



THE FLORIDA LEGISLATURE

Legislative Task Force on Illicit Money Laundering

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Money Laundering in Florida: Report of the Legislative Task Force

November, 1999

Prepared for
The President of the Senate and the Speaker of the House of Representatives

by
The Legislative Task Force on Illicit Money Laundering

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I. Executive Summary

Introduction. The illicit drug trade relies heavily on money laundering because it is almost exclusively a cash business. Drug interdiction, while an essential component of attacking the illicit drug trade cannot, standing alone, reverse the tide of illicit drugs. Combating money laundering, combined with strong interdiction efforts, offers a more effective law enforcement response.

The Senate President and House Speaker created the Legislative Task Force on Illicit Money Laundering to study and recommend ways to enhance our strategy in combating the drug problem. The Task Force was to develop legislative and funding recommendations to aid law enforcement in their efforts to combat money laundering. The Task Force heard extensive testimony from industry representatives, criminal justice officials and community leaders. After considerable debate and deliberation the Task Force adopted the 36 recommendations contained in this report.

Law Enforcement and Prosecution. The Task Force recommendations reflect its findings that law enforcement and prosecutors should be provided more tools to investigate and successfully prosecute money launderers. The Task Force found that convicted money launderers rarely receive state prison sentences and prosecutors believe that this was a result of the existing sentencing scheme. In response, the Task Force recommended substantially increasing and graduating penalties to correspond to the amount of money laundered to ensure that high level money launderers are given the harshest penalties.

Transportation and Distribution. In exploring transportation and distribution issues the Task Force discovered that Florida's large, diverse and mobile population provides drug traffickers with an opportunity to transport their illicit products, while avoiding detection. Florida's drug interdiction efforts are daunting because of its highly populated roadways, seaports and airports. The Task Force members were concerned that significant security gaps exist at Florida's airports and these transportation gateways have been exploited by drug traffickers. Several recommendations, including the expanded use of canines, are aimed at securing the ports.

Recognizing manpower alone cannot do the job, the Task Force obtained expert testimony on the viability and limitations of high technology solutions. However, the Task Force agreed that detection equipment alone will not stop illicit drugs and money from flowing through Florida. Detection equipment combined with coordinated intelligence is the most effective solution.

Financial Institutions and Related Entities. Florida's financial institutions and businesses are major conduits in money laundering operations because they provide a variety of services and products that can be used to conceal the source of illicit money. Financial entities and the self described "non-banking" community offer services and instruments (bank accounts, cashier's checks, traveler's checks, wire transfers) that are utilized in laundering activities. Likewise, merchants and retailers sell products used as vehicles for money laundering.

The Task Force heard considerable testimony from state regulators, including banking, revenue, insurance, and real estate representatives, about their respective efforts to combat money laundering through their regulatory role of overseeing the state's financial and business community. The Task Force found that financial transaction reports are critical tools which create a valuable "paper trail" for investigators to follow and emphasized that regulators must work together and with law enforcement and the Financial Crimes Enforcement Network (FinCEN) to improve communication and to share financial data with each other. Moreover, the Department of Revenue should educate the business community on their duty to file such financial reports. The Task Force recommended the creation of a centralized database containing information gleaned from the financial transaction reports. This will allow sophisticated analyses to be performed. Additionally, the Task Force recommended changes to several provisions of the Money Transmitter's Code to provide a stronger regulatory framework.

Persons representing financial entities and retail merchant groups represented to the Task Force their efforts to comply with both federal and state currency reporting requirements and money laundering laws. These groups expressed an overarching concern about several proposals presented to the Task Force and their potential for negatively impacting Florida's legitimate businesses. Task Force members agreed with these concerns and sought to strike a balance between the interests of regulators and law enforcement officials and the legitimate concerns of the business community.

Recommendations. During the course of its work, the Task Force received and analyzed over 50 proposals for recommendations from interested parties and the public. The Task Force heard relevant testimony on the proposals at each of its meetings.

Recommendation # 1

The Legislature should provide a uniform sentencing scheme by adopting graduated penalties for section 896.101, F.S., based upon the amount of the transaction involved in the money laundering.

The Legislature should rank these felony violations in levels 7-9 under the sentencing code based upon their felony degree and thereby significantly increasing the penalties for convicted money launderers.

Recommendation # 2

The Legislature should create a new third degree felony offense of unlawful structuring of financial transactions to avoid reporting requirements under chapter 896, F.S.

Recommendation # 3

The Legislature should expand the definition of “drug paraphernalia” in chapter 893, F.S., to include hidden compartments in vehicles.

Recommendation # 4

The Legislature should statutorily provide an affirmative burden of reasonable inquiry on persons in situations involving suspicious transactions or transportation (knew or should have known in certain circumstances).

Recommendation # 5

The Legislature should add felony violations of chapter 560, F.S., to the list of predicate offenses under the RICO statute.

Recommendation # 6

The Legislature should criminalize certain violations of chapter 560, F.S., which are not classified as such or which do not carry any type of criminal penalty.

Recommendation # 7

The Office of Drug Control and the Statewide Drug Policy Advisory Council should research the possibility of a HIFCA designation in Florida.

Recommendation # 8

The Legislature should establish minimum standards for seaport and airport security.

Recommendation # 9

The Legislature should designate a state agency to be responsible for seaport and airport security.

Recommendation # 10

The Legislature should authorize the Department of Transportation to establish a trust fund and receive forfeiture funds.

Recommendations # 11 - 14

The Legislature should amend the Money Transmitters' Code (chapter 560, F.S.) to:

- ▶ allow the Department of Banking and Finance to bring enforcement actions against code violators without providing advance written notice, except in limited circumstances.
- ▶ authorize the Department of Banking and Finance to conduct an examination of a money transmitter without providing advance notice if the department suspects that the transmitter has violated the code, criminal laws of this state, or engaged in unsound practices.
- ▶ repeal the public records and public meetings exemptions to open pleadings and hearings of code violators to the public, except in certain situations.
- ▶ require records be audited by an independent third party or by a certified public accountant, with specific exceptions for payment instrument sellers.

