FEDERAL RESERVE BANK
OF NEW YORK

BANK SECRECY ACT

New Currency Transaction Report Form, Effective January 1, 1990

To the Chief Executive Officer of Each State Member Bank, Edge Corporation,
and Noninsured Branch or Agency of a Foreign Bank, in the Second Federal Reserve District:

The Department of the Treasury has revised IRS Form 4789, the Currency Transaction Report, for use in reporting transactions after December 31, 1989. An information copy of the revised report, together with a related press release, instructions, and exemption rulings, are enclosed. Please note that the revised form cannot be used for transactions occurring before January 1, 1990; the current version of IRS Form 4789 should be used for 1989 transactions.

As indicated in the accompanying press release, the more significant changes in the form are:

• Inclusion of the date of birth of both the individual conducting a reportable transaction and any individuals on whose behalf it was made;
• Inclusion of the social security number of the individual conducting the transaction;
• Inclusion of the telephone number of a contact person to answer questions about the report;
• Elimination of detailed information on checks and wire transfers involved in the reported transaction; and
• A new filing address for the form.

In addition, as explained in the press release, camera-ready reproduction proofs of the revised form will be available after October 1, 1989, from the Internal Revenue Service Distribution Center. This Bank will not have proofs available for distribution.

The enclosed copies of the Department of the Treasury's Administrative Rulings 89-1 and 89-2 address special exemptions for groups of accounts belonging to the same customer and aggregation of multiple transactions involving exempted accounts. The rulings are issued pursuant to Section 103.75 of the Department of the Treasury's Financial Recordkeeping and Reporting Regulations, 31 CFR 103, Subpart F, which are published periodically in the Federal Register, the FDIC loose-leaf reporting service (available to all insured banks), and the Federal Reserve Regulatory Service. Questions regarding these rulings, or requests for information on previous rulings, should be addressed to:

Ms. Amy G. Rudnick, Director
Office of Financial Enforcement
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220
(Phone: 202-566-8022)

If you have any other questions regarding these matters, please contact Ben J. Szwalbenest of this Bank's Compliance Examinations Department (Tel. No. 212-720-8136).

MARGARET E. BRUSH,
Assistant Chief Examiner.
TREASURY ANNOUNCES ISSUANCE OF
NEW CURRENCY TRANSACTION REPORT
FORM

The Department of the Treasury today announced that the Office of Management and Budget has approved use of a revised Form 4789, the Currency Transaction Report, a copy of which is attached. The form is used by financial institutions to report deposits, withdrawals, exchanges of currency, payments or other transfers of more than $10,000 in currency, as required by the Bank Secrecy Act.

Filers must continue to use the present Form 4789 through December 31, 1989. The new form may be used only for transactions commencing January 1, 1990. Filers should note that the revised form cannot be used for transactions occurring prior to January 1, 1990.

Several changes have been made to the form. Some of the more significant ones are the inclusion of the date of birth of both the individual conducting a reportable transaction and any individuals on whose behalf it was made, the social security number of the individual conducting the transaction, and the telephone number of a contact person to answer any questions about the report. The current requirement of providing detailed information on checks and wire transfers involved in the reported transaction has been eliminated. The revised form will be filed at a new post office box. The new address for the revised form will be: Internal Revenue Service Detroit Computing Center, P.O. Box 33604, Detroit, Michigan, 48232-5604. This new address is not to be used for transactions occurring prior to January 1, 1990.

The instructions to the new form refer to BSA Administrative Ruling 89-5. This ruling, which will deal with the reporting of information on the person on whose behalf a reportable transaction is conducted, will be issued before October 1, 1989.

Informational copies of the revised form are available by contacting the Repro Coordinator, Internal Revenue Service Eastern Area Distribution Center, 4300 Carolina Avenue, Richmond, Virginia 23222. The telephone number is (804) 329-1056. Camera ready reproduction proofs will be available after October 1, 1989, at the above address.
Copies of the printed forms for use by filers will be available through the regional Internal Revenue Service distribution centers on November 15, 1989. Again, these printed forms only may be used for transactions occurring after December 31, 1989.

