



Financial Crimes Enforcement Network

A bureau of the U.S. Department of the Treasury

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FinCEN Releases CTR Exemption Supporting Information Guidance

VIENNA, Va. – The Financial Crimes Enforcement Network (FinCEN) today announced the publication of [guidance](#) designed to enable depository institutions to more easily determine and document certain business customers' eligibility for exemption from currency transaction reporting.

The guidance – which was recommended to FinCEN in a report issued last year by the Government Accountability Office (GAO) and developed in consultation with the staffs of the federal banking agencies – is expected to both ease compliance with applicable regulatory requirements and enhance supervisory consistency. This step complements other [changes](#) made by FinCEN in 2008 to the CTR regulations designed to increase the efficiency of the reporting process, including promoting exemptions for reporting that is less valuable to law enforcement. The January 2008 GAO [report](#) underscored the value of CTRs for law enforcement investigations, while suggesting certain changes that would facilitate increased utilization by banks of eligible exemptions from reporting.

Today's guidance seeks to clarify for depository institutions and examiners alike the variety of supporting information that is suitable for substantiating that certain business customers that engage in multiple business activities are eligible for exemption from currency transaction reporting. Many businesses produce revenue through multiple activities; however, some business activities, such as certain financial services, vehicle chartering operations, and real estate brokerages, are, by statute and regulation, ineligible for exemption from currency transaction reporting. Nonetheless, various businesses that engage in activities ineligible for exemption also derive revenue from commercial activities, such as retail sales or provision of food services, which are eligible for exemption. Otherwise eligible businesses that engage in multiple business activities may qualify for an exemption from currency transaction reporting provided that no more than 50 percent of their annual gross revenues are derived from one or more ineligible business activities.

This guidance further clarifies that there is no expectation that a depository institution will be able to establish the *exact* percentage of an eligible business customer's annual gross revenues

that is derived from ineligible business activities, but rather that a depository institution must consider and maintain materials and other supporting information that allow it to substantiate that the decision to exempt the customer from currency transaction reporting was based upon a *reasonable determination* that the customer derives no more than 50 percent of its annual gross revenues from ineligible business activities. Such a reasonable determination should be based upon its understanding of the nature of the customer's business, the purpose of the customer's accounts, and the actual or anticipated activity in those accounts.

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The mission of the Financial Crimes Enforcement Network is to safeguard the financial system from the abuses of financial crime, including terrorist financing, money laundering, and other illicit activity. We achieve this mission by: administering the Bank Secrecy Act; supporting law enforcement, intelligence, and regulatory agencies through sharing and analysis of financial intelligence; building global cooperation with our counterpart financial intelligence units; and networking people, ideas, and information.