

Financial Crimes Enforcement Network
GUIDANCE ON THE NEW CURRENCY TRANSACTION REPORT (CTR)

INTRODUCTION

The Treasury Department's Financial Crimes Enforcement Network (FinCEN) offers the following guidance to filers of the new Currency Transaction Report (CTR) Form 4789 (Rev. October 1995). This guidance is intended to answer general, basic questions about completing and filing the new CTR. It is not meant to be comprehensive and does not replace the CTR Form instructions and/or the regulations. Its development is based on questions received from the financial community by FinCEN and advice received from the Treasury Department's Bank Secrecy Act Advisory Group (BSAAG). The BSAAG, comprised of approximately 30 private (bank and non-bank) and government representatives, was established by the Treasury Department in March 1994 pursuant to the Annunzio-Wylie Anti-Money Laundering Act of 1992.

Copies of this FinCEN "Guidance on the New CTR" (published in September 1995) may be ordered: (1) by calling FinCEN's recording at 1-800-949-2732, or (2) via computer with a modem from the Treasury Bank Secrecy Act (BSA) Bulletin Board at 313-234-1453.

WHY CTR Revised

The purpose of revising the CTR was to further the goal of reducing regulatory burdens on financial institutions. This CTR revision reduces the amount of information required by approximately 30 percent, which makes it the first time (in the 25-year history of the Bank Secrecy Act's requirement that CTRs be filed by financial institutions) that the form has been revised to reduce the amount of regulatory information required. The revised CTR is designed to be beneficial to both the law enforcement and financial communities because it focuses on the quality of information rather than the quantity.

Generally, the new CTR was revised to require only basic information, such as who conducted the transaction, on whose behalf it was conducted, the amount, a description of the transaction, and where it occurred. The revised CTR also lists broad categories of transactions, which were intended to make it easier to complete and analyze. It eliminates duplication of information and information that was difficult to obtain or of limited value to law enforcement.

HOW CTR Used

Information from CTRs is routinely used in a wide variety of criminal, tax, and regulatory investigations and proceedings, and prosecutions, as investigative leads, intelligence for the tracking of currency flows, corroborating information, and probative evidence. The analysis of CTR data, which is a major function of the Treasury Department's FinCEN, is a vital tool in combating money laundering. CTRs filed by financial institutions facilitate the detection of money laundering because they provide a "paper trail" for large cash transactions that may point to the financial side of criminal activity.

FinCEN uses its computer access to CTRs independently and in conjunction with other law enforcement agency data bases to respond to requests by law enforcement agencies for tactical reports on subjects under investigation. Also, FinCEN uses CTR data to examine and forecast the currency flow in a particular area, and it produces strategic intelligence reports containing this information for use by law enforcement in detecting money laundering and other financial crimes.

Additionally, FinCEN has developed an Artificial Intelligence system. The system reviews BSA filings in order to identify potentially suspicious activity. Each filing is matched to other filings by the same subjects and accessing the same accounts, and all transactions, accounts, and subjects of BSA filings are evaluated against standard sets of criteria developed by FinCEN's computer scientists in close consultation with FinCEN agents and analysts. The FinCEN Artificial Intelligence system links and evaluates reports of large cash transactions to identify potential money laundering. Its objective is to discover previously unknown, potential high value leads for possible investigation.

Another FinCEN program, called "Gateway", provides state and local law enforcement agencies with direct electronic access to all of the forms pursuant to the BSA that are on file in the IRS Detroit Computing Center. Gateway makes greater use of the information captured by the BSA and at the same time provides a coordination mechanism to agencies using the data for investigative purposes. It also saves investigative time and money because agencies do not have to rely on the resources of another agency to obtain BSA information.

WHO, WHAT, WHEN, and WHERE

1. Question: Who should file the revised CTR Form 4789?

Answer: Each financial institution identified in the regulations in 31 CFR Part 103 (other than a casino, which instead must file Form 8362 and the U.S. Postal Service for which there are separate rules), must file a revised CTR Form 4789 for each deposit, withdrawal, exchange of currency, or other payment or transfer, by, through, or to the financial institution which involves a transaction in currency totaling more than \$10,000 in one business day. Multiple transactions must be treated as a single transaction if the financial institution has knowledge that: (1) they are by or on behalf of the same person, and (2) they result in either currency received (Cash In) or currency disbursed (Cash Out) by the financial institution totaling more than \$10,000 in any one business day.

