3B1 series turbofan engines with high pressure compressor (HPC) forward spool, part number (P/N) 6078T56P03 or 6078T56P04, installed. These engines are installed on, but not limited to, Bombardier series Business Jet Model CL–600–2A12 (CL–601), Bombardier series Business Jet Model CL–600–2B16 (CL–601–3A, CL–601–3R, and CL–604), and Bombardier series Regional Jet Model CL–600–2B19 (Regional Jet Series 100 and 440) airplanes.

Unsafe Condition

(d) This AD results from an updated low-cycle fatigue (LCF) analysis performed on certain HPC forward spools by GE. We are issuing this AD to prevent LCF cracks and failure of the HPC forward spool, which could result in an uncontained engine failure and damage to the airplane.

Compliance

(e) You are responsible for having the actions required by this AD performed within the compliance times specified unless the actions have already been done.

HPC Spool Replacement

(f) For HPC forward spools, P/Ns 6078T56P03 and 6078T56P04, with more than 6,000 cycles-since-new (CSN), installed on CF34–3B engines, remove the spool from service and replace with a serviceable spool at next piece-part exposure, but no later than 20,000 CSN.

(g) For HPC forward spools, P/Ns 6078T56P03 and 6078T56P04, with more than 6,000 CSN, installed in CF34–3A, CF34–3A2, CF34–1A, CF34–3A1, and CF34–3B1 engines, remove the spool from service and replace with a serviceable spool at next piece-part exposure, but no later than 22,000 CSN.

Definitions

(h) For the purpose of this AD, the definition of piece-part exposure for the HPC forward spool is when the spool is completely disassembled.

(i) For purposes of this AD, a spool with P/N 6078T56P03 is not a serviceable spool, and a spool with P/N 6078T56P04 and more than 0 CSN is not a serviceable spool. All other spools are serviceable.

Alternative Methods of Compliance

(j) The Manager, Engine Certification Office, has the authority to approve alternative methods of compliance for this AD if requested using the procedures found in 14 CFR 39.19.

Material Incorporated by Reference

(k) None.

Related Information

(l) GE Alert Service Bulletins No. ASB 72–A0165 and No. ASB 72–A0140, pertain to the subject of this AD.

Issued in Burlington, Massachusetts, on May 11, 2004.

Francis A. Favara,

Acting Manager, Engine and Propeller Directorate, Aircraft Certification Service.

[FR Doc. 04–11199 Filed 5–17–04; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 2004–NE–19–AD]

RIN 2120–AA64

Airworthiness Directives; Rolls-Royce plc RB211–524 Series Turbofan Engines

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes to supersede an existing airworthiness directive (AD) for Rolls-Royce plc (RR) RB211–524 series turbofan engines. That AD currently requires initial and repetitive borescope inspections of the head section and meterpanel assembly of the combustion liner, and replacement, if necessary, with serviceable parts. In addition, that AD allows an optional installation of a front combustion liner with a strengthened head section as a terminating action to the inspection requirements. This proposed AD would require initial and repetitive borescope inspections of the head section and meterpanel assembly of the combustion liner, and replacement, if necessary, with serviceable parts, reduction of the inspection intervals of certain RB211–524 engine models that have not been repaired to RR Field Repair Scheme FRS5367/B, and a mandatory terminating action to be completed by a certain date. This proposed AD results from five events that are directly attributed to combustor head break-up and meterpanel failure which were found at overhaul inspection. At least one of these events resulted in a combustion case burn-through. We are proposing this AD to prevent engine combustion liner deterioration, which can result in combustion liner breakup, case burn-through, and engine fire.

DATES: We must receive any comments on this proposed AD by July 19, 2004.

ADDRESSES: Use one of the following addresses to submit comments on this proposed AD:

- By mail: Federal Aviation Administration (FAA), New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 2004–NE–19–AD, 12 New England Executive Park, Burlington, MA 01803–5299.
- By fax: (781) 238–7055.
- By e-mail: *9-ane-adcomment@faa.gov.*

You can get the service information identified in this proposed AD from Rolls-Royce plc, P.O. Box 31, Derby, DE24 8BJ, United Kingdom; telephone: 011–44–1332–242424; fax: 011–44–1332–249936.

