



Department of the Treasury Financial Crimes Enforcement Network

Guidance on Definition of Check Cashier and BSA Requirements

- 1. Is a business that cashes a check with a face value of over \$1,000 by providing the customer with \$999 in currency and the balance in money orders or a wire transfer a “check cashier” for Bank Secrecy Act (BSA) purposes?**

For purposes of application of the BSA, certain non-bank financial institutions are categorized as Money Services Businesses (MSBs). See 31 CFR 103.11(uu). MSBs must comply with the registration, reporting, recordkeeping, and anti-money laundering program requirements contained in regulations promulgated pursuant to the BSA. One category of MSB is “check cashier”, which is defined as “...[a] person engaged in the business of a check cashier (other than a person who does not cash checks in an amount greater than \$1,000 in currency or monetary or other instruments for any person on any day in one or more transactions).” See 31 CFR 103.11(uu)(2). Thus, a business that implements a policy that restricts the dollar amount of checks cashed per person per day to under \$1,000 would not fit the definition of “check cashier” under BSA regulations.

As explained above, the definition of check cashier only applies to a business that engages in the cashing of checks “in an amount greater than \$1,000 in currency or monetary or other instruments for any person on any day in one or more transactions” (emphasis added). For purposes of BSA regulations, a “monetary instrument” includes, among other things, money orders. See 31 CFR 103.11(u). Therefore, an entity that provides a customer with money orders, or a combination of currency and money orders, in exchange for a check, in an amount greater than \$1,000 on any day in one or more transactions, is a “check cashier” and must comply with BSA regulations applicable to check cashiers including registration, recordkeeping, reporting, and anti-money laundering compliance program requirements.

In contrast, wire transfers are not “monetary or other instruments” for purposes of the definition of “check cashier” in 31 CFR 103.11(uu)(2). Thus, an entity that provides a customer with a wire transfer, or a combination of currency and wire transfer, in exchange for a check, in an amount greater than \$1,000 on any day in one or more transactions, is not a “check cashier.” However, such an entity is likely a “money transmitter” for purposes of 31 CFR 103.11(uu)(5), by virtue of the provision of wire transfer services. Unlike the definition of “check cashier,” the definition of “money transmitter” does not contain a minimum dollar threshold. Under BSA regulations,

“money transmitters” are MSBs and must comply with applicable BSA regulations including registration, recordkeeping, anti-money laundering compliance program requirements, and reporting requirements, including currency transaction reporting and suspicious activity reporting.

2. Is the requirement to file a Currency Transaction Report (CTR) triggered in situations in which a financial institution cashes a check for greater than \$10,000 by providing the customer with \$9,000 in cash and the balance in money orders?

A Currency Transaction Report ("CTR") must be filed for every deposit, withdrawal, exchange of currency or other payment or transfer by, through, or to a financial institution that involves a transaction or transactions in currency of more than \$10,000 when a financial institution knows that the transaction(s) are by or on behalf of any person during one business day. See 31 CFR 103.22. For purposes of the CTR requirement, a “transaction in currency” means a transaction involving the physical transfer of cash from one person to another. See 31 CFR 103.11(ii). Thus, if a financial institution cashes a check with a face value of over \$10,000 by providing the customer with \$9,000 in cash and the remainder in monetary instruments (because, for example, a customer would like to pay bills with money orders), the financial institution would not be required to file a CTR, because the physical transfer of currency to the customer was under \$10,000.

However, a financial institution that is required to file a Suspicious Activity Report (SAR) must determine if it should file a SAR upon evaluating whether the transaction described above was designed to evade BSA reporting requirements. Currently, BSA regulations do not require that check cashers file SARs; however, they may voluntarily do so. It should also be noted that a financial institution that cashes checks with a face value of over \$10,000 by providing under \$10,000 in cash and the remainder in monetary instruments may violate 31 U.S.C. § 5324, which prohibits structuring transactions for the purpose of evading BSA currency transaction reporting requirements.

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