2. Question: Should the revised CTR Form 4789 be used to report suspicious activity?

Answer: The revised CTR should NOT be filed for SUSPICIOUS TRANSACTIONS involving \$10,000 or less in currency OR to note that a transactions of more than \$10,000 in currency is suspicious. Any suspicious or unusual activity should be reported by a financial institution in the manner prescribed by its appropriate federal regulator or FinCEN. If a transaction is suspicious and in excess of \$10,000 in currency, then both a revised CTR and the appropriate referral form must be filed.

For banks, a new Suspicious Activity Report (SAR) Form is being prepared for; distribution before the end of 1995 for use in reporting suspicious transactions involving \$10,000 or less in currency OR to note that a transaction of more than \$10,000 in currency is suspicious. Until a similar form is developed for non-bank financial institutions, they should write "SUSPICIOUS" across the top of the revised CTR.

3. Question: When should financial institutions begin using the revised CTR Form 4789?

Answer: The revised CTR becomes effective on the business day of October 1, 1995. Filers must continue to use the current CTR Form 4789 (Rev. July 1994) for reportable transactions that occur before October 1, 1995 (business day).

4. Question: Where can I get usable copies of the revised CTR Form 4789?

Answer: In September of 1995, usable copies of the revised CTR will be available from the IRS Forms Distribution Centers by calling 1-800-TAX-FORMS (1-800-829-3676). Prior to September 1995, an ADVANCE COPY of the revised CTR Form 4789 (that has been available since May 1995) could be ordered from the Internal Revenue Service (IRS) Forms Distribution Centers. This ADVANCE COPY of the revised CTR was for use by financial institutions to train employees and make other necessary changes required in order to complete and file the revised CTR, effective on the business day of October 1, 1995.

5. Question: May the old CTR be filed after October 1, 1995?

Answer: FinCEN is allowing a necessary transition time until the end of December 1995 for financial institutions to start filing the new CTR. Between October 1 and December 31, 1995, paper filers will not be penalized for continuing to file the old CTR or the ADVANCE COPY of the new CTR, which has been available for training purposes since May 1995, while making every "good faith" effort to obtain and file

the new CTR as soon as possible after October 1, 1995 (business day). This same policy will also apply to magnetic CTR filers. (See Answer to Question #7 below.)

6. Question: Where can I get specifications for MAGNETIC FILING of the revised CTR?

Answer: Requests for specifications on magnetic filing of the revised CTR should be directed to the IRS Detroit Computing Center, ATTN: CTR Magnetic Media Coordinator, P.O. Box 33604, Detroit, MI 48232-5604.

7. Question: The IRS Detroit Computing Center issued specifications on magnetic filing of the revised CTR during the week of June 12, 1995. It will take at least six (6) months from the time of receipt of these specifications until they are fully installed and usable on financial institutions' systems. Is it acceptable for financial institutions to continue to file magnetically the old CTR Form 4789 (Rev. July 1994) until December 1995?

Answer: Yes, because of the transition time necessary to file the revised CTR magnetically, financial institutions will not be penalized for continuing to use the old CTR while making every "good faith" effort to work with the IRS Detroit Computing Center to implement specifications for magnetic filing of the revised CTR. It is expected that this process should be completed at the latest by the end of December 1995. This same policy will also apply to paper CTR filers. (See Answer to Question #5 above.)

8. Question: Where should I file the revised CTR?

Answer: File the CTR by the 15th calendar day after the day of the transaction with the IRS Detroit Computing Center, ATTN: CTR, P.O. Box 33604, Detroit, MI 48232-5604 or with your local IRS office. Keep a copy (either paper or electronic) of each CTR for at least five years from the date filed.

IDENTIFICATION REQUIREMENTS

9. Question: Is a U.S. passport acceptable identification since it does not contain an address and is not specifically listed in the regulations (31 CFR Part 103.28)?

Answer: Yes, for purposes of completing the new CTR, a U.S. passport is considered an acceptable form of identification. Although verification of an address by official document or other means (e.g., through credit bureaus) is desirable, acceptable identification may be made by an official document containing name and a photograph (preferably with address) that is normally acceptable by financial institutions as a means of identification when cashing checks for nondepositors.