Recommendation # 15

The Legislature should authorize the Florida Department of Law Enforcement to assume responsibility for a centralized "financial transaction reports" database. The requirement that trades and businesses file Form 8300 with the Department of Revenue should remain law and the department should educate the trade and business community on this filing requirement. Additionally, current law should be amended to require that the Form 8300 be filed with the Department of Revenue within 15 days after the transaction occurs.

Recommendation # 16

The Legislature should statutorily authorize prosecutors to seek a temporary injunction to "freeze" bank accounts of suspected money launderers for 10 days, providing certain conditions are met to protect innocent persons.

Recommendation # 17

The Legislature should provide statutory authority for law enforcement to obtain a seizure warrant in money laundering cases.

Recommendation # 18

The Legislature should statutorily authorize "rewards" to informants who provide information leading to recovery of fines, penalties and forfeitures involving money laundering.

Recommendation # 19

The Legislature should amend section 896.101, F.S., to define “transaction” and “financial transaction” to include using safe deposit boxes and transferring title to any real property or vehicle.

Recommendation # 20

The Legislature should abolish the “corpus delicti rule” for violations of chapter 896, sections 560.123, 560.125 and 655.50, F.S., so a confession or admission against interest may be introduced into evidence without first establishing that substantial evidence exists, independent of the confession or admission, that a crime was committed.

Recommendation # 21

The Legislature should codify the “fugitive disentitlement” doctrine to prevent fugitives from challenging money laundering forfeitures.

Recommendation # 22

The Legislature should add avoidance of money transmitters’ registration requirements to the activity that is prohibited in section 896.101, F.S.

Recommendation # 23

The Legislature should create a statutory inference of a person’s knowledge of reporting and registration requirements by proof that someone engaged in the business of money transmitting and for monetary consideration, transported over \$10,000 in currency.

Recommendation # 24

The Legislature should statutorily preclude the use of certain defenses in a money laundering prosecution.

Recommendation # 25

The Legislature should amend chapter 560, F.S., to remove the requirement that the Department of Banking and Finance prove willfulness and knowledge on the part of a code violator. The Legislature should further authorize additional disciplinary penalties.

Recommendation # 26

The Legislature should create a public records exemption for seaport security plans.

Recommendation # 27

The Legislature should clarify that an “authorized vendor” must have his or her own place of business within Florida and not merely be acting as an agent for a registrant.

Recommendation # 28

The Legislature should clarify that compliance with registration requirements is required for any money transmitting activity in this state, even if the actual business is located outside of Florida.

Recommendation # 29

The Legislature should statutorily clarify that specified undercover law enforcement activity is authorized in connection with legitimate money laundering investigations.

Recommendation # 30

The Legislature should authorize the Department of Banking and Finance to conduct extensive background investigations and require the filing of fingerprints under the Money Transmitters’ Code. Furthermore, the department should be given authority to deny a renewal license for the same reasons it can deny an initial license application.

Recommendation # 31

The Florida Congressional Delegation should work to increase the number of Customs agents and canine units at Florida’s airports and seaports.

Recommendation # 32

The Florida Congressional Delegation should support efforts to secure a Northeast Florida High Intensity Drug Trafficking Area (HIDTA) designation.

Recommendation # 33

The Florida Congressional Delegation should make the IRS Form 8300 more accessible to state and local law enforcement agencies.

Recommendation # 34

The Florida Congressional Delegation should work to increase funding for the National Guard’s drug interdiction efforts at Florida’s seaports.

Recommendation # 35

The Florida Congressional Delegation should work to ensure that FAA’s review of airport security programs evaluates measures to detect the transportation of illegal drugs.

Recommendation # 36

The Florida Congressional Delegation should work to ensure Miami is selected for a Geographical Targeting Order, provided sufficient federal resources are made available.

II. Introduction

The illicit drug trade relies heavily on money laundering because it is almost exclusively a cash business. Illicit drug sales generate enormous profits. The Office of National Drug

Control Policy estimates that illicit drug sales in the United States produces annual profits of \$57 billion. Reduced to \$10 bills, this is enough cash to fill nearly 60 railroad box cars. One estimate is that cocaine traffickers in Florida, including wholesalers and low-level dealers, earn \$5.4 billion a year. This vast amount of cash must be smuggled out of the United States or else converted for use.

Illicit drug sales produce annual profits of \$57 billion. Reduced to \$10 bills, this is enough cash to fill nearly 60 railroad box cars.

Cash smuggling and other laundering schemes are an indispensable feature of the illicit drug trade. The supply of cocaine, heroin and other illicit drugs is so plentiful that drug seizures are written off as part of the cost of doing business. Drug interdiction, while an essential component of attacking the illicit drug trade, cannot, standing alone, reverse the tide of illicit drugs. Combating money laundering, combined with strong interdiction efforts, offers a more effective law enforcement response.

A. Creation of Legislative Task Force on Illicit Money Laundering

The Senate President and House Speaker created the Legislative Task Force on Illicit Money Laundering to study and recommend ways to enhance our strategy in combating the drug problem. The President and Speaker committed to a joint legislative task force at the First Statewide Drug Control Summit, held on February 12, 1999.

The President and Speaker appointed the Task Force members on March 10, 1999. Senator Ginny Brown-Waite serves as the Task Force's Chair; Representative Carlos Valdes serves as its Vice-Chair. The other Task Force members are Representative Randy Ball, Senator Locke Burt, Representative Johnnie Byrd, Representative Larry Crow, Senator Tom Rossin, and Senator Ronald Silver.

