

SEASONED CUSTOMER CTR EXEMPTION ACT OF 2006

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JUNE 19, 2006.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed
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Mr. OXLEY, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 5341]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 5341) to amend section 5313 of title 31, United States Code, to reform certain requirements for reporting cash transactions, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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AMENDMENT

The amendment is as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Seasoned Customer CTR Exemption Act of 2006”.

SEC. 2. EXCEPTION FROM CURRENCY TRANSACTION REPORTS FOR SEASONED CUSTOMERS.

(a) FINDINGS.—The Congress finds as follows:

(1) The completion of and filing of currency transaction reports under section 5313 of title 31, United States Code, poses a compliance burden on the financial industry.

(2) Due to the nature of the transactions or the persons and entities conducting such transactions, some reports as currently filed may not be relevant to the detection, deterrence, or investigation of financial crimes, including money laundering and the financing of terrorism.

(3) However, the data contained in such reports can provide valuable context for the analysis of other data derived pursuant to subchapter II of chapter 53 of title 31, United States Code, as well as investigative data, which provide invaluable and indispensable information supporting efforts to combat money laundering and other financial crimes.

(4) An appropriate exemption process from the reporting requirements for certain currency transactions that are of little or no value to ongoing efforts of law enforcement agencies, financial regulatory agencies, and the financial services industry to investigate, detect, or deter financial crimes would continue to fulfill the compelling need to produce and provide meaningful information to policymakers, financial regulators, law enforcement, and intelligence agencies, while potentially lowering the compliance burden placed on financial institutions by the need to file such reports.

(5) The Secretary of the Treasury has by regulation, and in accordance with section 5313 of title 31, United States Code, implemented a process by which institutions may seek exemptions from filing certain currency transaction reports based on appropriate circumstances; however, the financial industry has not taken full advantage of these provisions and has contended that they are unduly burdensome.

(6) The act of providing notice to the Secretary of the Treasury of designations of exemption—

(A) provides meaningful information to law enforcement officials on exempt customers and enables law enforcement to obtain account information through appropriate legal process; and

(B) complements other sections of title 31, United States Code, whereby law enforcement can locate financial institutions with relevant records relating to a person of investigative interest, such as information requests made pursuant to regulations implementing section 314(a) of the USA PATRIOT Act of 2001.

(7) A designation of exemption has no effect on requirements for depository institutions to apply the full range of anti-money laundering controls required under subchapter II of chapter 53 of title 31, United States Code, and related provisions of law, including the requirement to apply the customer identification program pursuant to section 5326 of such title, and the requirement to identify, monitor, and, if appropriate, report suspicious activity in accordance with section 5318(g) of such title.

(8) The Federal banking agencies and the Financial Crimes Enforcement Network have recently provided guidance through the Federal Financial Institutions Examination Council Bank Secrecy Act/Anti-Money Laundering Examination Manual on applying appropriate levels of due diligence and identifying suspicious activity by the types of cash-intensive businesses that generally will be subject to exemption.

(b) SEASONED CUSTOMER EXEMPTION.—Section 5313(e) of title 31, United States Code, is amended to read as follows:

“(e) QUALIFIED CUSTOMER EXEMPTION.—

“(1) IN GENERAL.—Before the end of the 270-day period beginning on the date of the enactment of the Seasoned Customer CTR Exemption Act of 2006, the Secretary of the Treasury shall prescribe regulations that exempt any depository institution from filing a report pursuant to this section in a transaction for the payment, receipt, or transfer of United States coins or currency (or other monetary instruments the Secretary of the Treasury prescribes) with a qualified customer of the depository institution.

“(2) QUALIFIED CUSTOMER DEFINED.—For purposes of this section, the term ‘qualified customer’, with respect to a depository institution, has such meaning as the Secretary of the Treasury shall prescribe, which shall include any person that—

“(A) is incorporated or organized under the laws of the United States or any State, including a sole proprietorship (as defined in 31 C.F.R. 103.22(d)(6)(vii), as in effect on May 10, 2006), or is registered as and eligible to do business within the United States or a State;

“(B) has maintained a deposit account with the depository institution for at least 12 months; and

“(C) has engaged, using such account, in multiple currency transactions that are subject to the reporting requirements of subsection (a).

