

procedures, the knowledge of which could enable individuals planning illegal acts to structure their operations so as to avoid detection or apprehension;

(d) Permitting access to investigative files and records could, moreover, disclose the identity of confidential sources and informers and the nature of the information supplied and thereby endanger the physical safety of those sources by exposing them to possible reprisals for having provided the information. Confidential sources and informers might refuse to provide investigators with valuable information unless they believed that their identities would not be revealed through disclosure of their names or the nature of the information they supplied. Loss of access to such sources would seriously impair law enforcement and Public Debt's ability to carry out their mandate.

(e) Furthermore, providing access to records contained in the system of records could reveal the identities of undercover law enforcement officers or other persons who compiled information regarding the individual's illegal activities and thereby endanger the physical safety of those officers, persons, or their families by exposing them to possible reprisals.

(f) By compromising the law enforcement value of the system of records for the reasons outlined in paragraphs (b) through (e) of this section, permitting access in keeping with these provisions would discourage other law enforcement and regulatory agencies, foreign and domestic, from freely sharing information with Public Debt and thus would restrict Public Debt's access to information necessary to accomplish its mission most effectively.

(g) Finally, the dissemination of certain information that Public Debt may maintain in the system of records is restricted by law. Disclosure of the record to the subject pursuant to subsections (c)(3) or (d)(1)–(4) of the Privacy Act would violate the non-notification provision of the Bank Secrecy Act, 31 U.S.C. 5318(g)(2), under which there is a prohibition from notifying a transaction participant that a suspicious transaction report has been made. In addition, the access provisions of subsections (c)(3) and (d) of the Privacy Act would alert individuals that they have been identified as suspects or possible subjects of investigation and thus seriously hinder the law enforcement purposes underlying the suspicious transaction reports.

(3) 5 U.S.C. 552a(d)(2), (3), and (4), (e)(4)(H), and (f)(4) permit an individual

to request amendment of a record pertaining to him or her and require the agency either to amend the record, or to note the disputed portion of the record and to provide a copy of the individual's statement of disagreement with the agency's refusal to amend a record to persons or other agencies to whom the record is thereafter disclosed. Since these provisions depend on the individual's having access to his or her records, and since these rules exempt the system of records from the provisions of 5 U.S.C. 552a relating to access to records, for the reasons set out in subparagraphs (b) through (g) of paragraph (2), above, these provisions should not apply to the system of records.

(4)(a) 5 U.S.C. 552a(e)(1) requires an agency to maintain in its records only such information about an individual as is relevant and necessary to accomplish a purpose of the agency required to be accomplished by statute or executive order. The term "maintain" as defined in 5 U.S.C. 552a(a)(3), includes "collect" and "disseminate." The application of this provision to the system of records could impair Public Debt's ability to collect, utilize, and disseminate valuable information to law enforcement.

(b) At the time that Public Debt collects information, it often lacks sufficient time to determine whether the information is relevant and necessary to accomplish a Public Debt purpose.

(c) In many cases, especially in the early stages of investigation, it may be impossible immediately to determine whether information collected is relevant and necessary, and information that initially appears irrelevant and unnecessary often may, upon further evaluation or upon collation with information developed subsequently, prove particularly relevant to a law enforcement program.

(d) Not all violations of law discovered by Public Debt employees fall within the jurisdiction of Public Debt. Public Debt will have to disclose such violations to other law enforcement agencies, including State, local, and foreign agencies that have jurisdiction over the offenses to which the information relates.

(5) 5 U.S.C. 552a(e)(4)(I) requires an agency to publish a general notice listing the categories of sources for information contained in a system of records. The application of this provision to the system of records could compromise Public Debt's ability to provide useful information to law enforcement agencies, since revealing sources for the information could:

(a) Disclose investigative techniques and procedures;

(b) Result in threats or reprisals against informers by the subjects of an investigation; and

(c) Cause informers to refuse to give full information to investigators for fear of having their identities as sources disclosed.

In an unrelated change, we are clarifying the privacy interests afforded to investors upon the death of a securities holder. Public Debt has protected the privacy interests of securities holders by regulation long before the passage of the Privacy Act of 1974. We are amending part 323 to comport with exemption 6 of the Freedom of Information Act which permits us to withhold all information about individuals in "personnel and medical files and similar files" when the disclosure of such information "would constitute a clearly unwarranted invasion of personal privacy." Although the right to privacy of a deceased securities holder extinguishes upon death, the exemption protects the deceased person's family-related privacy interests in certain cases.

The Regulatory Flexibility Act (RFA) requires Federal agencies either to certify that a proposed rule would not, if adopted in final form, have a significant impact on a substantial number of small entities or to prepare an initial regulatory flexibility analysis of the proposal and publish the analysis for comment (5 U.S.C. 601 *et seq.*). This regulation will exempt a new system of records from the Privacy Act. Because this regulation affects only internal agency administration, this exemption is not expected to generate any costs. Therefore, Public Debt and the Department certify that the proposed rule, if adopted in final form, will not have a significant economic impact on a substantial number of small entities.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), Public Debt and the Department have determined that this proposed rule would not impose new recordkeeping, application, reporting, or other types of information collection requirements.

The regulation will 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. Therefore, it is determined that this regulation does not have federalism implications under Executive Order 13132.

In accordance with Executive Order 12866, it has been determined that this final rule is not a "significant regulatory