The purpose of the Task Force was to define the severity and extent of money laundering in Florida, particularly as it relates to the illicit drug trade. The Task

Force was to develop legislative and funding recommendations to aid law enforcement in their efforts to combat money laundering.

Task Force Held Key Hearings in Miami, Jacksonville, Tampa, Tallahassee

After an organizational meeting held on April 27, 1999 in Tallahassee, the Task Force held three meetings, in the following locations:

- ▶ Miami - City Hall - July 26, 1999,
- ▶ Jacksonville - JaxPort - August 25, 1999, and
- ▶ Tampa - Tampa International Airport - September 28, 1999.

Approximately 131 industry representatives, criminal justice officials and community leaders attended these meetings.

At the Miami meeting, law enforcement officials and prosecutors provided the Task Force a basic introduction to money laundering and its prosecution, and also introduced legislative proposals for more effective enforcement and prosecution of money laundering cases.

Miami was a fitting setting for the Task Force's first meeting since it is one of the leading money laundering centers in the nation. More state prosecutions of money laundering occur in South Florida than any other region of Florida. Miami is the headquarters for the South Florida High Intensity Drug Trafficking Area (HIDTA), one of the oldest and largest HIDTAs in the nation, and the South Florida Metropolitan Anti-Crime Task Force (IMPACT), one of the most effective partnerships between federal, state, and local law enforcement agencies to counter drug trafficking and money laundering.

At the Jacksonville meeting, law enforcement, seaport and airport officials presented testimony on the currency smuggling problem, as well as security and counter-smuggling measures. Also, interested parties presented proposals relating to transportation and distribution issues.

Several factors made Jacksonville a good location to discuss drug and currency smuggling. Jacksonville has an international airport, several other smaller airports, and one of the largest deep-water seaports in the nation. The city is at the crossroads of three major highway systems. Much of the cargo and container trade through JAXPORT comes from the Caribbean Islands, particularly Puerto Rico, which has been identified by federal law enforcement agencies as a major transshipment point for cocaine and other illicit drugs.

At the Tampa meeting, interested parties presented testimony on the money laundering reporting and registration requirements for financial institutions and

other businesses. An official from the Comptroller's Office presented proposals to amend Florida's money laundering laws. Task Force members and interested parties discussed these and other previously introduced proposals.

Tampa was selected by the Task Force as the meeting site to focus on money laundering and financial and other business interests. The Tampa Bay region is Florida's second largest metropolitan area which includes major cities such as Tampa, St. Petersburg, and Clearwater. One of the three areas of major growth in this region has been in the area of financial services. Tampa is among the top financial centers in Florida and is the leading financial center of Florida's Gulf Coast.

The final three Task Force meetings took place in Tallahassee on October 4, October 23, and November 1, 1999. At the October meetings, Task Force members discussed and approved the proposals which led to the recommendations contained in this report. At the November 1 meeting, the Task Force reviewed and approved a working draft of this report.

B. Many Diverse Industry Leaders and Persons Appeared Before the Task Force

The following individuals made presentations, offered proposals or spoke at one or more of the seven task force hearings held between May and November of 1999:

Barry W. Beroset, Florida Association of Criminal Defense Lawyers

Steve Birtman, National Federation of Independent Business

Bebe Blount, Director of Industry & Governmental Relations, Florida
Department of Revenue

Dr. Albert Brandenstein, Director, Counterdrug Technology Assessment Center

John Brooks, Assistant Chief, City of Miami Police Department

Jeffrey Brown, Port Everglades Director of Public Safety, Marine Security

James Butler, Director, South Florida IMPACT Task Force

Tom Cardwell, Florida Bankers Association

Diane Carr, Senior Vice President & General Counsel, Florida Retail Federation

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John Clark, Vice President, Aviation Division of JaxPort

Lieutenant Martin V. Duncan, Florida Highway Patrol

George W. Eplin, Metropolitan Bureau of Investigations

Connie Fenchel, Executive Assistant Director, U.S. Treasury - Financial Crimes
Enforcement Network (FINCEN)

Rick Ferrin, Vice President, Marine Division of JaxPort

Mike Fields, Senior Vice President & Director of Government Relations,
NationsBank/Bank of America

Sheriff Nat Glover, Duval County Sheriff

Jaime Grocia, U.S. Customs Service

Colonel Hall, Florida Highway Patrol

Major Herald, Kentucky Motor Carrier Compliance

Harry Hooper, General Counsel, Department of Banking & Finance

Wade Hopping, Senior Partner, Hopping, Green, Sams & Smith

Tom Hunker, Operations Commander, North Miami Beach Police Department,
South Florida IMPACT Task Force

David Hurley, National Federation of Independent Business

Charles Intriago, Publishes Money Laundering Alert

Al James, Special Agent, Special Projects Coordinator, Financial Crimes
Enforcement Network (FINCEN)

Carol Jordan, Asst. State Attorney, Office of the State Attorney, 11th
Judicial Circuit

Jeff Karsh, Group Manager, Criminal Investigation Division, Internal
Revenue Service (FINCREST)

Robert Knabe, Miami-Dade Police Department

Richard Kolbusz, Asst. Special Agent in Charge, U.S. Customs (Miami)

Kathy Leodler, Supervisory Special Agent, FBI

Jose Marrero, Chief, Criminal Investigations Division, Internal Revenue Service
(South Florida District)

Jim McDonough, Director, Florida Drug Control Policy Office

Marty Moore, Deputy General Counsel, Attorney General's Office

Ginny Myrick, Vice President, Jacksonville Port Authority

Carol "Sunny" Phillips, Legislative Director, Florida Department of Banking &
Finance

Michael Ramage, General Counsel, Florida Department of Law Enforcement

Phillip Ramer, Special Agent in Charge, Office of Statewide Intelligence,
Florida Department of Law Enforcement