“(3) REGULATIONS.—

“(A) IN GENERAL.—The Secretary of the Treasury shall prescribe regulations requiring a depository institution to file a 1-time notice of designation of exemption for each qualified customer of the depository institution.

“(B) FORM AND CONTENT OF EXEMPTION NOTICE.—The Secretary shall by regulation prescribe the form, manner, content, and timing of the qualified customer exemption notice and such notice shall include information sufficient to identify the qualified customer and the accounts of the customer.

“(C) AUTHORITY OF SECRETARY.—

“(i) IN GENERAL.—The Secretary may suspend, reject, or revoke any qualified customer exemption notice, in accordance with criteria prescribed by the Secretary by regulation.

“(ii) CONDITIONS.—The Secretary may establish conditions, in accordance with criteria prescribed by regulation, under which exempt qualified customers of an insured depository institution that is merged with or acquired by another insured depository institution will continue to be treated as designated exempt qualified customers of the surviving or acquiring institution.”

(c) 3-YEAR REVIEW AND REPORT.—Before the end of the 3-year period beginning on the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Attorney General, the Secretary of Homeland Security, the Federal banking agencies, the banking industry, and such other persons as the Secretary deems appropriate, shall evaluate the operations and effect of the provisions of the amendment made by subsection (a) and make recommendations to Congress as to any legislative action with respect to such provision as the Secretary may determine to be appropriate.

SEC. 3. PERIODIC REVIEW OF REPORTING THRESHOLD AND ADJUSTMENT FOR INFLATION.

Section 5318 of title 31, United States Code, is amended by adding at the end the following new subsection:

“(o) PERIODIC REVIEW OF REPORTING THRESHOLD AND ADJUSTMENT FOR INFLATION.—

“(1) IN GENERAL.—Before the end of the 90-day period beginning on the date of the enactment of the Seasoned Customer CTR Exemption Act of 2006 and at least every 5 years after the end of such period, the Secretary of the Treasury shall—

“(A) review the continuing appropriateness, relevance, and utility of each threshold amount or denomination established by the Secretary, in the Secretary’s discretion, for any report required by the Secretary under this subchapter; and

“(B) adjust each such amount, at such time and in such manner as the Secretary considers appropriate, for any inflation that the Secretary determines has occurred since the date any such amount was established or last adjusted, as the case may be.

“(2) REPORT.—Before the end of the 60-day period beginning upon the completion of any review by the Secretary of the Treasury under paragraph (1), the Secretary shall submit a report to the Congress containing the findings and conclusions of the Secretary in connection with such review, together with an explanation for any adjustment, or lack of adjustment, of any threshold amount or denomination by the Secretary as a result of such review, including the adjustment for inflation.”

PURPOSE AND SUMMARY

H.R. 5341, as amended, modifies the process by which financial institutions may apply for exemption from filing currency transaction reports (CTRs) for certain “seasoned customers.” “Seasoned customers” are longtime bank customers that routinely deal in large volumes of cash but whose business dealings are well-enough understood by the institution to rule out the possibility of money

laundering or the financing of terror. The Treasury Secretary, through FinCEN, is directed to develop new regulations for the existing exemption process that will continue to gather the sorts of information useful to law enforcement, while streamlining the exemption application process for filings on transactions by “seasoned customers” that the institution knows well enough to understand that a large cash transaction is part of the course of normal business. The legislation also states that the Secretary may consider new regulations to accommodate exemption continuity in the case of a merger or acquisition.

