



**BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551**

**DIVISION OF BANKING  
SUPERVISION AND REGULATION**

**SR 93-56 (FIS)  
September 22, 1993**

**TO THE OFFICER IN CHARGE OF SUPERVISION  
AT EACH FEDERAL RESERVE BANK**

**SUBJECT: Bank Secrecy Act - Department of the Treasury Rulings and Directives**

The Department of the Treasury, Office of Financial Enforcement, recently issued two Administrative Rulings, a policy statement and a directive with regard to Bank Secrecy Act (BSA) compliance. Summaries of these are set forth below. Additionally, copies of the Administrative Rulings and the policy statement are attached. Reserve Banks are requested to disseminate this information to the examination staff and, in accordance with a request from the Department of the Treasury, to all domestic and foreign banking organizations supervised by the Federal Reserve.

**Administrative Rulings**

The following Administrative Rulings issued by the Department of the Treasury are with regard to: 1) the identification of elderly or disabled patrons that conduct large cash transactions or purchase monetary instruments with currency in amounts between \$3,000 and \$10,000; and 2) proper completion of the Currency Transaction Report (IRS Form 4789) for multiple transactions:

**Administrative Ruling 92-1 - Identification Of Elderly Or Disabled Patrons  
Conducting Large Currency Transactions**

The BSA requires financial institutions to verify and record the identity of individuals conducting reportable currency transactions. However, certain elderly or disabled patrons do not possess identification documents that would normally be accepted within the banking community (e.g. drivers license, passport, state-issued identification card). Administrative Ruling 92-1 (AD 92-1) allows for other methods of verification of identification to be utilized. Financial institutions must establish formal written procedures consistent with AD 92-1 and, once implemented, there can be no exceptions to the procedures.

**Administrative Ruling 92-2 - Proper Completion Of The Currency Transaction  
Report (CTR), IRS Form 4789, When Reporting Multiple Transactions**

The BSA requires financial institutions to report currency transactions that exceed either \$10,000 or an exempted account's established limit. Multiple currency transactions are treated as a single transaction when the institution has knowledge that the transactions by or on

behalf of any person, conducted during any business day, exceed either \$10,000 or the exemption limit. When reporting multiple transactions, item 3d of the CTR must be checked and the information in item 48 of the CTR must be provided. Administrative Ruling 92-2 explains the procedures to be followed in completing a CTR for these cases.

#### **Exemption Policy For Retail Accounts In Which Retail and Money Order Sale Proceeds Are Commingled**

The Department of the Treasury has issued a policy statement with regard to exemption procedures for retail accounts in which retail and money order sale proceeds are commingled. The policy statement amends the current policy that such accounts cannot be exempted from the filing of CTRs.

#### **Currency Transaction Reports Filing Deadlines Directive**

In 1988, the Department of the Treasury exempted all banks from the 15-day filing requirements of the BSA (31 C.F.R. 103.26(a)(1)(1987)) with respect to the filing of CTR's on magnetic tape. For CTRs that are filed magnetically, banks must file the CTRs with the IRS Detroit Computing Center within 25 days following the date on which a reportable transaction occurs.

It is important to emphasize that this exemption applies only to CTRs filed magnetically pursuant to an agreement between a bank and the IRS. If for any reason a bank should withdraw from the magnetic tape program or for any other reason file paper CTRs, these CTRs must be filed within the 15-day period following the reportable transaction (31 C.F.R. 103.27(a)(1)(1989)).

If you have any questions regarding these procedures, you may call Richard Small, Special Counsel, at (202) 452-5235, or Dan Soto, Senior Special Examiner, at (202) 728-5829.

**Stephen C. Schemering  
Deputy Director**

**ATTACHMENTS MAY BE OBTAINED FROM FEDERAL RESERVE BANK**