You may examine the AD docket, by appointment, at the FAA, New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA.

FOR FURTHER INFORMATION CONTACT: Ian Dargin, Aerospace Engineer, Engine Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803–5299; telephone (781) 238–7178; fax (781) 238–7199.

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to submit any written relevant data, views, or arguments regarding this proposal. Send your comments to an address listed under **ADDRESSES.** Include ''AD Docket No. 2004–NE–19–AD'' in the subject line of your comments. If you want us to acknowledge receipt of your mailed comments, send us a self-addressed, stamped postcard with the docket number written on it; we will date-stamp your postcard and mail it back to you. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of the proposed AD. If a person contacts us verbally, and that contact relates to a substantive part of this proposed AD, we will summarize the contact and place the summary in the docket. We will consider all comments received by the closing date and may amend the proposed AD in light of those comments.

We are reviewing the writing style we currently use in regulatory documents. We are interested in your comments on whether the style of this document is clear, and your suggestions to improve the clarity of our communications that affect you. You may get more information about plain language at *http://www.faa.gov/language* and *http://www.plainlanguage.gov.*

Examining the AD Docket

You may examine the AD Docket (including any comments and service information), by appointment, between 8 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. *See* **ADDRESSES** for the location.

Discussion

On March 26, 1997, the FAA issued AD 97–07–04, Amendment 39–9978 (62 FR 16475, April 7, 1997). That AD requires initial and repetitive borescope inspections of the head section and meterpanel assembly of the combustion liner, and replacement, if necessary, with serviceable parts. In addition, that AD allows an optional installation of a front combustion liner with a strengthened head section as a terminating action to the inspection requirements.

Actions After AD 97–07–04 Was Issued

After AD 97–07–04 was issued, the Civil Aviation Authority (CAA), which is the airworthiness authority for the United Kingdom (U.K.), notified the FAA that an unsafe condition may exist on RR RB211–524 series turbofan engines. The CAA advises that in August 2002, an RB211–524B engine suffered a combustion case burn-through as a result of combustor head break-up. The combustor head had been previously inspected within the inspection interval specified in RR Service Bulletin (SB) No. RB.211–72–B482, Revision 8, dated November 15, 2001, only 228 cycles before the event. Subsequent to the original AD, RR has issued several revisions to SB No. RB.211–72–B482 to expand the applicability and clarify or revise the inspection requirements. In 2003, RR issued Alert Service Bulletin (ASB) No. RB.211–72–AB482, Revision 9, dated July 28, 2003, to reduce the inspection interval for RB211–524B–02, –524B2, –524B3, and –524B4 engines that have not been repaired to RR Field Repair Scheme FRS5367/B. This condition, if not corrected, could result in engine combustion liner deterioration, which can result in combustion liner breakup, case burn-through, and engine fire.

Relevant Service Information

We have reviewed and approved the technical contents of the following RR SBs:

- RR ASB No. RB.211–72–AB482, Revision 9, dated July 28, 2003, that describes the initial inspection procedures for the combustion liner head section and the meterpanel cracking. This ASB also describes the compliance intervals to do the initial and repetitive inspections.
- RR SB No. RB.211–72–9670, dated August 27, 1993, that describes the procedures to incorporate the improved combustion liner head with C263 material, and to incorporate local thickened diffuser walls around the struts for engine models –524B–02, –524B2, –524B3, –524B4, –524C2 and –524D4.
- RR SB No. RB.211–72–9764, Revision 3, dated January 16, 1998, that describes the procedures to incorporate the improved combustion liner with strengthened head and improved heat shields for engine models –524G and –524H.

The CAA classified ASB No. RB.211–72–AB482, Revision 9, dated July 28, 2003, as mandatory and issued AD G–2003–0011 (previously 005–07–95), dated October 1, 2003, in order to ensure the airworthiness of these RR engines in the U.K.

Bilateral Agreement Information

This engine model is manufactured in the U.K. and is type certificated for operation in the United States under the provisions of § 21.29 of the Federal Aviation Regulations (14 CFR 21.29) and the applicable bilateral airworthiness agreement. In keeping with this bilateral airworthiness agreement, the CAA has kept the FAA informed of the situation described above. We have examined the findings of the CAA, reviewed all available information, and determined that AD action is necessary for products of this type design that are certificated for operation in the United States.