BACKGROUND AND NEED FOR LEGISLATION

H.R. 5341 introduced by Financial Institutions and Consumer Credit Subcommittee Chairman Spencer Bachus and Full Committee Ranking Member Barney Frank, along with bipartisan members of the Financial Services Committee, is based on Title VII of H.R. 3505, the “Financial Services Regulatory Relief Act,” authored by Representatives Jeb Hensarling and Dennis Moore. H.R. 3505 passed the House in March 2006 by a vote of 415–2. The Senate did not include this provision in the Senate counterpart to H.R. 3505, S. 2856, which was approved by the Senate Banking Committee on May 4, 2006 and the full Senate on May 25, 2006. A legislative hearing on H.R. 5341 was held on May 18, 2006 in the Financial Institutions and Consumer Credit Subcommittee. The hearing provided law enforcement and industry an opportunity to comment on the legislation.

The Bank Secrecy Act (BSA), enacted in 1970, authorizes the Secretary of the Treasury to issue regulations requiring that financial institutions keep records and file reports on certain financial transactions. The BSA requires the filing of CTRs by financial institutions, by trades or businesses, or by other persons for a transaction in currency, such as a deposit, withdrawal, exchange or transfer of currency, in excess of \$10,000.

Until 1996, CTRs were the primary BSA tool used by law enforcement to identify activity indicative of money laundering. Since 1996, Treasury’s Financial Crimes Enforcement Network (FinCEN) and the bank regulators issued final regulations requiring the filing of Suspicious Activity Reports (SARs). SARs in many ways have replaced CTRs as the primary tool for identifying suspicious activity but the filing of CTRs is still required.

The Department of Treasury currently has the authority to establish the criteria for granting a financial institution an exemption from filing a CTR on a transaction by a “qualified business customer” above the \$10,000 trigger. In 1997, FinCEN promulgated new rules establishing categories of entities eligible for exemptions (generally banks, governmental entities, public companies, and domestic companies that have cash-intensive businesses or payrolls). However, the process by which an exemption is granted to an institution from filing on transactions by a local grocery store chain or a Target store, for example, is considered by many to be difficult to understand, cumbersome to use and requires annual renewals of the exemption.

The Financial Crimes Enforcement Network received over 12 million CTRs in 2005. According to a survey conducted by Treasury (as required by the USA PATRIOT Act), over 30 percent of the

CTRs filed were filed on recurring customer transactions that were eligible for exemption from CTR filing under existing rules. Many believe that these millions of excess forms have little value for law enforcement purposes and impose substantial compliance costs upon financial institutions.

The cost of filing these forms is significant for the financial services industry. In fact, as published in the U.S. Money Laundering Threat Assessment released earlier this year, the number of CTRs filed on an annual basis now tops 13.1 million. Even at FinCEN's conservative estimate of around 25 minutes per report for filing and record-keeping, it means that the banking industry as a whole devoted around 5.5 million staff-hours to handling CTRs in 2005. Based on a survey by the American Bankers Association, the industry paid around \$187 million in wages for this staff time. A typical bank with \$2 billion of assets filed 1,400 CTRs in 2005. These filings took 583 staff-hours, with 438 of the staff-hours simply to report on long-standing customers.

HEARINGS

The Subcommittee on Financial Institutions and Consumer Credit held a hearing on May 18, 2006, on H.R. 5341, the "Seasoned Customer CTR Exemption Act." The following witnesses testified:

Mr. Robert W. Werner, Director, Financial Crimes Enforcement Network, U.S. Department of the Treasury;

Mr. Michael F.A. Morehart, Chief, Terrorist Financing Operations Section, Federal Bureau of Investigation, U.S. Department of Justice;

Mr. Kevin A. DelliColli, Deputy Assistant Director, Financial and Trade Investigations, Office of Investigations, U.S. Immigration and Customs Enforcement, U.S. Department of Homeland Security;

Mr. F. Weller Meyer, Chairman, President & CEO, Acacia Federal Savings Bank, representing America's Community Bankers;

Mr. Robert Rowe, Regulatory Counsel, Independent Community Bankers of America, and;

Mr. Bradley E. Rock, Chairman of the Board and President & CEO, Bank of Smithtown, representing the American Bankers Association.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on May 24, 2006, and ordered H.R. 5341, as amended, reported to the House by a voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. No record votes were taken in conjunction with the consideration of this legislation. A motion by Mr. Oxley to order the bill, as amended, reported to the House with a favorable recommendation was agreed to by a voice vote. During the consideration of the bill, the following amendments were considered:

An amendment by Mrs. Kelly, No. 1, providing an effective date, was offered and WITHDRAWN.

