



Department of the Treasury Financial Crimes Enforcement Network

RULING

FIN-1988-R005 (Formerly 88-5)

Issued: August 2, 1988

Subject: Does a financial institution have a duty to file a CTR on currency transactions where the financial institution never physically receives the cash because it uses an armored car service to collect, transport and process its customer's cash receipts?

This ruling, formerly known as 88-5, was posted to the website on May 18, 2010; it was previously published via the *Federal Register*.

Facts

X State Bank (the "Bank") and Acme Armored Car Service ("Acme") have entered into a contract which provides for Acme to collect, transport and process revenues received from Bank customers:

Each day, Acme picks up cash, checks, and deposit tickets from Little Z, a non-exempt customer of the Bank. Recently, receipts of cash from Little Z have exceeded \$ 10,000. Acme delivers the checks and deposit tickets to the Bank where they are processed and Little Z's account is credited. All cash collected, however, is taken by Acme to its central office where it is counted and processed. The cash is then delivered by Acme to the Federal Reserve Bank for deposit into the Bank's account. Must the Bank file a CTR to report a receipt of cash in excess of \$ 10,000 by Acme from Little Z?

Law and Analysis

Yes. Since Acme is receiving cash in excess of \$ 10,000 on behalf of the Bank, the Bank must file a CTR in order to report these transactions.

Section 103.22(a)(1) requires "(e)ach 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 which involves a transaction in currency of more than \$ 10,000." Section 103.11 (a) and (g) defines "Bank" and "Financial Institution" to include agents of those banks and financial institutions.

Under the facts presented, Acme is acting as an agent of the Bank. This is because Acme and the Bank have a contractual relationship whereby the Bank has authorized Acme to pick up, transport and process Little Z's receipts on behalf of the Bank. The Federal

Reserve Bank's acceptance of deposits from Acme into the Bank's account at the Fed, is additional evidence of the agency relationship between the Bank and Acme.

Therefore, when Acme receives currency in excess of \$ 10,000 from Little Z, the Bank must report that transaction on Form 4789. Likewise, if Acme receives currency from Little Z in multiple transactions, § 103.22(a)(1) requires the Bank to aggregate these transactions and file a single CTR for the total amount of currency received by Acme, if the Bank has knowledge of these multiple transactions. Knowledge by the Bank's agent, i.e., Acme, that the currency was received in multiple transactions, is attributable to the Bank. The Bank must assure that Acme, as its agent, obtains all the information and identification necessary to complete the CTR.

Holding

Financial 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 it 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.