10. Question: What is a cedular card?

Answer: A cedular card is the term used for a personal identification card issued by foreign governments, particularly in Latin America and Spain, to citizens above a certain age (not issued to minors) and within certain categories (excluding certain classifications of citizens, e.g., military).

SPECIFIC INSTRUCTIONS

11. Question: What should be included on additional sheets attached to the Original CTR?

Answer: In order for attached sheets to be clearly associated with the original CTR, it would be desirable to have as much identifying information as possible on the attached sheets, including: (1) the name of the bank filing the form and (2) the date of the transaction. At a minimum, on all attached sheets of paper to the original CTR, the financial institution should note the following:

- (1) the name(s) of the person(s) or organization(s) on whose behalf the transaction(s) is conducted and
- (2) the social security or employer identification number(s).

12. Question: Must a financial institution amend an incomplete old CTR after October 1, 1995, if the missing information is no longer required on the revised CTR (e.g., a CTR is filed on September 28, 1995, then the financial institution discovers additional information on October 3 that should have been provided as an amendment to the old CTR; however, that information is no longer required on the new CTR)? (Item 1 a: Amends prior report.)

Answer: Because the revised CTR requires less information, after October 1, 1995, there is no requirement to amend old CTRs when the amendment concerns information on fields that have been eliminated on the revised CTR.

13. Question: When should the box for "multiple persons" be checked? (Item 1 b: Multiple persons.)

Answer: Multiple person transactions are those conducted by or on behalf of two or more individuals; on behalf of two or more organizations, or on behalf of at least one individual and at least one organization. In these cases, box "1 b" (multiple persons) should be checked.

14. Question: Do all holders of the account, even if they do not come to the bank, need to be put on the revised CTR as "Person(s) on Whose Behalf Transaction(s) Is Conducted"?

Answer: For deposits, all those who are known to benefit from the transaction must be identified on the CTR. However, if a person makes a withdrawal from a joint account, only his name needs to be listed as the beneficiary of the transaction if: (1) he states that the withdrawal is on his own behalf or the financial institution knows that the person making the withdrawal is the only beneficiary, and (2) the financial institution has no reason to believe otherwise.

15. Question: When should the box for "multiple transactions" be checked? (Item 1 c: Multiple transactions)

Answer: Multiple transactions are any two or more transactions which the financial institution has knowledge are conducted by or on behalf of any person during the same business day and which result in a total cash-in or cash-out of over \$10,000. In these cases, box "1 c" (multiple transactions) should be checked.

Example: A customer places one deposit bag into the night depository at a bank on Friday night, two deposit bags on Saturday and two on Sunday; then on Monday morning, a teller processes all five deposit bags and deposit slips at the same time, but posts each individual deposit separately.

This should be reported as a multiple transaction. However, if the customer places one bag containing the five deposits in the night depository over a weekend, and the teller processes the deposit on Monday morning, totaling the five deposits and showing a single cash-in transaction, the financial institution may report it as a single transaction so that the CTR reflects the financial institution's records.

PART I-Section A--Person(s) on Whose Behalf Transaction(s) Is Conducted

One of the major changes on the new CTR is the reversal of Sections A and B from the old CTR: "Person(s) on Whose Behalf Transaction(s) is Conducted" which was Section B on the old CTR is now Section A, and "Individual(s) Conducting Transaction(s)" which was formerly Section A is now Section B. This was done to place a greater emphasis on all those who benefit from (the beneficiaries of) the transaction by noting that information first in Section A.

16. Question: Must the financial institution note whether the number provided in Item 6 is a social security number (SSN) or an employer identification number (EIN) since there is no separate configuration of spaces?

Answer: It is not necessary to note whether the number in Item 6 is an SSN or EIN, and the revised CTR has been simplified to eliminate the separate configuration of these numbers because they may be

differentiated solely on the basis of their initial numbers. IRS Service Centers assign EINs, which start with numbers not assigned to SSNs; whereas, the Social Security Administration assigns SSNs, which start with numbers not assigned to EINs.

17. Question: While an SSN or EIN is required on a CTR, if a CTR is filed without an SSN or EIN, should the financial institution amend the CTR if it subsequently obtains an SSN or EIN? (Items 6 and 19)

Answer: Yes, the CTR should be amended if an SSN or EIN is subsequently obtained.