Robert Rawls, Program Officer, Outbound Enforcement Programs, U.S. Customs

Melissa Reboso, Florida Chamber of Commerce

Isreal Reyes, Assistant State Attorney, Office of the State Attorney, 11th Judicial
Circuit

Steven G. Ritacco, Department of Banking & Finance, Division of Financial
Investigations

Don Saxon, Department of Banking & Finance

James J. Schneider, Office of Statewide Prosecution

Allison Tant, American Express

David Tinsley, Supervisory Special Agent, Drug Enforcement Administration
(Miami)

Daniel Villazon, Chief Attorney, Florida Department of Business & Professional
Regulation, Division of Real Estate

Donald Warshaw, City Manager, City of Miami

Richard A. White, Department of Banking & Finance

Captain Paul Williams, Florida Department of Insurance, Division of Insurance
Fraud

Albert J. Wollermann, Florida Drug Control Policy Office

C. Money Laundering: Definition, Process and Methods

Simply defined, money laundering is any method which is used to make criminal proceeds appear to be proceeds derived from legitimate means. It is often, though by no means exclusively, employed by criminals involved in the illicit drug trade.

Simply defined, money laundering is any method which is used to make criminal proceeds appear to be proceeds derived from legitimate means.

There are generally three steps in the money laundering process: placement, layering and integration. In some instances and depending upon the method used, all of these steps may occur in a single action, or some of these steps may be omitted altogether.

- ▶ “*Placement*,” the first step, occurs when money launderers place illicit proceeds into the financial system, or where currency is smuggled out of the United States. An example is the structuring (or “smurfing”) of cash transactions such as small and frequent deposits below currency transaction reporting thresholds.
- ▶ “*Layering*,” the second step, occurs when illicit proceeds are separated from their illicit source by creating layers of financial transactions to disguise the paper trail. An example is the conversion of cash deposited into financial institutions into monetary instruments such as money orders or cashier’s checks, which are then deposited into other financial institutions.
- ▶ “*Integration*,” the third step, occurs when the laundered proceeds are integrated into the economy in such a manner that the proceeds appear to be wealth derived from legitimate means. An example is the creation of a front company used by a criminal enterprise in a scheme where the enterprise lends itself its own laundered proceeds, then simultaneously pays itself interest on the loan and declares the interest as a tax-deductible business expense.

D. Current Law

The Money Laundering Control Act of 1986, makes the act of money laundering a criminal offense under federal law. 18 U.S.C. 1956, 1957. Prior to 1986, the primary deterrent to money laundering under federal law was the Bank Secrecy Act (BSA). 31 U.S.C. S. 5311, *et seq.*, 1970. The BSA requires financial institutions to report cash transactions in excess of \$10,000 and requires individuals to declare cash or monetary instruments in excess of \$10,000 when leaving or entering the country. Under the BSA, failure to report is a criminal offense; the duty to report, however, is on the financial institution.

When the federal money laundering offenses were created in 1986, Florida had no analogous provision, though there was a currency transaction reporting requirement similar to the federal law and penalties for its violation. Section 655.50, F.S. However, these provisions only penalized financial institutions that failed to report.

Chapter 896, F.S., contains criminal money laundering offenses

Responding quickly to the federal legislation, in 1987 the Florida Legislature made the act of money laundering a criminal offense by enacting the Money Laundering Control Act. Chapter 87-243, L.O.F. The Act paralleled several of the federal money laundering provisions by creating second degree felony offenses, which may be proven one of three ways, when **a person**:

1. attempts or conducts a **financial transaction** knowing that the property involved in the transaction represents proceeds from some unlawful activity, which actually involves proceeds of any racketeering activity:
 - ▶ with the intent to promote the carrying on of the racketeering activity, **or**
 - ▶ knowing the transaction was designed to conceal the nature, location, source, ownership, or control of the proceeds, **or**
 - ▶ knowing the transaction is designed to avoid reporting requirements.

OR

2. **transports** or attempts to transport a monetary instrument or funds.
Section 896.101, F.S.:
 - ▶ with the intent to promote the carrying on of the racketeering activity, **or**
 - ▶ knowing the transaction was designed to conceal the nature, location, source, ownership, or control of the proceeds, **or**
 - ▶ knowing the transaction is designed to avoid reporting requirements.

OR

3. attempts or conducts a **financial transaction** which involves property or

proceeds which an investigative or **law enforcement officer or someone acting under such officer's direction, represents** as being derived from or as being used to conduct or facilitate racketeering activity with the intent:

- ▶ to promote the carrying on of the racketeering activity, **or**
- ▶ to conceal or disguise the nature, location, source, ownership, or control of the proceeds or property believed to be racketeering activity proceeds, **or**
- ▶ to avoid the transaction reporting requirements.

The Act also provides a civil penalty of not more than the greater of either the value of the involved property or \$10,000, for a person who commits any one of these criminal offenses. Section 896.101, F.S.

Chapter 896, F.S., requires businesses report cash transactions over \$10,000

The Act requires persons engaged in a trade or business who receive over \$10,000 in cash in one transaction or two or more related transactions to file with the Department of Revenue the same information required to be filed by the Internal Revenue Code (IRS Form 8300). Section 896.102, F.S. However, financial institutions are exempted from this requirement so long as the institution is reporting similar information to the Comptroller under section 655.50, F.S. Under current law, the Department of Revenue is required to enforce compliance with the reporting mandate.

Willful failure to comply with the reporting requirement is punishable as a first degree misdemeanor and/or a fine not exceeding \$250,000 or twice the value of the transaction, whichever is greater. The maximum fine that can be imposed for a second or subsequent conviction is \$500,000 or five times the value of the transaction involved, whichever is greater. Section 896.102, F.S.