FAA's Determination and Requirements of the Proposed AD

We have evaluated all pertinent information and identified an unsafe condition that is likely to exist or develop on other products of this same type design. Therefore, we are proposing this AD, which would require the following:

- Initial and repetitive borescope inspections of the head section and meterpanel assembly of the combustion liner, and replacement, if necessary, with serviceable parts;
- Reduction of the inspection intervals of certain RB211–524 engine models that have not been repaired to RR Field Repair Scheme FRS5367/B; and,
- A mandatory terminating action to the repetitive inspections to be completed within 10,000 CSN or no later than December 31, 2012.

The proposed AD would require that you do these actions using the service information described previously.

Costs of Compliance

There are about 537 RB211–524 series turbofan engines of the affected design in the worldwide fleet. We estimate that 18 engines installed on airplanes of U.S. registry would be affected by this proposed AD. We also estimate that it would take approximately 2.0 work hours per engine to perform the proposed actions, and that the average labor rate is $65 per work hour. Required parts would cost about $228,389 per engine. Based on these figures, we estimate the total cost of the proposed AD to U.S. operators to be $4,113,351.

Regulatory Findings

We have determined that this proposed AD would not have federalism implications under Executive Order 13132. This proposed AD would not have a substantial direct effect on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that the proposed regulation:

1. Is not a ''significant regulatory action'' under Executive Order 12866;

2. Is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and

3. Would not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

We prepared a summary of the costs to comply with this proposal and placed it in the AD Docket. You may get a copy of this summary by sending a request to us at the address listed under **ADDRESSES.** Include ''AD Docket No. 2004–NE–19–AD'' in your request.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

Accordingly, under the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

2. The FAA amends § 39.13 by removing Amendment 39–9978 (62 FR 16475, April 7, 1997) and by adding a new airworthiness directive, to read as follows:

Rolls-Royce plc: Docket No. 2004–NE–19–AD. Supersedes AD 97–07–04, Amendment 39–9978.

Comments Due Date

(a) The Federal Aviation Administration (FAA) must receive comments on this airworthiness directive (AD) action by July 19, 2004.

Affected ADs

(b) This AD supersedes AD 97–07–04, Amendment 39–9978.

Applicability

(c) This AD applies to Rolls-Royce plc (RR) engine models RB211–524B–02, –524B2, –524B3, –524B4, –524C2, –524D4 series engines incorporating RR Service Bulletin (SB) No. RB.211–72–7221 or RR SB No. RB.211–72–7998 with front combustion liner assembly, part number (P/N) UL16885, UL26916, UL27107, UL28972 or UL28974 installed but not incorporating RR SB No. RB.211–72–9670 or RR SB No. RB.211–72–9764, and engine models RB211–524G and –524H series engines with front combustion liner assembly P/N UL27659, UL23992, or UL22988 but not incorporating RR SB No. RB.211–72–9764. These engines are installed on, but not limited to, Boeing 747 and Lockheed L1011 series airplanes.

Unsafe Condition

(d) This AD results from five events that are directly attributed to combustor head break-up and meterpanel failure which were found at overhaul inspection. At least one of these events resulted in a combustion case burn-through. The actions specified in this AD are intended to prevent engine combustion liner deterioration, which can result in combustion liner breakup, case burn-through, and engine fire.

Compliance

(e) You are responsible for having the actions required by this AD performed within the compliance times specified unless the actions have already been done. Engine inspections previously made to Rolls-Royce plc (RR) Service Bulletin RB.211–72–B482, Revision 8, can be credited for counting cycles since last inspection.

Inspections of Combustion Liner Head Sections—Not Previously Repaired

(f) Borescope-inspect combustion liner head sections that have not been previously repaired. Use paragraphs 3.A.(1) through 3.A.(5) of the Accomplishment Instructions of RR Alert Service Bulletin (ASB) No. RB.211–72–AB482, Revision 9, dated July 28, 2003, and the compliance thresholds in Table 1 of this AD.