Those wishing additional information should contact the Office of Financial Enforcement, Department of the Treasury, at (202) 566-8022.
Form 4789

Currency Transaction Report

- File a separate report for each transaction.
- Please type or print. (Complete all applicable parts—See instructions)

1. Check appropriate boxes if: a) amends prior report, b) exemption limit exceeded, c) suspicious transaction.

Part I
Identity of individual who conducted this transaction with the financial institution

2. If more than one individual is involved, see instructions and check here.

3. Reason items 4–15 below are not fully completed (check all applicable boxes): a) Armored car service (name) □ b) Mail deposit/shipment □ c) Night deposit or ATM transaction □ d) Multiple transactions (see instructions) □

4. Last name
5. First name
6. Middle initial
7. Social security number

8. Address (number and street)

9. Occupation, profession, or business

10. City
11. State
12. ZIP code

13. Country (if not U.S.)
14. Date of birth (see instructions)

15. Method used to verify identity: a) Describe identification □ b) Issued by □ c) Number □

Part II
Person (see General Instructions) on whose behalf this transaction was conducted

16. If this transaction was conducted on behalf of more than one person, see instructions and check here.

17. This person is an: a) individual or b) corporation or c) partnership, limited liability company, or other unincorporated association

18. Individual's last name or first name
19. Middle initial
20. Social security number

21. Occupation, profession, or business
22. Employer identification number

23. Alien identification: a) Describe identification □ b) Issued by □ c) Number □

24. Address (number and street)

25. Occupation, profession, or business

26. City
27. State
28. ZIP code

29. Country (if not U.S.)
30. Date of birth (see instructions)

Part III
Types of accounts and numbers affected by transaction (If more than one of the same type, use additional spaces provided below)

31. Savings □ a) ▲ b) ▲ c) ▲ d) ▲ e) ▲
32. Checking □ a) ▲ b) ▲ c) ▲ d) ▲ e) ▲
33. Loan □ a) ▲ b) ▲ c) ▲ d) ▲ e) ▲
34. CD/Money market □ a) ▲ b) ▲ c) ▲ d) ▲ e) ▲
35. Other (specify) □ a) ▲ b) ▲ c) ▲ d) ▲ e) ▲

35. Total amount of currency transaction (in U.S. dollar equivalent) (always round up)
36. Amount in Item 35 in U.S. $100 bills or higher
37. Date of transaction (see instructions)

38. If other than U.S. currency is involved, please furnish the following information: a) Exchange made □ for or □ from U.S. currency

39. If a negotiable instrument or wire transfer was involved in this transaction, please furnish the following information and check this box (see instructions)

40. Financial institution where transaction took place

41. Name of financial institution
42. Address where the transaction occurred (see instructions)

43. Employer identification number
44. City
45. State
46. ZIP code

47. MICR number
48. Social security number

49. Signature (preparer)
50. Title

51. Date
52. Type or print preparer's name
53. Approving official (signature)
54. Date
55. Telephone number

Expires: 12-31-91

For Paperwork Reduction Act Notice, see page 3.

OMB No. 1545-0183

Department of the Treasury

Internal Revenue Service

Complete all applicable parts—See instructions
Form 4789 (Rev. 1-90)

Multiple Transactions

(Complete applicable parts below if box 2 or 16 on page 1 is checked)

Part I Continued—Complete if box 2 on page 1 is checked

4 Last name
5 First name
6 Middle initial
7 Social security number
8 Address (number and street)
9 Occupation, profession, or business
10 City
11 State
12 ZIP code
13 Country (if not U.S.)
14 Date of birth (see instructions)
15 Method used to verify identity:
   a Describe identification
   b Issued by
   c Number

Part II Continued—Complete if box 16 on page 1 is checked

17 This person is an:  Q  individual or  Q  organization
18 If trust, escrow, brokerage or other 3rd party account, see instructions and check here  Q
19 Individual's last name or Organization's name
20 First name
21 Middle initial
22 Social security number
23 Alien identification:  a Describe identification
   b Issued by
   c Number
24 Address (number and street)
25 Occupation, profession, or business
26 City
27 State
28 ZIP code
29 Country (if not U.S.)
30 Date of birth (see instructions)
Federal Reserve Bank of St. Louis

Paperwork Reduction Act Notice.—The request for information is used for statistical, fiscal, and regulatory investigations, for instance by directing the Federal Government's attention to unusual transactions. Financial institutions are required to provide the information under 31 CFR 103.22, 103.26, and 103.27.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is 24 minutes. If you have comments on the accuracy of this time estimation or suggestions for making this form more simple, we would be happy to hear from you.