Chapter 560, F.S., regulates money transmitters and provides specific reporting requirements

The Money Transmitters' Code under chapter 560, F.S., regulates the activities of money transmitters, payment instrument sellers, fund transmitters, check cashers, and foreign currency exchangers. The chapter is separated into three sections and is administered by the Department of Banking and Finance:

- ▶ Part I contains provisions general to the entire chapter, outlines supervisory authority of the department, lists prohibited acts and practices, disciplinary actions, and outlines examination procedures of money transmitters as well as reporting requirements. Part I also contains section 560.123, F.S., which is known as the "Florida Control of Money Laundering in Money Transmitters Act." This section specifically requires money transmitters to report and

maintain records of certain monetary transactions based on the amount of cash deposited (Currency Transaction Reports or “CTRs”) or based on the “suspicious” nature of the transaction (Suspicious Activity Reports or “SARs”). These reports are utilized by investigators to detect the occurrence of possible money laundering activities. This section also establishes misdemeanor and felony penalties for violations.

- ▶ Part II addresses payment instruments and funds transmission. This part outlines the regulation of those who sell or issue payment instruments (defined in part as a check, draft, money order, travelers check, or any other instrument requiring the payment of money) for consideration. It requires applicants to be adequately capitalized, and be of good character and general fitness to “command the confidence of the public” as such to warrant the belief that the business will be run fairly and lawfully.
- ▶ Part III regulates those persons who cash checks and/or exchange domestic currency for foreign currency or vice versa. Persons who engage in these practices must be registered with the department and adhere to record-keeping standards. Additionally, the statute establishes a cap on the amount of fees which may be charged for the service of cashing a check.

Section 655.50, F.S., requires financial institutions to file financial transaction reports

The Florida Control of Money Laundering in Financial Institutions Act pursuant to section 655.50, F.S., is also administered by the Department of Banking and Finance and requires financial institutions to file with the U.S. Treasury certain types of monetary transaction reports based on the amount of cash deposited or the suspicious nature of the transaction (CTRs or SARs). The purpose of these reporting requirements serves as a deterrent to the use of financial institutions to conceal the proceeds of criminal activity. Information gathered in the reports is utilized by regulators and law enforcement agencies in regulatory, civil, criminal, and tax investigations or proceedings.

Comprehensive network of civil and criminal statutes combat money laundering

Other important tools that are used by law enforcement officers and prosecutors to fight money launderers include the Florida RICO Act, chapter 895, F.S.; and the Florida Contraband Forfeiture Act, chapter 932, F.S. These laws, when used in conjunction with chapter 896, F.S., provide a comprehensive network for

attacking money laundering activities, both criminally and civilly. In order to effectively fight money laundering, law enforcement and prosecutors need the ability to criminally punish the individual money launderers, as well as divest the organization of its proceeds and power by civil forfeiture.

III. Findings

A multitude of factors make Florida attractive to drug traffickers:

- ▶ it is strategically positioned near drug source countries,
- ▶ it has more than a thousand miles of coastline,
- ▶ numerous international airports and deep water seaports,
- ▶ extensive public roadway and railway systems,
- ▶ a thriving international commerce,
- ▶ a booming tourist trade,
- ▶ a moderate climate, and
- ▶ a multi cultural population.

In the late 1970's and throughout much of the 1980's Florida had the dubious distinction of being the nation's premier gateway for the illicit drug trade. Additionally, Miami was dubbed "the Wall Street of money laundering" because drug proceeds were laundered there with relative ease until laws were enacted and efforts expanded to counteract money laundering. Florida now holds top national rankings in the following seizure categories:

- ▶ Marijuana - **1st**
- ▶ Cocaine - **2nd**
- ▶ Total Number of Seizures - **7th**
- ▶ Crack Cocaine - **16th**
- ▶ US Currency - **16th**

Miami was dubbed "the Wall Street of money laundering" because drug proceeds were laundered there with relative ease until laws were enacted and efforts expanded to counteract money laundering.

Understanding Florida's unique vulnerability to money laundering, this Task Force set out to study the severity of the problem and to recommend legislative action. The Task Force's work was organized into three general areas which constituted the agenda themes for the Miami, Jacksonville and Tampa meetings. This section contains the major findings and is also organized around these three general areas:

- ▶ Transportation and Distribution,
- ▶ Law Enforcement and Prosecution, and
- ▶ Financial Institutions and Related Entities.

A. Transportation and Distribution

Transportation and distribution issues are discussed first because they underscore Florida's vulnerability to the drug trade. Mobility is a key component to the drug trade. Florida's large, diverse and mobile population provides drug traffickers with an opportunity to transport their illicit products while avoiding detection. The statistics below illustrate how

Florida's sophisticated and diverse transportation system make it so attractive to drug traffickers.

Florida's large, diverse and mobile population provides drug traffickers with an opportunity to transport their illicit products while avoiding detection.

► **Seaports Responsible for Two-Thirds of Florida's International Trade.**

In 1998, Florida's seaports were responsible for about two-thirds of Florida's international trade or \$44.8 billion. Florida's seaports serve almost all of the world's countries. Florida's total waterborne trade exceeded 101 million tons in Fiscal Year 1997-1998. Much of the waterborne cargo is carried in 20-foot container units, commonly known as TEUs. In 1998, Florida's seaports moved more than 2.5 million TEUs. In addition to cargo in 1998, 5.9 million passengers embarked and disembarked for multi-day cruises and approximately 2.3 million passengers embarked and disembarked for one-day cruises from Florida's seaports.

► **Florida Airports Transport Millions of Cargo, Passengers.** Similar to its seaports, Florida's airports receive and transport cargo and passengers. The number of passengers departing from seven of Florida's eleven international airports exceeded 43 million in 1998. Florida's Miami International Airport is not only the number one airport in Florida for passenger departures (16,836,954 annually) but is also the number one airport in the United States for international freight (1,407,756 metric tons annually) and the number three airport in the world for total freight (3,195,443 metric tons annually).