TABLE 1.—COMBUSTOR HEAD SECTION—NOT PREVIOUSLY REPAIRED

Engine series	Initial inspection (cycles-since-new (CSN))	Repetitive inspection (cycles-since-last-inspection (CSLI))	Parts exceeding initial inspection cycles (cycles-in-service (CIS))
(1) RB211–524C2, –524D4, –524G, and –524H.	Within 1,400 to 1,600 CSN	Within 200 CSLI	Within 100 CIS after effective date of this AD.
(2) RB211–524B–02, –524B2, –524B3, and –524B4.	Within 3,000 to 3,200 CSN	Within 200 CSLI	Within 200 CIS after the effective date of this AD.

Inspections of Combustion Head Sections—Previously Repaired Using RR Field Repair Scheme FRS5367/B

(g) Borescope-inspect combustion liner head sections previously repaired using RR Field Repair Scheme FRS5367/B. Use paragraphs 3.A.(1) through 3.A.(5) of the Accomplishment Instructions of RR ASB No. RB.211–72-AB482, Revision 9, dated July 28, 2003, and the compliance thresholds in Table 2 of this AD.

TABLE 2.—COMBUSTOR HEAD SECTION—PREVIOUSLY REPAIRED USING RR FIELD REPAIR SCHEME FRS5367/B

Engine series	Initial inspection (cycles-since-last repair (CSLR))	Repetitive inspection (cycles-since-last-inspection (CSLI))	Parts exceeding initial inspection cycles (cycles-in-service (CIS))
(1) RB211–524C2, –524D4, –524G, and –524H.	Within 1,800 to 2,200 CSLR	Within 400 CSLI	Within 200 CIS after the effective date of this AD.

TABLE 2.—COMBUSTOR HEAD SECTION—PREVIOUSLY REPAIRED USING RR FIELD REPAIR SCHEME FRS5367/B—Continued

Engine series	Initial inspection (cycles-since-last repair (CSLR))	Repetitive inspection (cycles-since-last-inspection (CSLI))	Parts exceeding initial inspection cycles (cycles-in-service (CIS))
(2) RB211–524B–02, –524B2, –524B3, and –524B4.	Within 3,000 to 3,200 CSLR	Within 400 CSLI	Within 200 CIS after the effective date of this AD.

Inspections of Combustion Head Sections That Have Been Repaired But Did Not Use RR Field Repair Scheme FRS5367/B

(h) Borescope-inspect combustion liner head sections that have been repaired using a method other than RR Field Repair Scheme FRS5367/B. Use paragraph 3.A.(1) through 3.A.(5) of the Accomplishment Instructions of RR ASB No. RB.211–72–AB482, Revision 9, dated July 28, 2003, and the compliance thresholds in Table 3 of this AD.

TABLE 3.—COMBUSTOR HEAD SECTION—REPAIRED, BUT DID NOT USE RR FIELD REPAIR SCHEME FRS5367/B

Engine series	Initial inspection cycles (cycles-since-last repair (CSLR))	Repetitive inspection cycles (cycles-since-last-inspection (CSLI))	Parts exceeding initial inspection cycles (cycles-in-service (CIS))
(1) RB211–524C2, –524D4, –524G, and –524H.	Within 500 to 700 CSLR	Within 200 CSLI	Within 100 CIS after the efffective date of this AD.
(2) RB211–524B–02, –524B2, –524B3, and –524B4.	Within 2,000 to 2,200 CSLR	Within 200 CSLI	Within 200 CIS after the effective date of this AD.

Note 1: For an installed front combustion liner that is subject to RR ASB No. RB.211–72–AB482, Revision 9, dated July 28, 2003: If the operator can confirm with the relevant overhaul base or repair vendor that the nicrobraze repair RR Field Repair Scheme FRS5367 has been applied to all 18 struts, then this is equivalent to compliance with RR Field Repair Scheme FRS5367/B.

Note 2: Head sections repaired by replacement of all 18 struts using RR Field Repair Scheme FRS6548 are considered as equivalent to fitting a new head section for inspection purposes.

Inspections of Meterpanel Assemblies—Not Repaired

(i) Borescope-inspect meterpanel assemblies, incorporating Service Bulletin (SB) No. RB.211–72–7998, that have not been previously repaired. Use paragraph 3.B.(1) through 3.B.(7) of the Accomplishment Instructions of RR ASB No. RB.211–72–AB482, Revision 9, dated July 28, 2003, and the compliance thresholds in Table 4 of this AD.