An amendment by Mr. Hensarling, No. 2, requiring a periodic review of reporting threshold and adjustment for inflation, was AGREED TO by a voice vote.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee has held hearings and made findings that are reflected in this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

H.R. 5341, as amended, modifies the process by which financial institutions may apply for exemption from filing currency transaction reports (CTRs) for certain “seasoned customers.” “Seasoned customers” are longtime bank customers that routinely deal in large volumes of cash but whose business dealings are well-enough understood by the institution to rule out the possibility of money laundering or the financing of terror.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

JUNE 16, 2006.

Hon. MICHAEL G. OXLEY,
*Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5341, the Seasoned Customer CTR Exemption Act of 2006.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen Gramp.

Sincerely,

DONALD B. MARRON,
Acting Director.

Enclosure.

H.R. 5341—Seasoned Customer CTR Exemption Act of 2006

H.R. 5341 would establish the terms and conditions for when depository institutions would no longer be required to submit reports on currency transactions involving certain customers. It would direct the Secretary of the Treasury to issue regulations to implement those changes and to prepare various reports for the Congress related to this program.

Based on information from the Treasury Department, CBO estimates that implementing this bill would have no significant budgetary impact. Costs for completing the required reports under H.R. 5341 would likely total less than \$500,000 a year and would be subject to the availability of appropriated funds. Enacting the bill would not affect direct spending or revenues.

H.R. 5341 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not impose any significant costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Kathleen Gramp. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Article 1, section 8, clause 1 (relating to the general welfare of the United States) and clause 3 (relating to the power to regulate interstate commerce).

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

The following provides a section-by-section analysis of H.R. 5341:

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section sets forth the short title of this legislation—the “Seasoned Customer CTR Exemption Act of 2006.”

Section 2(a). Findings

This section provides the findings of Congress concerning currency transaction reports (CTRs). Specifically, Congress finds that the existing completion of and filing of currency transaction reports poses a compliance burden on the financial industry. Due to the nature of the transactions or the persons and entities conducting such transactions, some reports as currently filed may not be relevant to the detection, deterrence, or investigation of financial crimes, including money laundering and the financing of terrorism. An appropriate exemption process from the reporting requirements for certain currency transactions that are of little or no value to ongoing efforts of law enforcement agencies, financial regulatory agencies, and the financial services industry to investigate, detect, or deter financial crimes would continue to fulfill the compelling need to produce and provide meaningful information, while potentially lowering the compliance burden placed on financial institutions by the need to file such reports. A designation of exemption has no effect on requirements for depository institutions to apply the full range of anti-money laundering controls already required, including the requirement to apply the customer identification programs, and the requirement to identify, monitor, and, if appropriate, report suspicious activity.

Seasoned Customer Exemption Section 5313(e)

The Seasoned Customer Exemption Section 5313(e) of title 31 of the United States Code is also amended by this Act. The Secretary of the Treasury is directed to prescribe regulations, within 270 days following the enactment of this Act, under which any depository Institution may apply for an exemption from filing a report with a qualified customer of the depository institution.

“Qualified customer” would be defined by the Secretary of the Treasury but may include any person that 1) is incorporated or organized under the laws of the United States or any State, including a sole proprietorship, or is registered as and eligible to do business within the United States or a State; 2) has maintained a deposit account with the depository institution for at least 12 months; and 3) has engaged, using such account within that period, in “multiple” currency transactions that are subject to the reporting requirements. The Committee intends that “multiple” transactions be defined by the Secretary as more than two transactions, fewer than transactions conducted “frequently” as defined by FinCEN in its guidance on the criteria for exemptions under 31C.F.R. 103.22(d)(2)(vi)(B), and enough transactions that the Secretary may thoroughly understand the particular business, its customer mix and business mix, and the nature of its operations.

