

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 3826]
[February 29, 1952]

REPORTS OF LARGE AND UNUSUAL CURRENCY TRANSACTIONS

Amended Instructions

*To all Banks and Other Financial Institutions
in the Second Federal Reserve District:*

The following statement was made public today:

Secretary Snyder announced today the issuance of an amended regulation relating to reports of transactions in United States currency. The regulation requires every bank and other financial institution in the United States to file monthly reports of large and unusual currency transactions which exceed those commensurate with the customary conduct of the business, industry or profession of the person or organization concerned.

The report system was inaugurated in 1945 after it had been established that racketeers and others engaged in illegal activities were resorting on a large scale to the use of large denomination currency as an attempted method of concealing income.

The amended regulation will make the reporting procedure less burdensome to banks and other institutions while providing the Bureau of Internal Revenue with a continuing flow of those reports which experience has shown to be the most helpful in detecting major tax evaders.

The change in the regulation was decided upon by the Treasury after consultation with the Federal Reserve System and a committee representing the American Bankers Association. The requirement for reports involving transactions of \$1,000 or more, in denominations of \$50 or higher, has been changed to \$2,500 involving denominations of \$100 or higher. Reports of all transactions of \$10,000 or more in any denominations also are required.

The regulation does not apply to currency transactions which, in the judgment of the reporting institution, are normal ones in the regular and customary conduct of the business, industry or profession of the persons or organizations involved.

The reports are treated by the Bureau of Internal Revenue as confidential communications, and there is no disclosure of the source of information received through them. Large amounts of evaded income tax have been recovered by the Bureau of Internal Revenue through leads obtained from the reports.

In making today's announcement, Secretary Snyder referred to the assistance given the Bureau of Internal Revenue by banks and other financial institutions, through the currency transaction reports, as an outstanding public service.

We transmit a copy of a letter dated February 21, 1952 from the Secretary of the Treasury outlining the purposes of the amended regulation, and expressing his appreciation to banks and other financial institutions for their cooperation in report-

ing large and unusual currency transactions and in other Treasury Department activities.

Enclosed are copies of: (1) Amended Instructions Relating to Reports of Currency Transactions, dated February 21, 1952; and (2) Revised Form TCR-1 for reporting prescribed currency transactions. Supplies of the new Form TCR-1 will soon be available at this Bank. Until they are available, you should continue to file reports on the old Form TCR-1 for transactions covered by the amended instructions. Requests for the new Form TCR-1 should be addressed to the Treasury Currency Report Section, Federal Reserve Bank of New York, Federal Reserve P. O. Station, New York 45, New York.

Financial institutions located in the territory assigned to our Buffalo Branch should continue to send reports on Form TCR-1, as revised, directly to Buffalo Branch, Federal Reserve Bank of New York, Buffalo 5, New York.*

Additional copies of this circular and of the amended instructions for reporting currency transactions will also be furnished upon request.

ALLAN SPROUL,
President.

* The territory assigned to our Buffalo Branch comprises the following ten westerly counties of the State of New York: Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Livingston, Monroe, Niagara, Orleans, and Wyoming.



THE SECRETARY OF THE TREASURY
WASHINGTON

February 21, 1952

To Banks and Other Financial Institutions:

The Treasury has amended the regulation originally issued on May 21, 1945, requiring every financial institution in the United States to file monthly reports on Form TCR-1 of large and unusual currency transactions, to make them more in keeping with present conditions. These reports were originally developed for the purpose of discovering large currency transactions resorted to by racketeers and others engaged in illegal activities as an attempted method of concealing income.

One of the most valuable sources of information to the Treasury Department in the detection of income-tax evasion are reports received from banks and other financial institutions on Form TCR-1. Many banks and other financial institutions are regularly submitting reports of large and unusual currency transactions. Failure on the part of some institutions to file reports may be due to oversight or to a belief that the reporting requirements are no longer in effect.