You can write to the Internal Revenue Service, Washington, DC 20224, Attention: IRS Reports Clearance Officer T:FP; or the Office of Management and Budget, Paperwork Reduction Project (1545-0183), Washington, DC 20503.

**General Instructions**

**Filing Requirements.**—Each financial institution other than a casino must file a Form 4789 for each deposit, withdrawal, exchange of currency, or other payment or transfer, by, through, or to the financial institution. An institution that has knowledge that a transaction involves a currency transaction in more than $10,000 must file this form. An institution that has knowledge that a transaction involves a currency transaction in not more than $10,000 but more than $5,000 must file this form if it would be required to report the transaction under other law.

**Definitions**

- **Currency.**—The coin and currency of the United States or any other country which circulates in the United States and is customarily used and accepted as money in the country in which issued. It includes United States silver certificates, Federal Reserve Notes, and Federal Reserve Notes, but does not include bank checks or other negotiable instruments not customarily accepted as money.

- **Financial Institution.**—An entity, including a bank, a savings association, a credit union, a securities broker, a securities dealer, a trust, or a partnership, that is primarily in the business of check cashing; a checking account, a savings account, a credit card, or an automatic teller machine (ATM) service.

- **Identifying information.**—Information under 31 CFR 103.22, 103.26, and 103.27 that identifies a person, and (if required by the Secretary of the Treasury) social security number, date of birth, sex, and place of birth.

- **Transaction.**—A transfer of currency, or other payment or transfer, by, through, or to the financial institution.

**Specific Instructions**

Because of the limited space available on the form, in supplying information requested, you may find it necessary to submit additional sheets of paper. If you must furnish additional information, be sure that each sheet contains a title and reference to the form.

**Item 1—Report filed for exceptional reason.**—If this report is filed because it amends a previously filed report, or because deposits or withdrawals exceed a bank customer's exemption limit, or because the transaction is suspicious, check the appropriate box(es) in Item 1. For an amended report, staple a copy of the previously filed report to this report and complete Part V and only those entries which you are amending.

For a suspicious transaction, you should telephone as soon as possible the local office of the Internal Revenue Service, Criminal Investigation Division, in addition to submitting this form. If you do not know the telephone number, call 1-800-BSA-CRIS, which will put you in contact with an IRS employee. This toll-free number is operational Monday through Friday, from approximately 9 a.m. to 6 p.m. Eastern time. See BSA Admin. Rule 86-1.

**Part I—Identity of Individual(s) who conducted the transaction.**—Always complete this part.

**Item 2—Multiple individual's transaction.**—Check the box if two or more individuals conducted the transaction you are reporting. Enter information present in Part I for one of the individuals. Enter information in Part II for the remaining individuals. For example, if John Doe and Charles Smith enter your financial institution together and each one deposits $6,000 in cash into their joint account, more than one individual has conducted the transaction. Provide identifying information on either John or Thomas in Part I on the front of the form, and information on the other individual in Part II. If more than three individuals are involved, provide identifying information on additional sheets of paper and attach them to this report.

**Item 3—Excluding certain identifying information.**—Check the appropriate box or boxes (a, b, c, or d) in Item 3 if you are reporting a transaction involving a nonreportable deposit or withdrawal, a tax deposit or ATM transaction, a tax deposit or ATM transaction, or a reportable transaction in a country other than the United States or a country outside the United States.

**Item 4—Address.**—Enter the address of the person or entity, including the name, address, social security number, date of birth, sex, and place of birth, if required by the Secretary of the Treasury.

**Item 5—Additional statements.**—If you are required to file a report for a transaction involving a nonreportable deposit or withdrawal, you must complete Part V and only those entries which you are amending.

**Item 6—Additional statements.**—If you are required to file a report for a transaction involving a nonreportable deposit or withdrawal, you must complete Part V and only those entries which you are amending.

**Item 7—Social security number.**—The social security number of the individual whose name you entered in Items 4, 5, and 6 must be included here. If the individual is an alien who does not have a social security number, write NONE in the space, and complete Item 15.