The Secretary of the Treasury is directed to prescribe regulations requiring a depository institution to file a 1-time notice of designation of exemption for each qualified customer of the depository institution. The Secretary shall also, by regulation prescribe the form, manner, content, and timing of the qualified customer exemption notice and such notice shall include information sufficient to identify the qualified customer and the accounts of the customer.

The Secretary of the Treasury may suspend, reject, or revoke any qualified customer exemption notice, in accordance with criteria prescribed by the Secretary by regulation. The Secretary may es-

establish conditions, and prescribe by regulation, under which exempt qualified customers of an insured depository institution that is merged with or acquired by another insured depository institution will continue to be treated as designated exempt qualified customers.

Section 2(c). Review and report

Before the end of the 3-year period beginning on the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Attorney General, the Secretary of Homeland Security, the Federal banking agencies, the banking industry, and other persons as the Secretary deems appropriate, shall evaluate the operations and effect of the provisions of this Act and make recommendations to Congress as to any legislative action with respect to such provision as the Secretary may determine to be appropriate.

Section 3. Periodic review of reporting threshold and adjustment for inflation

The Secretary of the Treasury is required to review the continuing appropriateness, relevance, and utility of each threshold amount established by the Secretary, in the Secretary's discretion, for any report required under this subsection and adjust each such amount, at such time and in such manner as the Secretary considers appropriate, for any inflation that the Secretary determines has occurred since the date any such amount was established or last adjusted. This must be done within 90 days of enactment of this Act and at least every 5 years thereafter.

The Secretary of the Treasury must also submit a report to the Congress, before the end of the 60-day period beginning upon the completion of any review, containing the findings and conclusions of the Secretary in connection with such review, together with an explanation for any adjustment, or lack of adjustment, of any threshold amount by the Secretary as a result of such review, including the adjustment for inflation.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 31, UNITED STATES CODE

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SUBTITLE IV—MONEY

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CHAPTER 53—MONETARY TRANSACTIONS

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SUBCHAPTER II—RECORDS AND REPORTS ON MONETARY
INSTRUMENTS TRANSACTIONS

* * * * *

§ 5313. Reports on domestic coins and currency transactions

(a) * * *

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[(e) DISCRETIONARY EXEMPTIONS FROM REPORTING REQUIREMENTS.—

[(1) IN GENERAL.—The Secretary of the Treasury may exempt, pursuant to section 5318(a)(6), a depository institution from the reporting requirements of subsection (a) with respect to transactions between the depository institution and a qualified business customer of the institution on the basis of information submitted to the Secretary by the institution in accordance with procedures which the Secretary shall establish.

[(2) QUALIFIED BUSINESS CUSTOMER DEFINED.—For purposes of this subsection, the term “qualified business customer” means a business which—

[(A) maintains a transaction account (as defined in section 19(b)(1)(C) of the Federal Reserve Act) at the depository institution;

[(B) frequently engages in transactions with the depository institution which are subject to the reporting requirements of subsection (a); and

[(C) meets criteria which the Secretary determines are sufficient to ensure that the purposes of this subchapter are carried out without requiring a report with respect to such transactions.

[(3) CRITERIA FOR EXEMPTION.—The Secretary of the Treasury shall establish, by regulation, the criteria for granting and maintaining an exemption under paragraph (1).

[(4) GUIDELINES.—

[(A) IN GENERAL.—The Secretary of the Treasury shall establish guidelines for depository institutions to follow in selecting customers for an exemption under this subsection.

[(B) CONTENTS.—The guidelines may include a description of the types of businesses or an itemization of specific businesses for which no exemption will be granted under this subsection to any depository institution.