► **Millions of Vehicles Travel on Florida Roadways Each Day.** There are approximately 114,000 miles of public roads in Florida. Twelve thousand of those miles are maintained by the State of Florida (State Highway System) and the remaining miles of roads are maintained by the cities and counties. Even though the State Highway System consists of only 10.5 percent of the public road miles in the state, it carries two-thirds of the state's traffic. On a daily basis, a total of 239.9 million vehicle miles of travel occur on the State Highway System. In Florida, trucks move 77 percent (356.4 million tons

annually) of Florida's manufactured freight or 1,371,000 tons of manufactured goods each business day. Trucking services every community in Florida and over 84 percent of all Florida communities depend exclusively on trucks to move their goods.

Customs: Responsible for Interdiction of Illicit Drugs, Money

The United States Customs Service (Customs) is the guardian of our nation's borders. A Custom's office is located at each of Florida's international seaports and airports. Among its varied responsibilities, Customs inspects passengers and cargo for illicit drugs and currency above the \$10,000 limit. When inspecting passengers, Customs inspects items being hand carried, items on or in the body and items concealed in the contents of the passengers' baggage. When inspecting cargo, Customs inspects onboard vessels and aircraft, dockside and plane side, within the carriers' premises and within the containers. To carry out these inspections, Customs uses its own employees, detection equipment, canines, the National Guard, and various law enforcement agencies.

The National Guard assists the interdiction effort by providing support as requested by local, state and Federal law enforcement agencies. This support includes specialized technology such as thermal imaging devices and night vision devices as well as military aircraft. In addition, the National Guard provides ground reconnaissance personnel, linguists, specially trained inspectors and other support as needed. The 1999 projected Florida portion of the National Guard's budget is \$6,494,687.

During an average month in Florida's seaports and airports, Customs is responsible for inspecting:

- ▶ **10,265** commercial aircraft,
- ▶ **4,303** private aircraft,
- ▶ **1,616** vessels,
- ▶ **51,445** entries of cargo, and
- ▶ **1,474,708** passengers.

During an average month in Florida's seaports and airports, Customs seizes:

- ▶ **4,199** pounds of cocaine,
- ▶ **3,321** pounds of marijuana, and
- ▶ **40.4** pounds of heroin.

Also, during an average month in Florida, Customs reviews 3,688 Reports of International Transportation of Currency or Monetary Instruments (for currency above the \$10,000 limit).

Interdiction Tasks are Daunting

Customs' interdiction tasks are daunting. The testimony presented to the Task Force revealed these telling examples.

- ▶ In Jacksonville Port Authority's seaports, there are 20 Customs agents and 4 National Guardsman assigned and responsible for inspecting more than 17 million tons (over 750,000 TEUs) of cargo annually.
- ▶ At the Port of Miami inspectors are only able to inspect 3 percent of the 880,000 TEUs entering and exiting each year.

Join Forces with Florida Seaports to Improve Security

In order to improve interdiction efforts, reduce smuggling activities, and theft, Customs has joined efforts with many of Florida's major seaports to improve security. However, the Task Force learned that these are local efforts and have not been instituted statewide. Some, but not all, of Florida's seaports require identification cards in order for their employees to access restricted areas. This identification card process requires employees to be fingerprinted and photographed and to be subjected to background investigations. Employees found to have been convicted of certain felonies are not given access to restricted areas. In addition, the Task Force found that some, but not all, of Florida seaports are restricting the number of access points for entrance and exit into the seaports, are installing video cameras to monitor parking areas and turnstiles and are installing other security measures.

The Florida Legislature and the U.S. President have both realized the importance of seaport security and the ability of technology to address these issues. In 1999, the Florida Legislature appropriated over \$1.5 million for the Governor's Office of Drug Control to study and to make recommendations to improve security at Florida's seaports. A consultant is expected to be selected by the Governor's Office of Drug Control in January 2000. The due date of the study will be determined after the consultant's selection. In addition the President established the Interagency Commission on Seaport Crime and Security. The final report of this commission is scheduled to be completed in April 2000.

Airports: Gaps in Security Exists

In addition to the interdiction efforts of Customs and other law enforcement agencies at Florida's airports, the Federal Aviation Administration does not allow airports to operate unless the airports adopt and carry out security programs primarily established for the purpose of securing the safety and property of the traveling public against criminal violence and aircraft piracy.

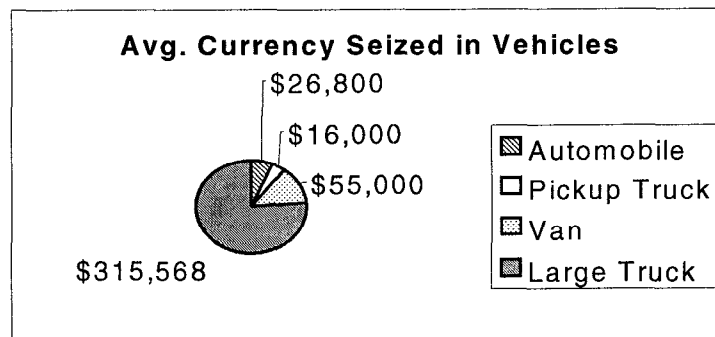
The Task Force found that despite these measures, security gaps exist at Florida's airports. For example in August and September 1999, federal and local law enforcement officers made more than 70 arrests of Miami International Airport employees (ramp workers, food caterers and airline attendants) who had smuggled illicit drugs, money and weapons through the airport. The employees were able to enter restricted areas without being searched. Some entered the airport on their off days or after work hours. In addition, the Task Force received testimony that Jacksonville Port Authority security officers have ceased looking for illicit money at its airport, due to increases in the number of passengers traveling. Again, primary responsibility is to secure the safety and property of the traveling public against criminal violence and aircraft piracy.

Task Force members heard several examples in which airline officials, in order to avoid passenger delays, directed employees not to contact law enforcement where there was suspected drug trafficking or money laundering. Consequently, the Task Force found airport security programs are aimed at passenger safety, not drug interdiction.