**Item 8—Address.**—Enter the permanent street address, including ZIP code, of the individual whose name you entered in Items 4, 5, and 6. Item 11 will always be the 2-letter state abbreviation used by the Postal Service. A P.O. box number may never be used by itself and may only be used if there is no street address or if a P.O. box number is used in addition to a street address. The name of the street, road, or route number where the person lives must be provided in Item 8 along with the P.O. box number.

**Item 9—Occupation, profession, or business.**—Fully identify the occupation, profession or business of the individual whose name was entered in Items 4, 5, and 6, for example, secretary, shoe salesman, insurance salesman, carpenter, attorney, etc. Do not use nondescriptive terms such as merchant, self-employed, businessman, etc.

**Item 14—Date of birth.**—The date of birth of the individual whose name you entered in Items 4, 5, and 6 must be included in Items 12 and 13. Six numerals must be inserted for each date. The first two numerals will reflect the month of birth, the second two numerals the day of birth, and the last two numerals the year of birth. Zero (0) should precede any single-digit number. For example, if the individual's birth date was April 3, 1948, Item 14 should be filled in as 04 03 48.

**Item 15—Method used to verify identity.**—Review the identification requirements under General Instructions. Then, in Item a, enter the type of document used to verify the individual's identity, such as driver's license, passport, etc. In Item b, provide the name of the issuer of the document you entered in Item a. For example, if a driver's license was used to verify the individual's identity, provide the name of the state that issued the license in Item b. Enter the number of the license, passport, etc., in Item c.
Part II—Person on whose behalf this transaction was conducted.—Refer to the definition of Person on page 3. If the individual in Part I conducted the transaction for himself or herself, and not for another person, Part II must be completed. If the individual in Part I conducted the transaction for himself or himself and another person, Part II must be completed. (See the instructions for Box 16.) In all other cases, including armored car service, in-home service, night deposit, and ATM transactions, complete Part II. See BSA Admin. Ruling 89-5.

Box 16—Multiple Individuals or Organizations.—If this transaction is being conducted for more than one individual (including the individual described in Part I) or organization (see instructions for Box 17), check Box 16, provide identifying information on one of the persons, and complete the applicable entries on the back of the form. For example, if William Brown, the owner of Bill's Grocery Store, Inc., deposits $4,000 in cash into his personal savings account and $7,000 in cash into his store's operating account in Box 16 should be checked. William Brown should be identified in Part I and Part II, and Bill's Grocery Store, Inc., should be identified in Part II on the back of the form. If multiple individuals or organizations are involved in the transaction, provide additional information on separate sheets of paper and attach them to this form.

Box 17—Individual or organization.—If the person on whose behalf the transaction was completed is an individual, check the "individual" box in Item 17. For any person other than an individual who is the "organization" box, check both boxes if the transaction is on behalf of both an individual and an organization.

Box 18—Trust, escrow, brokerage, and other third-party accounts.—If the transaction affects a trust, escrow, brokerage, or other third-party account, check Box 18. In completing Part II, enter identifying information on the beneficiary of the account. For example, if Karen Coe, the trustee of the Linda Scott Living Trust, makes a reportable deposit for the trust, identifying information on Karen must be entered in Part I on the front of the form, and identifying information on Linda must be entered in Part II on the front of the form. However, if the transaction is not conducted by the trust, brokerage, or escrow, make no entry in Part II. In the case of a "trust", a "brokerage", or "escrow", check the "individual" box.

Items 19, 20, and 21.—Name of person on whose behalf the transaction was conducted.—If the person on whose behalf the transaction was conducted is an individual, put his or her last name in Item 19, first name in Item 20, and middle initial in Item 21. If the person is an organization, put its name in Item 19 and leave Items 20 and 21 blank.

Items 22 and 23.—Identifying number; alien identification number.—If the person whose name you provided in Items 19, 20, and 21 is a citizen of the U.S. or an alien with a social security number, enter his or her social security number in Item 22. If the person is an organization (see Box 17 above), provide its employer identification number. If the person is an alien who does not have a social security number, you must complete Item 23. Provide a general description of the type of official document issued to that person in Item 23a (e.g., "passport"), the country that issued it in Item 23b, and its number in Item 23c.

Items 24, 25, 28, and 29.—Additional information—Provide the permanent street address of the person whose name you entered in Items 19, 20, and 21. Follow the instructions for Items 8 and 10. In Item 24, if a phone number is used, the name of the street, road, or route number where the person lives must be provided in Item 24 along with the city, state, and ZIP code.