18. Question: Are the terms "homemaker", "retired", or "unemployed" acceptable as descriptions for occupations? (Item 13)

Answer: "Homemaker", "retired", or "unemployed" are acceptable as occupation descriptions, but financial institutions should attempt to get more specific information. As a basic part of "know your customer" programs, financial institutions should pay particular attention to customers with such non-specific occupations who continually make large cash deposits. "Self-employed" is not acceptable without additional information as it is too non-specific.

PART I-Section B--Individual(s) Conducting Transaction(s) (if other than above)

19. Question: Instructions state that financial institutions should enter as much information as is available in Section B. Does this mean that if it is not available, then they do not have to provide it? Should the financial institution refuse to conduct the transaction if the customer refuses to provide the required information?

Answer: The law requires financial institutions to file complete and accurate CTRs. The CTR Form 4789 indicates the only circumstances in which incomplete data is acceptable (e.g., Armored Car Service, Mail Deposit or Shipment, etc.). If a financial institution elects to conduct a transaction for which it files an incomplete CTR other than for these specified circumstances, then it should attach an explanation of why the CTR is incomplete.

20. Question: If box "a" in Section B is checked for Armored Car Service, should the provider's name be inserted?

Answer: No, the Armored Car Service provider's name does not have to be recorded on the CTR.

21. Question: Is box "d" for Multiple Transactions on the revised CTR's Part I-Section B the same as the old CTR's Part I, box 3d? If so, what is considered a "reasonable effort" for obtaining information when the aggregation of multiple transactions has exceeded the reporting threshold? (Part I-Section B box d: Multiple Transactions)

Answer: Yes, box "d" in Part I-Section B of the revised CTR is the same as box 3d for Multiple Transactions in Part I of the old CTR, and should be checked to indicate that some or all of the information required in Items 15-25 is missing because the transaction being reported is a multiple transaction. A reasonable effort to obtain information for reporting multiple transactions that when aggregated exceeded the reporting threshold might include a check of bank records, telephone calls to customers, and obtaining information from tellers who handled the multiple transactions. However, if complete information is still not obtained, then box "d" in Part I-Section B must be checked to explain why.

PART II Amount and Type of Transaction(s)

22. Question: Should "multiple transactions" be aggregated?

Answer: Yes, to report multiple transactions, all the individual transactions of which the financial institution has knowledge must be aggregated, which means that debits must be added to debits, and credits must be added to credits. If the cash debits or the cash credits totals exceed \$10,000 in a business day, a CTR

is required. If debits and credits each exceed \$10,000, they can both be reported on a single CTR. Do not mix debits and credits by off-setting one against the other; that is, do not mix cash-in transactions with cash-out transactions. Following are several examples of how to report aggregated transactions:

Example A: The financial institution has knowledge that an individual deposits \$5,000 in cash into his account and returns later in the day to deposit another \$5,500 in cash into his account. Both cash-ins should be added (totaling \$10,500) and reported on a CTR. Complete Section A on the individual, and enter his ID in Item 14; in Section B check box d (Multiple Transactions) and box e (Conducted On Own Behalf) to explain why Section B is left blank.

Example B: An individual deposits \$5,000 in cash into his personal account and returns later in the day to deposit \$6,000 in cash into his employer's business account. Because the financial institution has knowledge that this individual has deposited \$11,000 in one business day, it must file a CTR. Complete two Section As (one Section A on the individual, entering his ID in Item 14, and the other Section A on his employer's business account, entering N/A in Item 14); in Section B check box d (Multiple Transactions) and box e (Conducted On Own Behalf) to indicate why Section B is left blank.

Example C: An individual acting on behalf of several others, deposits and withdraws various amounts during the day. Regardless of how many visits he makes, if the financial institution has knowledge that either the debit or the credit total exceeds \$10,000, a CTR must be filed. When the individual conducting the transactions does not benefit, complete Section B with information on him, entering his ID in Item 25, and complete separate Section As on all beneficiaries of the transactions, entering their identifications in Item 14. (If beneficiaries' identifications are not available because individuals are not present or are not applicable because beneficiaries are organizations, enter N/A in Item 14.) When the individual also benefits from the transactions, enter information on him and all other beneficiaries in separate Section As, indicating his ID and the identifications of others in Item 14, if available and applicable; in Section B check box d (Multiple Transactions) and box e (Conducted On Own Behalf) to indicate why Section B is left blank.