TABLE 4.—METERPANEL ASSEMBLY—NOT REPAIRED

Engine series	Initial inspection cycles-since-new (CSN)	Repetitive inspection cycles (cycles-since-last-inspection (CSLI))	Parts exceeding initial inspection cycles (cycles-in-service (CIS))
(1) RB211–524D4, –524G, and –524H.	Within 1,000 to 1,200 CSN	Within 400 CSLI	Within 50 CIS after the effective date of this AD.
(2) RB211–524D4, –524G, and –524H that have not used RB211–524H ratings at any time.	Within 1,800 to 2,000 CSN	Within 400 CSLI	Within 50 CIS after the effective date of this AD.

Inspections of Meterpanel Assemblies—Repaired

(j) Borescope-inspect meterpanel assemblies, incorporating Service Bulletin (SB) No. RB.211–72–7998, that have been previously repaired. Use paragraph 3.B.(1) through 3.B.(7) of the Accomplishment Instructions of RR ASB No. RB.211–72–AB482, Revision 9, dated July 28, 2003, and the compliance thresholds in Table 5 of this AD.

TABLE 5.—METERPANEL ASSEMBLY—REPAIRED

Engine series	Initial inspection cycles (cycles-since-last repair (CSLR))	Repetitive inspection cycles (cycles-since-last-inspection (CSLI))	Parts exceeding initial inspection cycles (cycles-in-service (CIS))
(1) RB211–524D4, –524G, and –524H.	Within 500 to 700 CSLR	Within 400 CSLI	Within 50 CIS after the effective date of this AD.

Note 3: There is no requirement to inspect meter panels for combustors to a pre-RR SB No. RB.211–72–7998 standard.

Reject Parts

(k) Replace parts that exceed the acceptance criteria. Information about the acceptance criteria can be found in the Aircraft Maintenance Manual, 72–00–00, Inspection/Check.

Mandatory Terminating Action

(l) Replace any front combustion liner assembly that has a P/N listed in paragraph (c) of this AD at the next shop visit or within 10,000 CSN but no later than December 31, 2012.

(m) Replacement of the front combustion liner assembly with a front combustion liner assembly that incorporates the modifications in RR SB No. RB.211–72–9670 or RR SB No. RB.211–72–9764 in the RB211–524B02, –524B2, –B3, –B4, –C2 and D4 engines

constitutes terminating action to the repetitive inspections in paragraphs (f), (g), (h), (i), and (j), of this AD.

(n) Replacement of the front combustion liner assembly with a front combustion liner assembly that incorporates the modifications in RR SB No. RB.211–72–9764 in the RB211–524G and –524H engines constitutes terminating action to the repetitive inspections in paragraphs (f), (g), (h), (i), and (j) of this AD.

Definition of Shop Visit

(o) For the purpose of this AD, a shop visit is defined as any time that the 04 module is removed for refurbishment or overhaul.

Alternative Methods of Compliance

(p) The Manager, Engine Certification Office, has the authority to approve alternative methods of compliance for this AD if requested using the procedures found in 14 CFR 39.19.

Material Incorporated by Reference

(q) You must use Rolls-Royce plc (RR) Alert Service Bulletin No. RB.211–72–AB482, Revision 9, dated July 28, 2003; RR Service Bulletin (SB) No. RB.211–71–9670, dated August 27, 1993; and RR SB No. RB.211–72–9764, Revision 3, dated January 16, 1998 to do the inspections and replacements required by this AD. Approval of incorporation by reference from the Office of the Federal Register is pending.

Related Information

(r) Civil Aviation Authority airworthiness directive AD G–2003–0011 (previously 005–07–95), dated October 1, 2003, also addresses the subject of this AD. Aircraft Maintenance Manual 72–00–00 also addresses the subject of this AD.

Issued in Burlington, Massachusetts, on May 12, 2004.

Peter A. White,

Acting Manager, Engine and Propeller Directorate, Aircraft Certification Service.