Item 25.—Occupation, profession or business.—Follow the instructions for Item 9.

Item 30.—Date of Birth.—If an individual is named in Items 19, 20, and 21, complete Item 30. Follow the instructions in Item 14 for furnishing this 6-figure date.

Part III—Accounts affected by the transaction.

Box 31.—Type of account and account numbers.—Check the boxes and enter the account numbers of the accounts affected by the transaction. The type of account identified in Item 31a, the name type of account identified in Item 31b, and the account number affected by the transaction must be completed. (See the instructions for Box 16.)

Item 32.—Currency exchange.—Check the box with identifying information on the beneficiary of the transaction, check the box with identifying information on the person whose behalf the transaction was conducted, and the box with identifying information on the financial institution that performed the exchange.

Item 33 and 34.—Cash in and cash out.—Check the appropriate box or boxes under Item 33 when currency is received by the financial institution, and the appropriate box or boxes under Item 34 when currency is paid out by the financial institution.

Item 35.—Total amount of currency.—In the space provided, reflect the total amount of Cash in and Cash out areas must be filled in. For example, if an individual transfers $5,000 in U.S. currency to a financial institution for more than one individual, the total amount of U.S. currency must be filled in. In the case of a multiple transactions, check the appropriate box or boxes under Item 35.

Item 36.—Amount In $100 bills or higher.—Enter the amount of the transaction reported in Item 35 that is in denominations of U.S. currency.

Item 37.—Date.—Enter the business day date of the transaction. Refer to Item 14 for instructions in furnishing this 6-figure date.

Item 38.—Foreign currency.—If the currency transaction involves a foreign currency, enter the information in the appropriate spaces. Check the appropriate box in Item a if foreign currency was exchanged for or exchanged from U.S. currency. Check the appropriate box in Item b, and the amount of the foreign currency in U.S. dollar equivalent in Item c. For example, a deposit of Italian lire would have "Italy" entered in Item a, and the amount of Italian lire converted into U.S. dollars, entered in Item c. Since currency was not exchanged, no entry is made in Item a. If currency from two or more foreign countries is involved in the transaction, attach a separate sheet of paper that clearly identifies the individual or organization for whom the transaction was conducted and report the information for each foreign currency required by Item 38.

Item 39.—Negotiable instrument or wire transfer.—If the transaction involved one or more negotiable instruments (see General Instructions) or wire transfers, check the box. In Item a, state the number of negotiable instruments involved. In Item b, state the number of wire transfers involved. Then, in Item c, state the number of negotiable instruments and wire transfers involved in U.S. dollar equivalent. Round less than full dollar amounts to the next higher dollar.

Part V—Financial institution where transaction took place.

Box 40.—Type of financial institution.—Check the box that describes the type of financial institution where the transaction occurred. If you check Box 40e, be sure to specify the type of financial institution (e.g., check cashier, currency exchange).

Box 40a.—Banks.—Enter the appropriate code number in the bracket provided for the Federal agency that performs examinations for compliance with the Bank Secrecy Act regulations.

Code 1—Comptroller of the Currency

Code 2—FDIC

Code 3—Federal Reserve System

Code 4—None of the above Items 41, 42, 44, 45, and 46.—Name and address.—Enter the full legal name, street address, city, state, and ZIP code of the branch or office of the financial institution where the transaction occurred. A P.O. box number is not a street address. If multiple branches were affected at different locations, provide information in these items on any office or branch where one of the transactions occurred. Also, see Item 48.

Items 47, 48, and 49.—EIN or SSN.—Enter the financial institution's employer identification number (EIN) in Item 43. However, if the financial institution does not have an EIN, enter the social security number of the financial institution's principal owner.

Item 47.—MICR number.—Enter the MICR number of the branch or office entered in Item 41.

Item 48.—Multiple transactions.—If this was a multiple transaction, state the number of transactions in Item a; the number of branches involved in Item b; and the 5-digit ZIP codes of all the branches involved in Item c. If the branches are in the same ZIP code, show the ZIP code only once. If only one branch was involved, list the ZIP code of that branch.