Heretofore, Treasury regulations required reports of all transactions amounting to \$1,000 or more involving currency denominations of \$50 or higher. After consultation with the Federal Reserve Banks and a committee of the American Bankers Association, the Treasury has amended its regulation to require reports on Form TCR-1 for each transaction amounting to \$2,500 or more, involving denominations of \$100 or higher. This change is expected to render the reporting procedure less burdensome to banks, while providing the Bureau of Internal Revenue with a continuing flow of those reports which experience has shown to be the most helpful in detecting major tax evaders.

I feel certain that the banks and financial institutions are in general agreement that, in fairness to all taxpayers, every effort should be made to reduce to the lowest practicable minimum the loss of revenue through tax evasion. The TCR-1 reports have been responsible for breaking many of the largest and most intricate income-tax evasion cases. The use of currency by racketeers, and others engaged in illegal activities, is particularly well established as an attempted method of concealing income. When such income is not detected the burden of taxation is heavier on the honest taxpayers. Although this amended regulation is designed to assist primarily the increased enforcement efforts directed against racketeers, it is recognized that it will apply in certain cases to other persons, firms or corporations. However, it is not intended to apply to a currency transaction which, in the judgment of the reporting financial institution, is a normal one in the regular and customary conduct of business or private activities.

The TCR-1 reports are treated as confidential communications. All officers and agents of the Bureau of Internal Revenue have been admonished not to disclose the source of information received through such reports.

On several occasions I have expressed the appreciation of the Treasury for the cooperation which banks and other financial institutions have extended in making confidential reports of large and unusual currency transactions. I want to express my appreciation again for this public service and to urge continued cooperation and renewed vigilance in this regard. At the same time I wish also to express my appreciation for the assistance you have rendered in other areas dealing with Treasury activities, particularly those relating to the handling of withheld income and social security taxes, in providing banking services and facilities for the defense and other activities of the Government, and in the sale and redemption of United States Savings Bonds.

Sincerely,

JOHN W. SNYDER,
Secretary of the Treasury.

TITLE 31 — MONEY AND FINANCE: TREASURY
CHAPTER I — MONETARY OFFICES, DEPARTMENT OF THE TREASURY
Part 102

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY
February 21, 1952

**AMENDED INSTRUCTIONS RELATING TO REPORTS
OF CURRENCY TRANSACTIONS***

Pursuant to Section 5(b) of the Act of October 6, 1917 (40 Stat. 415), as amended, and other authority vested in me by law, the following instructions are prescribed:

Section 102.1. Reports of currency transactions required. Commencing with transactions occurring in the month of March, 1952, every financial institution in the United States shall file monthly reports on Form TCR-1 concerning each deposit or withdrawal, or other payment or transfer, effected by, through, or to such financial institution, which involves transactions in United States currency as follows:

1. Transactions involving \$2,500 or more of United States currency in denominations of \$100 or higher,
2. Transactions involving \$10,000 or more of United States currency in any denominations, and
3. Transactions involving any amount in *any* denominations,

which in the judgment of the financial institution exceed those commensurate with the customary conduct of the business, industry or profession of the person or organization concerned.

Section 102.2. Filing of reports. Reports on Form TCR-1 shall be filed in duplicate on or before the 15th day of the month following that in which the reported transactions occur, with the Federal Reserve Bank of the district in which the reporting financial institution is located. All information called for in such form shall be furnished.*

Section 102.3. Identification required. No financial institution shall effect any transaction with respect to which a report is required unless the person or organizations with whom such transaction is to be effected has been satisfactorily identified.*

Section 102.4. Definitions. As used herein "payment or transfer" shall include exchange of currency; and "financial institutions" shall mean banks, trust companies, savings banks, private bankers, investment bankers, building and loan associations, securities and commodities brokers, and currency exchanges and other persons or organizations engaged primarily in cashing checks and exchanging currency.*

JOHN W. SNYDER,
Secretary of the Treasury.

* Sections 102.1 to 102.4—R.S. 251; Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; 54 Stat. 179; 55 Stat. 839; Ex. Order 6073, Mar. 10, 1933, as amended by Proc. 2070, Dec. 30, 1933 and Ex. Order 6599, Jan. 15, 1934; Ex. Order 8389, Apr. 10, 1940, as amended; Ex. Order 9193, July 6, 1942.

