

TO OUR VALUED CUSTOMERS

Federal regulations issued by the U.S. Department of the Treasury mandate that financial institutions file with the IRS a complete and accurate report on each customer transaction involving cash in excess of \$10,000.

The regulations also require financial institutions to maintain a record of their sales of certain negotiable instruments which involve cash in the range of \$3,000 to \$10,000 inclusive. To comply with the regulations, our financial institution must record certain details for each of these types of transactions, as well as obtain and record certain information about the individuals who conduct the transactions.

To familiarize you with these requirements, this pamphlet contains a brief synopsis of these two provisions of the regulations. When processing a cash transaction covered by one of these regulations, we realize that the procedures we are obligated to implement to obtain and record the required information may result in a minor, although unavoidable, inconvenience to you, for which we offer our apology. Your patience, understanding and cooperation are appreciated.



www.banksecurity.com

Currency Transaction Reports and Cash Purchases of Negotiable Instruments

FACTS YOU SHOULD KNOW®



National
Association
for
Bank
Security

www.banksecurity.com

FEDERAL LAW — Cash Transactions Over \$10,000

In 1970 the U.S. Congress enacted the Bank Secrecy Act. This law requires all banks to report cash transactions in excess of \$10,000 to the Internal Revenue Service by preparing a Currency Transaction Report — FinCEN Form 104 (CTR). Reportable transactions include deposits; withdrawals; exchanges of currency; check cashing; cash purchases of cashier's checks, money orders and traveler's checks; and other financial services involving the physical transfer of over \$10,000 in cash from one person to another.

The CTR required to be filed with the IRS must include information about the individual or organization on whose behalf the transaction is conducted; details that describe the nature of the transaction; and identifying information about the individual(s) conducting the transaction, such as name, street address, social security number and occupation. In addition, the bank must examine and record at least one identification document of the individual (e.g., a driver's license).

CASH PURCHASES OF CERTAIN NEGOTIABLE INSTRUMENTS

Federal regulations issued by the U.S. Treasury Department pursuant to the Anti-Drug Abuse Act of 1988 prohibit each U.S. financial institution from selling bank checks and drafts, cashier's checks, money orders, traveler's checks and other similar instruments when the amount of cash involved is \$3,000 to \$10,000 inclusive, unless the institution maintains certain records about such sales.

The amount of information that must be recorded for each sale depends upon whether the purchaser has a deposit account at the selling institution. For deposit account holders, each record must contain identifying information about the customer and a description of the transaction. If the customer does not have a deposit account at the selling institution, more specific information must be recorded, including: the name and address of the purchaser (the bank must see acceptable identification of the purchaser); the purchaser's social security number and date of birth; the date of purchase; types of instruments purchased; and amount of cash used for the purchase.

If the selling institution is unable to obtain sufficient information from the customer in order for it to fully and accurately complete all of the required records, the institution cannot, by law, sell any of the designated instruments to the customer for cash.

LEGISLATION

The Anti-Drug Abuse Act of 1986 states that it is a criminal violation if, in order to evade a currency transaction reporting requirement, a person:

“(1) cause(s) or attempt(s) to cause a domestic financial institution to fail to file a (currency transaction) report;

“(2) cause(s) or attempt(s) to cause a domestic financial institution to file a (currency transaction) report . . . that contains a material omission or misstatement of fact; or

“(3) structure(s) or assist(s) in structuring, or attempt(s) to structure or assist in structuring, any transaction with one or more domestic financial institutions.”