Items 49, 50, 51, and 52.—Preparer's signature, title, and date—Form 4789 must be signed in Item 49 by an individual authorized or designated to sign it. His or her title should be shown in Item 50 and the date of signature entered in Item 51. This signature, title, and date of signature are required in every transaction. A P.O. box number is not a street address. If multiple branches were affected at different locations, provide information in these items on any office or branch where one of the transactions occurred. Also, see Item 48.

Item 52.—Preparer's signature, title, and date.—Form 4789 must be signed in Item 49 by an individual authorized or designated to sign it. His or her title should be shown in Item 50 and the date of signature entered in Item 51. This signature, title, and date of signature are required in every transaction. A P.O. box number is not a street address. If multiple branches were affected at different locations, provide information in these items on any office or branch where one of the transactions occurred. Also, see Item 48.

Item 53, 54, and 55.—Signature, date, and telephone number.—The official who reviews the form must sign in Item 53, check the appropriate box in Item 54, and enter the commercial telephone number of a contact person to answer any questions about this report.

31 C.F.R. 103.22 - Reports of currency transactions.

Exemptions: special exemption for a group of accounts belonging to the same customer. Under sections 103.22(b)(2)(i) and 103.22(b)(2)(ii) of the Bank Secrecy Act ("BSA") regulations, a bank may exempt only deposits or withdrawals of currency from an existing account by an established depositor who is a United States resident and operates a retail type of business in the United States or one of the businesses specified in Section 103.22(b)(2)(ii). 31 C.F.R. Part 103. A bank may not unilaterally grant one exemption or establish a single dollar exemption limit for a group of existing accounts of the same customer. Under section 103.22(e), however, a bank may apply to the Internal Revenue Service ("IRS") for additional authority to grant exemptions to the reporting requirements not otherwise permitted under section 103.22(b). Under this authority and at the request of a bank, the IRS may, in its discretion, provide the bank with authority to grant one exemption and one exemption limit applicable to a group of exemptible accounts that belong to the same customer and have the same Taxpayer Identification Number ("TIN"). Only accounts with transactions of less than $10,000 in currency may be included in the group exemption, and the aggregated transactions of the various accounts included in the group must regularly and frequently exceed $10,000 in currency.

BSA Ruling 89-1

ISSUE

Under Section 103.22 of the BSA regulations, may a bank unilaterally grant one exemption or establish a single dollar exemption limit for a group of existing accounts of the same customer? If not, may a bank obtain additional authority from the IRS to grant a single exemption for a group of exemptible accounts belonging to the same customer?

FACTS

ABC Inc. ("ABC"), with TIN 12-3456789, owns five fast food restaurants. Each restaurant has its own account at the X State Bank and each restaurant routinely deposits less than $10,000 into its individual account. However, when the deposits into these five accounts are aggregated they regularly and frequently exceed $10,000. Accordingly, the
bank prepares and files one CTR for ABC Inc., on each business day that ABC's aggregated currency transactions exceed $10,000. X State Bank wants to know whether it can unilaterally exempt these five accounts having the same TIN, and, if not, whether it can obtain additional authority from the IRS to grant a single exemption to the group of five accounts belonging to ABC.

LAW AND ANALYSIS

Under section 103.22(b)(2)(i) and (ii) of the Bank Secrecy Act ("BSA") regulations, 31 C.F.R. Part 103, only an individual account of a customer may be unilaterally exempted from the currency transaction reporting provisions. The bank may not unilaterally grant one exemption or establish a single dollar exemption limit for multiple accounts of the same customer. This is because sections 103.22(b)(2)(i) and 103.22(b)(2)(ii) of the BSA regulations only permit a bank to unilaterally exempt "[d]eposits or withdrawals of currency from an existing account by an established depositor who is a United States resident and operates a retail type of business in the United States." 31 C.F.R. 103.22(b) (2)(i) and (ii).

Section 103.22(e) of the BSA regulations provides, however, that "[a] bank may apply to the ... [IRS] for additional authority to grant exemptions to the reporting requirements not otherwise permitted under paragraph (b) of this section ...." 31 C.F.R. 103.22(e). Therefore, under this authority, and at the request of a bank, the IRS may, in its discretion, grant the requesting bank additional authority to exempt a group of accounts when the following conditions are met:

1. Each of the accounts in the group is owned by the same person and has the same taxpayer identification number.

2. The deposits or withdrawals into each account are made by a customer that operates a business that may be either unilaterally or specially exemptible and each account meets the other exemption criteria (except for the dollar amount).

