



## Department of the Treasury Financial Crimes Enforcement Network

### Guidance

**FIN-2006-G005**

**Issued: March 31, 2006**

**Subject: Frequently Asked Questions**

**Businesses Cashing Their Own Checks**

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**1. If a business only cashes its own employees' payroll checks, is it a money services business?**

As a service to its employees, Business A cashes employee payroll checks issued to the employees by Business A. It does not cash any other checks. These checks may be cashed in amounts exceeding \$1,000 per person per day in one or more transactions, which is the threshold for the Bank Secrecy Act definition of a check casher that qualifies as a money services business.<sup>1</sup> Is Business A a money services business if it offers this service? Does it matter if Business A charges a fee for this service?

**Answer:** Business A does not meet the Bank Secrecy Act definition of a check casher if it only cashes its own employees' payroll checks. If a business provides its employees with currency in exchange only for payroll checks issued by the business, we do not consider the business to be "engaged in the business of a check casher." Consequently, to the extent that a business only cashes its own employees' payroll checks it is not a money services business. Whether or not a business charges a fee for conducting these transactions is immaterial.

However, if a business cashes checks other than its own business checks in an amount exceeding \$1,000 for any person in one day in one or more transactions, the business would be defined as a check casher under the Bank Secrecy Act and be required to register as a money services business and be obligated to comply with all applicable Bank Secrecy Act programmatic, recordkeeping, and reporting requirements.

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<sup>1</sup> See 31 C.F.R. § 103.11(uu)(2).

**2. If a business only cashes its own checks as payment for goods or services provided by a non-employee, is it a money services business?**

If Business B pays a non-employee by check for goods or services provided to Business B, and in response to the non-employee's request, Business B cashes its own check to pay the non-employee in cash, is Business B a money services business if the payment exceeds \$1,000 per person per day in one or more transactions?

**Answer:** Business B does not meet the Bank Secrecy Act definition of a check casher if it only cashes its own checks as payment for goods or services provided by a non-employee, even if those payments exceed \$1,000 per person per day in one or more transactions. A non-employee that provides goods or services may request payment from a business for those goods or services in cash rather than by check. If a business, for example, issues a check for payment to a non-employee for providing those goods or services as a means of creating an audit trail, and the non-employee desires payment in cash, we would not consider the cashing of its own business check to pay the non-employee to be "engage[ing] in the business of a check casher." The business would not be required to register as a money services business for solely engaging in this activity.

However, if the business cashed checks other than its own business checks in an amount exceeding \$1,000 for any person in one day in one or more transactions, the business would be defined as a check casher under the Bank Secrecy Act and be required to register as a money services business and be obligated to comply with all applicable Bank Secrecy Act programmatic, recordkeeping, and reporting requirements.

**3. If a tax preparer business only cashes its own tax refund anticipation loan checks for taxpayers for whom it has prepared tax returns, is it a money services business?**

If Business C, an income tax preparer business, issues a tax refund anticipation loan check to a taxpayer for whom it has prepared a tax return, and only cashes that tax refund anticipation loan check for the taxpayer, is Business C a money services business if the payment exceeds \$1,000 per person per day in one or more transactions?

**Answer:** Business C does not meet the Bank Secrecy Act definition of a check casher if it only cashes its own tax refund anticipation loan checks for taxpayers for whom it has prepared tax returns. This activity is equivalent to disbursing loan proceeds with cash. In this instance, the check is used as further documentation of the loan transaction. Thus, we would not consider the business to be "engaged in the business of a check casher" solely for engaging in this activity.

However, if the business cashed checks other than its own tax refund anticipation loan checks in an amount exceeding \$1,000 for any person in one day in one or more transactions, the business would be defined as a check casher under the Bank Secrecy Act and be required to register as a money services business and be obligated to comply with all applicable Bank Secrecy Act programmatic, recordkeeping, and reporting requirements.