The Task Force found airport security programs are aimed at passenger safety, not drug interdiction.

**Highways: FHP
Seizes Illicit Drugs,
Money**

The amount of illicit money being transported via highways has increased in the last decade. In 1986, approximately \$12 million in illicit moneys were seized on the nation's highways. By 1998, the illicit moneys seized increased to \$86 million. This increasing trend has been experienced in Florida. In 1995, \$4.61 million was seized on I-95/I-75 southbound to Florida. In 1998, the amount seized increased to \$18.5 million. Nationally, the average currency seizure by vehicle type is shown in the following pie chart:



The Florida Highway Patrol (FHP), among its varied law enforcement duties, is responsible for seizing contraband being transported on the state highways. The Task Force found that currently, the FHP's contraband interdiction program is comprised of 64 specially trained troopers, 37 drug-sniff certified canines and a coordinator who oversees the interdiction endeavor.

According to FHP, they proactively pursue those couriers who use Florida's roadways to transport illicit drugs and money. During routine traffic-stops, FHP troopers are trained to look for indicators of criminal activity including trafficking of illicit drugs and money. When those indicators are present, FHP troopers search vehicles for illicit drugs and money. In 1998, the FHP:

- ▶ made **2,651** drug related arrests,
- ▶ seized over **\$15.8** million in illicit drugs and assisted other law enforcement agencies in the seizure of over **\$52.4** million in illicit drugs,
- ▶ seized over **\$1.2** million in US currency and assisted other law enforcement agencies in the seizure of over **\$17.2** million.

Drug Couriers Use Concealed Vehicle Compartments to Transport Illicit Drugs, Money

FHP estimates that at least 80 percent of drug seizures on our highways involve the use of hidden compartments. Because drug couriers are so creative in concealing contraband in vehicles, they are not fearful of a routine traffic stop.

Drug couriers must move drugs and cash on our highways in order to stay in business; they are ingenious in creating compartments to conceal their illicit products.

...at least 80 percent of drug seizures on our highways involve the use of hidden compartments.

FHP and other law enforcement officials conducting routine traffic stops have located contraband in the following parts of a vehicle:

- ▶ false quarter panels in which trap doors have been affixed,
- ▶ fuel tanks that have been sectioned out to contain fuel and a concealment area for drugs and cash,
- ▶ hollow and false bumpers, and
- ▶ tire rims.

Law enforcement intelligence in Florida reported to the Task Force that some legitimate body shops, particularly in the South Florida area, have begun to specialize in manufacturing non-factory concealment areas to be used in

transporting illicit contraband. Law enforcement reports that it is not uncommon for these types of compartments to be detected in vehicles coming from other states.

Motor Carrier Compliance Office Searches Commercial Vehicles for Illicit Drugs, Money

In addition to FHP's interdiction efforts on Florida's highways, the Motor Carrier Compliance Office (MCCO), a division of Florida's Department of Transportation, is responsible for weight and safety inspections of commercial vehicles to reduce the number of accidents, fatalities and injuries involving commercial motor vehicles and to reduce the flow of illicit drugs and money traveling on Florida's highways.

Similar to FHP and while inspecting, MCCO looks beyond the routine inspection for indicators of criminal activity including the trafficking of illicit drugs and money. When those factors are present, MCCO searches the commercial vehicles for illicit drugs and money. During Fiscal Year 1997-1998, MCCO seized \$120,980 in illicit currency and \$2,920,912 in illicit drugs.

MCCO's interdiction efforts are part of the national Drug Interdiction Assistance Program (DIAP) established by the Federal Highway Administration in an effort to assist law enforcement officers in the detection and apprehension of transporters and users of illicit drugs and money relating to commercial motor vehicles. MCCO does not currently assign its officers specifically to a DIAP unit nor does MCCO currently have any drug-sniff certified canines assigned to the DIAP.

Motor Carrier Compliance Office Lacks Forfeiture Authority

The Task Force members were interested to hear about a different approach taken in Kentucky. An official from Kentucky's Motor Carrier Compliance Office testified that his state has fully implemented DIAP. Kentucky has a special unit of officers who possess enhanced skills and the authority to aggressively enforce Kentucky's traffic laws and its commercial vehicle regulations with special emphasis on criminal interdiction activity. This special unit has seven certified canines and ten officers who are assigned to patrol the major corridors through Kentucky. Upon the creation of this special unit, the number of cases relating to illicit drugs and money within commercial vehicles doubled to 750 cases per year. Due to federal assistance and forfeiture revenue, this special unit has been financially self-sufficient.

Task Force members were openly impressed with the Kentucky program and at the Jacksonville meeting the chair made a motion, which was adopted, to

authorize the Department of Transportation to establish a trust fund for forfeiture revenue. The will of the Task Force was for the forfeiture revenues to be used exclusively for drug interdiction.

Railways: No Interdiction Program

The Task Force learned Florida's rail system does not have a specific interdiction program established. For example, CSX Transportation inspects trailers and containers on a regular basis with the primary emphasis being to prevent theft and vandalism of the cargo and the safety of the employees and public. Amtrak, CSX Transportation and the other rail freight businesses frequently interact with local, state and federal agencies and to date have received little indication that containers have been used to transport illicit drugs or money.

Technology: Interdiction Technology Used to Inspect Cargo

Inspection technology devices are currently being used in Florida to assist in protecting its border. Customs, FHP, MCCO and other law enforcement agencies use a variety of detection equipment while inspecting for illicit drugs and money.

However, Customs and some of the law enforcement agencies have indicated a need for more of these devices in Florida. For example, the Port of Miami proposed this Task Force recommend state funding for sophisticated cargo inspection technology currently being used by Customs in other states. This technology is designed to detect large objects such as automobiles and smaller ones such as drugs and currency concealed in containers.