3. Currency transactions for each account individually do not exceed $10,000 on a regular and frequent basis.

4. Aggregated currency transactions for all accounts included in the group regularly and frequently exceed $10,000.
If a bank determines that an exemption would be appropriate in a situation involving a group of accounts belonging to a single customer, it must apply to the IRS for authority to grant one special exemption covering the accounts in question. As with all requests for special exemptions, any request for additional authority to grant a special exemption must be made in writing and accompanied by a statement of the circumstances that warrant special exemption treatment and a copy of the statement signed by the customer as required by section 103.22(d). 31 C.F.R. 103.22(d).

Additional authority to grant a special exemption for a group of accounts must be obtained from the IRS regardless of whether the businesses may be unilaterally exempted under 103.22(b)(2), because the exemption, if granted, would apply to a group of existing accounts as opposed to an individual existing account. 31 C.F.R. § 103.22(b)(2).

Also, if any one of a given customer's accounts has regular and frequent currency transactions which exceed $10,000, that account may not be included in the group exemption. This is because the bank may, as provided by section 103.22(b)(2), either unilaterally exempt that account or obtain authority from the IRS to grant a special exemption for that account if it meets the other criteria for exemption. Thus, only accounts of exemptible businesses which do not have regular and frequent (e.g., daily, weekly or twice a month) currency transactions in excess of $10,000 may be eligible for a group exemption.

The intention of this special exemption is to permit banks to exempt the accounts of established customers, such as the ABC Inc. restaurants described above, which are owned by the same person and have the same TIN but which individually do not have sufficient currency deposit or withdrawal activity that regularly and frequently exceed $10,000.

HOLDING

If X State Bank determines that an exemption would be appropriate for ABC Inc., it must apply to the IRS for authority to grant one special exemption covering ABC's five separate accounts. As with all requests for special exemptions, ABC's request for additional authority to grant a special exemption must be made in writing and accompanied by a statement of the circumstances that warrant special exemption treatment and a copy of the statement signed by the customer as required by section 103.22(d). 31 C.F.R. 103.22(d). The IRS may, in its discretion, grant additional authority to exempt the ABC accounts if: (1) they have the
same taxpayer identification number; (2) they each are for customers that operate a business that may be either unilaterally or specially exemptible and each account meets the other exemption criteria (except for dollar amount); (3) the currency transactions for each account individually do not exceed $10,000 on a regular and frequent basis; but (4) when aggregated the currency transactions for all the accounts regularly and frequently do exceed $10,000.

Gerald L. Hilsher  
Deputy Assistant Secretary  
(Law Enforcement)  

January 12, 1989
31 U.S.C. 5313 - Reports on Domestic Coins and Currency Transactions

31 C.F.R. 103.22 - Reports of Currency Transactions

Exemptions; aggregation and reporting of multiple transactions involving exempted accounts. When a customer has more than one account and a bank has knowledge that multiple currency transactions have been conducted in these accounts on the same business day, the bank must aggregate the transactions in those accounts. Where one or more of the customers' accounts has been exempted, the bank must total the currency transactions within each account to determine whether the exemption limit has been exceeded. If the exemption limit has not been exceeded, the bank does not have to aggregate the transactions for the exempted account with any other of the customer's currency transactions. If the total of the transactions involving the exempt account exceeds the exemption limit, the bank must aggregate those transactions with the transactions from any other exempted accounts where the exemption limit has been exceeded, with the transactions from any nonexempt accounts, and with any reportable transactions conducted by or on behalf of the customer that do not involve accounts (e.g., purchases of bank checks or "cash back" transactions) of which the bank has knowledge.

Bank Secrecy Act Administrative Ruling 89-2

ISSUE

When a customer has established bank accounts for each of several establishments that it owns, and the bank has exempted one or more of those accounts, how does the bank aggregate the customer's currency transactions?

