



Department of the Treasury Financial Crimes Enforcement Network

Ruling

FIN-2006-R004

Issued: August 10, 2006

**Subject: Administrative Ruling
Corporate Credit Unions' Currency Transaction Reporting
Obligations**

Dear []:

I am writing in response to your letter of June 7, 2006 to the U.S. Department of the Treasury, in which you request an administrative ruling on behalf of [] that addresses whether the Bank Secrecy Act and its implementing regulations require corporate credit unions to file Currency Transaction Reports (CTRs).¹ Your letter was forwarded to the Financial Crimes Enforcement Network (FinCEN) as the delegated administrator of the Bank Secrecy Act, and I understand that you have also discussed these and related issues with FinCEN Regulatory Helpline staff.

Background

In your letter, you indicate that a corporate credit union “in essence, is a banker's bank.” Additionally, you state that, among other services, corporate credit unions order U.S. currency from the Federal Reserve System in order to provide their member credit unions with currency for their daily operations. Thereafter, we are made to understand that the currency is physically transported by armored car service [] from Federal Reserve Banks to member credit unions, upon request of the member credit unions to the armored car service. Additionally, you note that, in providing this service, the armored car service operates under contract with the corporate credit unions.

Pursuant to the Bank Secrecy Act's implementing regulations, the term “bank” is defined to include “[a] credit union organized under the law of any State or of the United States.”² Consequently, both corporate credit unions and member credit unions qualify as banks under the Bank Secrecy Act.

¹ See 31 C.F.R. § 103.22; FinCEN Form 104.

² 31 C.F.R. § 103.119(c)(6).

Furthermore, the Bank Secrecy Act requires banks (and other financial institutions) to “file a report of each deposit, withdrawal, exchange of currency or other payment or transfer, by, through, or to [the bank] which involves a transaction in currency of more than \$10,000...”³-- namely, a CTR.

Analysis

Each transfer of currency as described in your letter involves a transfer “by” a corporate credit union and a transfer “to” a member credit union. If the amount involved in any such transfer exceeds \$10,000 (whether in an individual currency transaction or in multiple currency transactions aggregating to more than \$10,000 during any one business day where a financial institution has knowledge that they are by or on behalf of the same person), the corporate credit union and the member credit union must *each* file a CTR. However, either or both credit unions may utilize the exemption process in which entities may avoid the repeated filings of CTRs for transactions with one another.⁴ If they do not designate exemptions, the corporate credit union would report a “cash out” transaction, and the member credit union would report a “cash in” transaction.

The armored car service is an agent of the corporate credit unions, acting under contracts with the respective corporate credit unions - and merely serves as a means of physically transferring currency from corporate credit unions' accounts at Federal Reserve Banks to member credit unions. Thus, the involvement of the armored car service has no effect on the obligation of either corporate or member credit unions to file CTRs in connection with such transactions. When a financial institution contracts with an armored car service to conduct transactions that trigger Bank Secrecy Act requirements, the financial institution itself is required to ensure that such Bank Secrecy Act requirements are met.⁵ The fact that the currency is ordered and delivered from the Federal Reserve does not relieve either variety of credit union from its obligation to file CTRs under these circumstances, unless the entities utilize the exemption process. See footnote 4.

In arriving at the determinations in this administrative ruling, we have relied upon the accuracy and completeness of the representations made in your letter. Nothing precludes us from seeking further action should any of these representations prove inaccurate or incomplete. We reserve the right to publish this administrative ruling as

³ 31 C.F.R. § 103.22(b).

⁴ Banks may exempt transactions with other banks from currency transaction reporting under what is referred to as the Phase I exemption process. See C.F.R. § 103.22(2)(i). Banks utilizing the Phase I exemption process must file a Designation of Exempt Person form (FinCEN Form 110) in order to avoid the necessity of repeatedly filing CTRs in connection with the currency transactions of bank-customers.

⁵ See FinCEN Ruling 88-5 (August 2, 1988) (“[f]inancial institutions must file a CTR for the currency received by an armored car service from the financial institution’s customer when the armored car service physically receives the cash from the customer, transports and processes the receipts, even though the currency may never physically be received by the financial institution. This is because the armored car service is acting as an agent of the financial institution.”).

guidance, with all identifying information redacted. You will have 14 days after the date of this administrative ruling to identify any other information that you believe should be redacted, and the legal basis for the redaction.

If you have additional questions about this administrative ruling, please contact [] at (202) 354-6400.

Sincerely,

// signed //

Jamal El-Hindi
Associate Director
Regulatory Policy and Programs
Division
