



## Financial Crimes Enforcement Network Department of the Treasury

### FinCEN Ruling 2003-3

April 25, 2003

Dear [ ]:

This is in response to your e-mail requesting clarification regarding whether Currency Transaction Reports (“CTRs”) must be filed with respect to specific types of transactions conducted by money transmitters and/or their agents.

In your e-mail, you presented the following scenario:

Licensed money transmitters (“LMT”) often collect payment orders from clients through contractually authorized agents or delegates. If the agent collects over \$10,000 in cash from one client, and the LMT then collects from the agent that same amount in cash, it is clear that the agent must file a CTR concerning its receipt of the cash.

You requested clarification with respect to whether, in addition to the CTR filed by the agent on its customer, CTR filings would be required by the agent when the agent tenders the cash to the LMT, by the LMT when it receives the cash from the agent, or by the LMT when it deposits the cash into the bank. In addition, you asked whether the answers to these questions would change if the money transferred by the agent to the LMT were collected from multiple customers, rather than a single customer.

Generally, 31 CFR 103.22 requires a financial institution to file a report of each deposit, withdrawal, exchange of currency, or other payment or transfer, by, through, or to such financial institution involving more than \$10,000 in currency. However, while both the LMT and its agent are financial institutions for purposes of BSA regulations, FinCEN has determined that a CTR is not required to be filed by either the agent or the LMT when a transfer of currency takes place between the agent and the LMT, so long as the transfer is conducted within the scope of the agency relationship (the relationship by which the agent is authorized by the LMT to sell the LMT’s money transmission services to customers). Therefore, neither the LMT nor its agent would be required to file a CTR to report the transfer of cash described above. Furthermore, 31 CFR 103.22(d)(1) provides that a non-bank financial institution is not required to file a CTR with respect to

a transaction in currency between itself and a commercial bank. In such cases, the bank would be required to file the CTR.

All of the above answers remain the same if the agent collects a total of \$10,500 from more than one individual and the LMT then collects the \$10,500 from the agent. Please note however, that if the agent or LMT has knowledge that multiple currency transactions have been conducted by or on behalf of one person in an amount over \$10,000 during any one business day, a CTR must be filed reflecting these aggregated transactions. See 103.22(c).

Next, you asked whether the filing requirements in the above scenarios would change if the agent transfers the cash to the LMT by tendering the cash to an armored car service contracted by the LMT for purposes of collecting the cash from the agent. If the agent collects cash from customers purchasing the LMT's money transmission services, then gives the cash to an armored car service for delivery to the LMT, the agent would be responsible for filing all applicable CTRs with respect to the cash transactions with the customers. For the reasons set forth above, the agent would not be required to file a separate CTR reporting the agent's transfer of the collected cash to the armored car service. Similarly, the LMT would not be required to file a CTR to report the transfer of the cash from the armored car service to the LMT.

Finally, you have asked for clarification regarding the obligations of the LMT and its agent to file CTRs if the agent deposits cash derived from the sale of the LMT's money transmission services directly into the LMT's bank account or if the agent deposits the cash into the agent's account for ultimate transfer to the bank account of the LMT. As explained above, 31 CFR 103.29(d)(1) provides that a non-bank financial institution is not required to file a CTR to report a deposit of currency into a commercial bank. Therefore, if the agent deposits the cash into the LMT's commercial bank account, the agent would not be required to file a CTR. The same is true if the agent deposits the cash into the agent's commercial bank account.

Any required CTRs, which have not been filed timely, should be filed immediately with the Internal Revenue Service-Detroit Computing Center (IRS-DCC). If you have any further questions about filing of BSA forms, please call the IRS-DCC Hotline at 1-800-800-2877.

Sincerely,

//signed//

David M. Vogt  
Executive Associate Director  
Office of Regulatory Programs

cc: Judith R. Starr, Chief Counsel