FACTS

X Company ("X") operates two fast-food restaurants and a wholesale food business. X has opened separate bank accounts at the A National Bank (the "bank") for each of its two restaurants, account numbers 1 and 2 respectively. Each of these two accounts has been properly exempted by the bank. Account number 1 has an exemption limit of $25,000 for deposits, and account number 2 has an exemption limit of $40,000 for deposits. X also has a third account, account number 3, at the bank for use in the operation of its wholesale food business. On occasion, cash deposits of more than $10,000 are made into this third account. Because these cash deposits are infrequent, the bank cannot obtain additional authority to grant this account a special exemption.
During the same business day, two $15,000 cash deposits totalling $30,000 are made into account number 1, a separate cash deposit of $35,000 is made into account number 2 and a deposit of $9,000 in currency is made into account number 3 (X's account for its wholesale food business).

The bank must now determine how to aggregate and report all of these transactions on a Form 4789, Currency Transaction Report, ("CTR"). Must they aggregate all of the deposits made into account numbers 1, 2 and 3 and report them on a single CTR?

**LAW AND ANALYSIS**

Section 103.22 of the Bank Secrecy Act ("BSA"), 31 CFR Part 103, requires a financial institution to treat multiple currency transactions "as a single transaction if the financial institution has knowledge that they are by or on behalf of any person and result in either cash-in or cash-out totalling more than $10,000 during any one business day." This means that a financial institution must file a CTR if it knows that multiple currency transactions involving two or more accounts have been conducted by or on behalf of the same person and, those transactions, when aggregated, exceed $10,000. Knowledge, in this context, means knowledge on the part of a partner, director, officer or employee of the institution or on the part of any existing computer or manual system at the institution that permits it to aggregate transactions.

Thus, if the bank has knowledge of multiple transactions, the bank should aggregate the transactions in the following manner.

First, the bank should separately review and total all cash-in and cash-out transactions within each account. Cash-in transactions should be aggregated with other cash-in transactions and cash-out transactions should be aggregated with cash-out transactions. Cash-in and cash-out transactions should not be aggregated together or offset against each other.

Second, the bank should determine whether the account has an exemption limit. If the account has an exemption limit, the bank should determine whether it has been exceeded. If the exemption limit has not been exceeded, the transactions for the exempted account should not be aggregated with other transactions.

If the total transactions during the same business day for a particular account exceed the exemption limit, the total of all of the transactions for that account should be aggregated with the total amount of the transactions for other accounts that exceed their respective exemption limits, with any accounts without exemption limits, and with transactions conducted by or on behalf of the same person that do not involve accounts (e.g., purchases of bank checks with cash) of which the bank has knowledge.

In the example discussed above, all of the transactions have been conducted "on behalf of" X, as X owns the restaurants and the wholesale food business. The total $30,000 deposit for account 1 exceeds...
the $25,000 exemption limit for that account. The $35,000 deposit into account number 2 is less than the $40,000 exemption limit for that account. Finally, the $9,000 deposit into account number 3, does not by itself constitute a reportable transaction.

Therefore, under the facts above, the bank should aggregate the entire $30,000 deposit into account number 1 (not just the amount that exceeds the exemption limit), with the $9,000 deposit into account number 3, for a total of $39,000. The bank should not include the $35,000 deposit into account number 2, as that deposit does not exceed the exemption limit for that account. Accordingly, the bank should complete and file a single CTR for $39,000.

If the bank does not have knowledge that multiple currency transactions have been conducted in these accounts on the same business day (e.g., because it does not have a system that aggregates among accounts and the deposits were made by three different individuals at different times) the bank should file one CTR for $30,000 for account number 1, as the activity into that account exceeds its exemption limit.

HOLDING

When a customer has more than one account and a bank employee has knowledge that multiple currency transaction have been conducted in the accounts or the bank has an existing computer or manual system that permits it to aggregate transactions for multiple accounts, the bank should aggregate the transactions in the following manner.

First, the bank should aggregate for each account all cash-in or cash-out transactions conducted during one business day. If the account has an exemption limit, the bank should determine whether the exemption limit of that account has been exceeded. If the exemption limit has not been exceeded, the total of the transactions for that particular account does not have to be aggregated with other transactions. If the total transactions during the same business day for a particular account exceed the exemption limit, however, the total of all of the transactions for that account should be aggregated with any total from other accounts that exceed their respective exemption limits, with any accounts without exemption limits, and with any reportable transactions conducted by or on behalf of the customer not involving accounts (e.g., purchases of bank checks or "cash back" transactions) of which the bank has knowledge. The bank should then file a CTR for the aggregated amount.

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Date