[(5) ANNUAL REVIEW.—The Secretary of the Treasury shall prescribe regulations requiring each depository institution to—

[(A) review, at least once each year, the qualified business customers of such institution with respect to whom an exemption has been granted under this subsection; and

[(B) upon the completion of such review, resubmit information about such customers, with such modifications as the institution determines to be appropriate, to the Secretary for the Secretary’s approval.

[(6) 2-YEAR PHASE-IN PROVISION.—During the 2-year period beginning on the date of enactment of the Money Laundering Suppression Act of 1994, this subsection shall be applied by the Secretary on the basis of such criteria as the Secretary de-

termines to be appropriate to achieve an orderly implementation of the requirements of this subsection.】

(e) **QUALIFIED CUSTOMER EXEMPTION.**—

(1) *IN GENERAL.*—*Before the end of the 270-day period beginning on the date of the enactment of the Seasoned Customer CTR Exemption Act of 2006, the Secretary of the Treasury shall prescribe regulations that exempt any depository institution from filing a report pursuant to this section in a transaction for the payment, receipt, or transfer of United States coins or currency (or other monetary instruments the Secretary of the Treasury prescribes) with a qualified customer of the depository institution.*

(2) *QUALIFIED CUSTOMER DEFINED.*—*For purposes of this section, the term “qualified customer”, with respect to a depository institution, has such meaning as the Secretary of the Treasury shall prescribe, which shall include any person that—*

(A) is incorporated or organized under the laws of the United States or any State, including a sole proprietorship (as defined in 31 C.F.R. 103.22(d)(6)(vii), as in effect on May 10, 2006), or is registered as and eligible to do business within the United States or a State;

(B) has maintained a deposit account with the depository institution for at least 12 months; and

(C) has engaged, using such account, in multiple currency transactions that are subject to the reporting requirements of subsection (a).

(3) **REGULATIONS.**—

(A) *IN GENERAL.*—*The Secretary of the Treasury shall prescribe regulations requiring a depository institution to file a 1-time notice of designation of exemption for each qualified customer of the depository institution.*

(B) *FORM AND CONTENT OF EXEMPTION NOTICE.*—*The Secretary shall by regulation prescribe the form, manner, content, and timing of the qualified customer exemption notice and such notice shall include information sufficient to identify the qualified customer and the accounts of the customer.*

(C) **AUTHORITY OF SECRETARY.**—

(i) *IN GENERAL.*—*The Secretary may suspend, reject, or revoke any qualified customer exemption notice, in accordance with criteria prescribed by the Secretary by regulation.*

(ii) *CONDITIONS.*—*The Secretary may establish conditions, in accordance with criteria prescribed by regulation, under which exempt qualified customers of an insured depository institution that is merged with or acquired by another insured depository institution will continue to be treated as designated exempt qualified customers of the surviving or acquiring institution.*

* * * * *

§ 5318. Compliance, exemptions, and summons authority

(a) * * *

* * * * *

(o) PERIODIC REVIEW OF REPORTING THRESHOLD AND ADJUSTMENT FOR INFLATION.—

(1) IN GENERAL.—Before the end of the 90-day period beginning on the date of the enactment of the Seasoned Customer CTR Exemption Act of 2006 and at least every 5 years after the end of such period, the Secretary of the Treasury shall—

(A) review the continuing appropriateness, relevance, and utility of each threshold amount or denomination established by the Secretary, in the Secretary's discretion, for any report required by the Secretary under this subchapter; and

(B) adjust each such amount, at such time and in such manner as the Secretary considers appropriate, for any inflation that the Secretary determines has occurred since the date any such amount was established or last adjusted, as the case may be.

(2) REPORT.—Before the end of the 60-day period beginning upon the completion of any review by the Secretary of the Treasury under paragraph (1), the Secretary shall submit a report to the Congress containing the findings and conclusions of the Secretary in connection with such review, together with an explanation for any adjustment, or lack of adjustment, of any threshold amount or denomination by the Secretary as a result of such review, including the adjustment for inflation.

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