[FR Doc. 04–11200 Filed 5–17–04; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

31 CFR Part 103

RIN 1506–AA64

Financial Crimes Enforcement Network; Amendment to the Bank Secrecy Act Regulations—Imposition of a Special Measure Against Commercial Bank of Syria, Including Its Subsidiary, Syrian Lebanese Commercial Bank, as a Financial Institution of Primary Money Laundering Concern

AGENCY: Financial Crimes Enforcement Network (FinCEN), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: FinCEN is issuing this notice of proposed rulemaking to impose a special measure against Commercial Bank of Syria (CBS) as a financial institution of primary money laundering concern, pursuant to the authority contained in 31 U.S.C. 5318A of the Bank Secrecy Act.

DATES: Written comments on the notice of proposed rulemaking must be submitted on or before June 17, 2004.

ADDRESSES: You may submit comments, identified by RIN 1506–AA64, by either of the following methods:

- Federal e-rulemaking portal: *http://www.regulations.gov.* Follow the instructions for submitting comments.
- E-mail: *regcomments@fincen.treas.gov.* Include RIN 1506–AA64 in the subject line of the message.
- Mail: FinCEN, PO Box 39, Vienna, VA 22183. Include RIN 1506–AA64 in the body of the text.

Instructions: It is preferable for comments to be submitted by electronic mail because paper mail in the Washington, DC, area may be delayed. Please submit comments by one method only. All submissions received must include the agency name and the Regulatory Information Number (RIN) for this rulemaking. All comments received will be posted without change to *http://www.fincen.gov*, including any personal information provided. Comments may be inspected at FinCEN between 10 a.m. and 4 p.m., in the FinCEN reading room in Washington, DC. Persons wishing to inspect the comments submitted must request an appointment by telephoning (202) 354–6400 (not a toll-free number).

FOR FURTHER INFORMATION CONTACT: Office of Regulatory Programs, FinCEN, at (202) 354–6400; and Office of Chief Counsel, FinCEN, at (703) 905–3590 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

I. Background

A. Statutory Provisions

On October 26, 2001, the President signed into law the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT Act) Act of 2001 (the USA Patriot Act), Public Law 107–56. Title III of the USA Patriot Act amends the anti-money laundering provisions of the Bank Secrecy Act (BSA), codified at 12 U.S.C. 1829b, 12 U.S.C. 1951–1959, and 31 U.S.C. 5311–5314, 5316–5332, to promote the prevention, detection, and prosecution of international money laundering and the financing of terrorism. Regulations implementing the BSA appear at 31 CFR Part 103. The authority of the Secretary of the Treasury (Secretary) to administer the BSA and its implementing regulations has been delegated to the Director of FinCEN.

Section 311 of the USA Patriot Act (section 311) added section 5318A to the BSA, granting the Secretary the authority to find that a foreign jurisdiction, institution, class of transactions, or type of account is of ''primary money laundering concern'' and to require domestic financial institutions and financial agencies to take certain ''special measures'' against the primary money laundering concern. Section 311 identifies factors for the Secretary to consider and agencies to consult before the Secretary may conclude that a jurisdiction, institution, or transaction is of primary money laundering concern. The statute also provides similar procedures, *i.e.*, factors and consultation requirements, for selecting the imposition of specific special measures against the primary money laundering concern.

Taken as a whole, section 311 provides the Secretary with a range of options that can be adapted to target specific money laundering and terrorist financing concerns most effectively. These options give the Secretary the authority to bring additional and useful pressure on those jurisdictions and institutions that pose money laundering threats. Through the imposition of various special measures, the Secretary can gain more information about the concerned jurisdictions, institutions, transactions, and accounts; can more effectively monitor the respective jurisdictions, institutions, transactions, and accounts; and/or can protect U.S. financial institutions from involvement with jurisdictions, institutions, transactions, or accounts that pose a money laundering concern. Before making a finding that reasonable grounds exist for concluding that a foreign financial institution is of primary money laundering concern, the Secretary is required to consult with both the Secretary of State and the Attorney General.

In addition to these consultations, the Secretary, when finding that a foreign financial institution is of primary money laundering concern, is required by statute to consider ''such information as the Secretary determines to be relevant, including the following potentially relevant factors'':

- The extent to which the financial institution is used to facilitate or promote money laundering in or through the jurisdiction;
- The extent to which the financial institution is used for legitimate