

110TH CONGRESS
1ST SESSION

H. R. 323

To amend section 5313 of title 31, United States Code, to reform certain requirements for reporting cash transactions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 2007

Mr. BACHUS (for himself, Mr. FRANK of Massachusetts, Mrs. MALONEY of New York, Mr. GILLMOR, Mr. HENSARLING, Mr. MOORE of Kansas, Mrs. BIGGERT, Mr. JONES of North Carolina, Ms. WASSERMAN SCHULTZ, Mr. SHAYS, Mr. FEENEY, Mr. HINOJOSA, Mr. PAUL, Mr. GARRETT of New Jersey, Mr. CLAY, Mr. RENZI, Mr. NEUGEBAUER, Mr. DAVIS of Kentucky, Mr. MCHENRY, Ms. HOOLEY, Mrs. MCCARTHY of New York, and Mr. MATHESON) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend section 5313 of title 31, United States Code, to reform certain requirements for reporting cash transactions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Seasoned Customer
5 CTR Exemption Act of 2007”.

1 **SEC. 2. EXCEPTION FROM CURRENCY TRANSACTION RE-**
2 **PORTS FOR SEASONED CUSTOMERS.**

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

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

8 (2) Due to the nature of the transactions or the
9 persons and entities conducting such transactions,
10 some reports as currently filed may not be relevant
11 to the detection, deterrence, or investigation of fi-
12 nancial crimes, including money laundering and the
13 financing of terrorism.

14 (3) However, the data contained in such reports
15 can provide valuable context for the analysis of other
16 data derived pursuant to subchapter II of chapter
17 53 of title 31, United States Code, as well as inves-
18 tigative data, which provide invaluable and indispen-
19 sable information supporting efforts to combat
20 money laundering and other financial crimes.

21 (4) An appropriate exemption process from the
22 reporting requirements for certain currency trans-
23 actions that are of little or no value to ongoing ef-
24 forts of law enforcement agencies, financial regu-
25 latory agencies, and the financial services industry
26 to investigate, detect, or deter financial crimes would

1 continue to fulfill the compelling need to produce
2 and provide meaningful information to policy-mak-
3 ers, financial regulators, law enforcement, and intel-
4 ligence agencies, while potentially lowering the com-
5 pliance burden placed on financial institutions by the
6 need to file such reports.

7 (5) The Secretary of the Treasury has by regu-
8 lation, and in accordance with section 5313 of title
9 31, United States Code, implemented a process by
10 which institutions may seek exemptions from filing
11 certain currency transaction reports based on appro-
12 priate circumstances; however, the financial industry
13 has not taken full advantage of these provisions and
14 has contended that they are unduly burdensome.

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

17 (A) provides meaningful information to law
18 enforcement officials on exempt customers and
19 enables law enforcement to obtain account in-
20 formation through appropriate legal process;
21 and

22 (B) complements other sections of title 31,
23 United States Code, whereby law enforcement
24 can locate financial institutions with relevant
25 records relating to a person of investigative in-

1 terest, such as information requests made pur-
2 suant to regulations implementing section
3 314(a) of the USA PATRIOT Act of 2001.

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

14 (8) The Federal banking agencies and the Fi-
15 nancial Crimes Enforcement Network have recently
16 provided guidance through the Federal Financial In-
17 stitutions Examination Council Bank Secrecy Act/
18 Anti-Money Laundering Examination Manual on ap-
19 plying appropriate levels of due diligence and identi-
20 fying suspicious activity by the types of cash-inten-
21 sive businesses that generally will be subject to ex-
22 emption.

23 (b) SEASONED CUSTOMER EXEMPTION.—Section
24 5313(e) of title 31, United States Code, is amended to
25 read as follows:

1 “(e) QUALIFIED CUSTOMER EXEMPTION.—

2 “(1) IN GENERAL.—Before the end of the 270-
3 day period beginning on the date of the enactment
4 of the Seasoned Customer CTR Exemption Act of
5 2007, the Secretary of the Treasury shall prescribe
6 regulations that exempt any depository institution
7 from filing a report pursuant to this section in a
8 transaction for the payment, receipt, or transfer of
9 United States coins or currency (or other monetary
10 instruments the Secretary of the Treasury pre-
11 scribes) with a qualified customer of the depository
12 institution.

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

18 “(A) is incorporated or organized under
19 the laws of the United States or any State, in-
20 cluding a sole proprietorship (as defined in 31
21 C.F.R. 103.22(d)(6)(vii), as in effect on Janu-
22 ary 4, 2007), or is registered as and eligible to
23 do business within the United States or a State;

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

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

7 “(3) REGULATIONS.—

8 “(A) IN GENERAL.—The Secretary of the
9 Treasury shall prescribe regulations requiring a
10 depository institution to file a 1-time notice of
11 designation of exemption for each qualified cus-
12 tomer of the depository institution.

13 “(B) FORM AND CONTENT OF EXEMPTION
14 NOTICE.—The Secretary shall by regulation
15 prescribe the form, manner, content, and timing
16 of the qualified customer exemption notice and
17 such notice shall include information sufficient
18 to identify the qualified customer and the ac-
19 counts of the customer.

20 “(C) AUTHORITY OF SECRETARY.—

21 “(i) IN GENERAL.—The Secretary
22 may suspend, reject, or revoke any quali-
23 fied customer exemption notice, in accord-
24 ance with criteria prescribed by the Sec-
25 retary by regulation.

1 “(ii) CONDITIONS.—The Secretary
2 may establish conditions, in accordance
3 with criteria prescribed by regulation,
4 under which exempt qualified customers of
5 an insured depository institution that is
6 merged with or acquired by another in-
7 sured depository institution will continue
8 to be treated as designated exempt quali-
9 fied customers of the surviving or acquir-
10 ing institution.”.

11 (c) 3-YEAR REVIEW AND REPORT.—Before the end
12 of the 3-year period beginning on the date of the enact-
13 ment of this Act, the Secretary of the Treasury, in con-
14 sultation with the Attorney General, the Secretary of
15 Homeland Security, the Federal banking agencies, the
16 banking industry, and such other persons as the Secretary
17 deems appropriate, shall evaluate the operations and effect
18 of the provisions of the amendment made by subsection
19 (a) and make recommendations to Congress as to any leg-
20 islative action with respect to such provision as the Sec-
21 retary may determine to be appropriate.

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

3 Section 5318 of title 31, United States Code, is
4 amended by adding at the end the following new sub-
5 section:

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

8 “(1) IN GENERAL.—Before the end of the 90-
9 day period beginning on the date of the enactment
10 of the Seasoned Customer CTR Exemption Act of
11 2007 and at least every 5 years after the end of
12 such period, the Secretary of the Treasury shall—

13 “(A) review the continuing appropriate-
14 ness, relevance, and utility of each threshold
15 amount or denomination established by the Sec-
16 retary, in the Secretary’s discretion, for any re-
17 port required by the Secretary under this sub-
18 chapter; and

19 “(B) adjust each such amount, at such
20 time and in such manner as the Secretary con-
21 siders appropriate, for any inflation that the
22 Secretary determines has occurred since the
23 date any such amount was established or last
24 adjusted, as the case may be.

25 “(2) REPORT.—Before the end of the 60-day
26 period beginning upon the completion of any review

1 by the Secretary of the Treasury under paragraph
2 (1), the Secretary shall submit a report to the Con-
3 gress containing the findings and conclusions of the
4 Secretary in connection with such review, together
5 with an explanation for any adjustment, or lack of
6 adjustment, of any threshold amount or denomina-
7 tion by the Secretary as a result of such review, in-
8 cluding the adjustment for inflation.”.

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