Department of the Treasury
Financial Crimes Enforcement Network

RULING

FIN-1989-R002 (Formerly 89-2)
Issued: June 21, 1989
Subject: When a customer has established bank accounts for each of several establishments that it owns, and the bank has exempted one or more of those accounts, how does the bank aggregate the customer's currency transactions?

> This ruling, formerly known as 89-2, was posted to the website on May 18, 2010; it was previously published via the *Federal Register*. Please note that references in this ruling to CTR exemptions and form numbers are outdated.

Facts

X Company (``X'') operates two fast-food restaurants and a wholesale food business. X has opened separate bank accounts at the A National Bank (the ``Bank'') for each of its two restaurants, account numbers 1 and 2 respectively. Each of these two accounts has been properly exempted by the bank. Account number 1 has an exemption limit of $25,000 for deposits, and account number 2 has an exemption limit of $40,000 for deposits. X also has a third account, account number 3, at the bank for use in the operation of its wholesale food business. On occasion, cash deposits of more than $10,000 are made into this third account. Because these cash deposits are infrequent, the bank cannot obtain additional authority to grant this account a special exemption.

During the same business day, two $15,000 cash deposits totaling $30,000 are made into account number 1, a separate cash deposit of $35,000 is made into account number 2 and a deposit of $9,000 in currency is made into account number 3 (X's account for its wholesale food business).

The bank must now determine how to aggregate and report all of these transactions on a Form 4789, Currency Transaction Report, (``CTR''). Must they aggregate all of the deposits made into account numbers 1, 2 and 3 and report them on a single CTR?

Law and Analysis

Section 103.22 of the Bank Secrecy Act (``BSA''), 31 CFR part 103, requires a financial institution to treat multiple currency transactions ``as a single transaction if the financial institution has knowledge that they are by or on behalf of any person and result in either cash-in or cash-out totalling more than $10,000 during any one business day. "This means that a financial institution must file a CTR if it knows that multiple currency transactions involving two or more accounts have been conducted by

or on behalf of the same person and, those transactions, when aggregated, exceed $10,000. Knowledge, in this context, means knowledge on the part of a partner, director, officer or employee of the institution or on the part of any existing computer or manual system at the institution that permits it to aggregate transactions.
Thus, if the bank has knowledge of multiple transactions, the bank should aggregate the transactions in the following manner.

First, the bank should separately review and total all cash-in and cash-out transactions within each account. Cash-in transactions should be aggregated with other cash-in transactions and cash-out transactions should be aggregated with cash-out transactions. Cash-in and cash-out transactions should not be aggregated together or offset against each other.

Second, the bank should determine whether the account has an exemption limit. If the account has an exemption limit, the bank should determine whether it has been exceeded. If the exemption limit has not been exceeded, the transactions for the exempted account should not be aggregated with other transactions.

If the total transactions during the same business day for a particular account exceed the exemption limit, the total of all of the transactions for that account should be aggregated with the total amount of the transactions for other accounts that exceed their respective exemption limits, with any accounts without exemption limits, and with transactions conducted by or on behalf of the same person that do not involve accounts (e.g., purchases of bank checks with cash) of which the bank has knowledge.

In the example discussed above, all of the transactions have been conducted ``on behalf of'' X, as X owns the restaurants and the wholesale food business. The total $30,000 deposit for account 1 exceeds the $25,000 exemption limit for that account. The $35,000 deposit into account number 2 is less than the $40,000 exemption limit for that account. Finally, the $9,000 deposit into account number 3, does not by itself constitute a reportable transaction.

Therefore, under the facts above, the bank should aggregate the entire $30,000 deposit into account number 1 (not just the amount that exceeds the exemption limit), with the $9,000 deposit into account number 3, for a total of $39,000. The bank should not include the $35,000 deposit into account number 2, as that deposit does not exceed the exemption limit for that account. Accordingly, the bank should complete and file a single CTR for $39,000.

If the bank does not have knowledge that multiple currency transactions have been conducted in these accounts on the same business day (e.g., because it does not have a system that aggregates among accounts and the deposits were made by three different individuals at different times) the bank should file one CTR for $30,000 for account number 1, as the activity into that account exceeds its exemption limit.

Holding

When a customer has more than one account and a bank employee has knowledge that multiple currency transaction have been conducted in the accounts or the bank has an existing computer or manual system that permits it to aggregate transactions for multiple accounts, the bank should aggregate the transactions in the following manner.

First, the bank should aggregate for each account all cash-in or cash-out transactions conducted during one business day. If the account has an exemption limit, the bank should determine whether the exemption limit of that account has been exceeded. If the exemption limit has not been exceeded, the total of the transactions for that particular account does not have to be aggregated with other transactions. If the total transactions during the same business day for a particular account exceed the exemption limit, however, the total of all of the transactions for that account should be aggregated with any total from other accounts that exceed their respective exemption limits, with any accounts without exemption limits, and with any reportable transactions conducted by or on behalf of the customer not involving accounts (e.g., purchases of bank checks or ``cash back" transactions) of which the bank has knowledge. The bank should then file a CTR for the aggregated amount.