Example D: Two or more individuals conduct separate transactions on behalf of the same account holder (a store) in the same business day. If the financial institution has knowledge that the aggregate of the transactions exceeds \$10,000, a CTR required. Complete Section A with information on the same account holder (a store), indicating N/A for ID in Item 14, and complete separate Section Bs on the individuals who conducted the transactions but were not beneficiaries, entering their identifications in Item 25.

23. Question: How should trusts and other third party accounts be reported?

Answer: If Jane Doe, the trustee of the John Smith Trust, makes a reportable deposit to the Trust Account, information on Jane Doe, the trustee, including the method used to verify her identification, must be entered in Part I, Section A. Identifying information on the John Smith Trust, who is the beneficiary of the transaction, must also be reported in a separate Section A (on the back of the CTR Form). However, if the transaction is conducted for Jane Doe, the trustee, by her secretary, then in addition to identifying Jane Smith, the trustee, and the John Smith Trust, the beneficiary, in separate Section As, the secretary, who actually conducted the transaction, must be identified in Part I, Section B.

24. Question: When an individual presents an on-us check drawn on an account of someone other than the presenter's account, which box should a reporting bank check? When an individual presents an on-us check drawn on the account of the presenter to withdraw funds from his/her own account, which box should be checked?

Answer: When an individual presents an on-us check drawn on an account of someone other than the presenter's account, the bank should check box 32 (Negotiable Instruments(s) Cashed). When an individual presents an on-us check drawn on the account of the presenter to withdraw funds from his/her own account, box 32 could be checked or box 34 (Deposit(s)/Withdrawal(s)) may be checked to indicate

that the transaction is a withdrawal. In any case, list account numbers in Item 35 (Account Number(s) Affected).

25. Question: When a corporation/retail store's transaction exceeds its exempt limit, should a CTR be filed?

Answer: Yes, if a customer's transaction(s) exceeds its exempt limit, a CTR must be filed on the entire amount of the cash transaction, not just the difference between the amount exempted and the amount of the transaction.

26. Question: How should the purchase and redemption of a Certificate of Deposit (CD) be reported?

Answer: It is preferred that box 34 (Deposit(s)/Withdrawal(s)) be checked since the purchase of a CD is a deposit and the redemption is a withdrawal. However, it is also acceptable if a bank checks Item 36 (Other) and writes in CD redeemed/purchased. In either case, enter the CD number(s) in Item 35 (Account Number(s) Affected).

27. Question: How should such transactions as loan and credit card payments be reported?

Answer: Transactions such as loan and credit card payments should be indicated and described in Item 36 (Other) with account numbers affected recorded in Item 35.

28. Question: If a customer uses a check (i.e., a negotiable instrument) to purchase \$20,000 U.S. equivalent worth of foreign currency, how should the revised CTR be completed?

Answer: If a check is used to purchase \$20,000 in foreign currency, check box 36 (Other), indicate "check cashed to purchase foreign currency", and complete Items 27 (Cash Out-Amount) and 29 (Foreign Currency). It would also be considered acceptable to check Item 32 (Negotiable Instrument Cashed) because the check is a negotiable instrument and complete Items 27 and 29.

PART III Financial Institution Where Transaction(s) Takes Place

29. Question: Should dashes be used in recording the depository institution's Magnetic Ink Character Recognition (MICR) number? (Item 43)

Answer: No, dashes should not be inserted in recording of the MICR number in Item 43.

30. Question: May the preparer and the approver of the new CTR be the same person?

Answer: Yes, the preparer and the approving official of the new CTR may be the same person. This is a change in policy based on standardizing paper filing with magnetic filing of the CTR. However, it is still strongly recommended that financial institutions, as a matter of internal review of CTRs, have two people involved.

31. Question: Must the signature of the approving official be an original, or may it be pre-printed? (Item 45)

Answer: The signature of the approving official in Item 45 must be an original signature; it may not be pre-printed.

32. Question: May a department's name be pre-printed instead of the name of a person to contact? (Item 48)

Answer: The name of a person to contact for questions about the CTR (not a department's name) is preferred in Item 48; however, the name of the compliance office or other designated department would be acceptable.