The table below contains a description of the technology and costs as presented in the Task Force testimony.

Table 1: Technology Scanning Devices

LARGE CARGO SCANNING TECHNOLOGY		
Device Name	Cost	Suitable for Inspecting
Fixed Truck X-Ray System	\$3 million per system	trucks, vehicles and cargo containers at an inspection rate of seven vehicles per hour
Mobile Truck X-Ray Systems	\$1.8 million per system	trucks, vehicles and cargo containers at an inspection rate of seven vehicles per hour
Fixed Gamma Ray System	\$800,000 per system	tankers, thick-walled trucks, vehicles, cargo containers and rail cars at an inspection rate of eight vehicles per hour
Pallet X-Ray System	\$125,000 per system	break bulk cargo, pallets and luggage
Van X-Ray System	\$275,000 per system	break bulk cargo, pallets and luggage
VEHICLE SCANNING DEVICES		
Device Name	Cost	Use
Mini-Buster Hand held Anomaly Detector	\$6,500 per system	to detect hidden compartments
Fiber optic scope	\$7,075 per unit	to view hidden compartments

In its five-year strategic plan, Customs has emphasized that continuing efforts to improve interception and investigative methods within and outside ports of entry is a significant part of its overall supply reduction strategy. Nonintrusive screening and detection technologies will be one of the key areas of focus on improving its narcotics interception rate. Strategies and targets for fiscal year 1997-98 included installing additional truck x-ray systems at priority Southwestern Border points, introducing screening technologies at selected ports, and supporting and leading efforts to identify appropriate technologies for cargo container examination.

For fiscal years 1997-02, strategies and targets include adding new systems and/or enhancing existing systems for container and truck examination, and continuing the acquisition of screening and detection systems across the “southern tier,” which extends from Los Angeles to Miami and includes the Caribbean islands.

In recent years, Customs has successfully used technology tools such as x-ray systems and automated databases for narcotics seizures in commercial cargo. The Task Force was presented with these encouraging results:

- ▶ As of June 30, 1999, x-ray systems resulted in **118** narcotics seizures totaling over **84,500** pounds in commercial cargo, and
- ▶ Automated Targeting System resulted in **33** narcotics seizures totaling **23,672** pounds in commercial cargo.

Detection equipment which penetrates the outer skin of trucks, vehicles or cargo containers are able to view the inside contents and identify large contents and compartments not readily viewable by the human eye. However, existing off-the-shelf technology is not yet able to specifically identify drugs or money. Despite this limitation, the Task Force heard testimony indicating the technology was able to discern shapes and anomalies which could assist law enforcement in seizing illicit drugs and money. Detection equipment which does identify drugs or money is currently being developed. According to some experts, this technology has the potential to significantly improve future drug interdiction efforts.

Task Force testimony revealed a consensus concluding that detection equipment alone will not stop illicit drugs and money from flowing through Florida’s transportation system. However, the Task Force received testimony indicating detection equipment combined with coordinated intelligence will increase the detection rates of illicit drugs and money.

...detection equipment combined with coordinated intelligence will increase the detection rates of illicit drugs and money.

B. Law Enforcement and Prosecution

Aside from the social and economic costs of supporting the illicit drug trade and other criminal activities, money laundering, if unchecked, erodes public confidence in the integrity of Florida’s financial institutions and markets.

Legitimate businesses must compete on an unlevel playing field with criminally-financed “legitimate” businesses.

Legitimate businesses must compete on an unlevel playing field with criminally-financed “legitimate” businesses. These criminal enterprises deprive the state of tax revenues at the expense of taxpaying Floridians.

Though proceeds from the illicit drug trade appear to be the primary source of criminal profits laundered through the financial system, they are by no means the exclusive source. For example, there are considerable profits derived from securities and investment fraud, other types of fraud, and tax evasion. The same motivations and efforts exist to make these profits appear to be derived from legitimate means.

The Task Force was presented substantial testimony that enhanced state money laundering enforcement and prosecution efforts will have a positive impact on investigation and enforcement efforts aimed at a broad range of criminal activities that exact economic and other costs on Floridians.

... money laundering, if unchecked, erodes public confidence in the integrity of Florida’s financial institutions and markets.

Law enforcement officials and prosecutors presented compelling testimony indicating that although Florida generally has strong money laundering laws there are some provisions that could be amended to enhance the law’s effectiveness, particularly with enforcement and prosecution issues.

Money Laundering Sentences Need to be Increased

The Task Force heard considerable testimony from experienced state prosecutors indicating the money laundering sentencing provisions are in need of reform. The Task Force found the penalties authorized for money laundering were too low. The effectiveness of the law could be enhanced by increasing these penalties.

Currently, the primary money laundering offenses in chapter 896, F.S., are second degree felonies, regardless of the dollar amount involved. In contrast, penalties for various offenses under chapter 560, F.S., and section 655.50, F.S., are graduated based upon the dollar amount involved in the violation. There are three dollar amount ranges with corresponding penalties:

- ▶ a third degree felony if between \$300 but less than \$20,000,
- ▶ a second degree felony if between \$20,000 but less than \$100,000, and
- ▶ a first degree felony if \$100,000 or more.

As the testimony presented, these graduated penalties would more accurately reflect the severity of the chapter 896, F.S., money laundering offenses.

Under Florida's Criminal Punishment Code, many offenses are ranked in an offense severity level ranking chart based upon the Legislature's determination of the seriousness of the particular offense being ranked. Those offenses which are not ranked in the chart, "default" to a predetermined ranking based upon the felony degree of the offense:

- ▶ a third degree felony is ranked in level 1,
- ▶ a second degree felony is ranked in level 4, and
- ▶ a first degree felony, is ranked in level 7.

Since none of the offenses under chapters 560, 655, and 896, F.S., are ranked in the offense severity ranking chart, the offenses are ranked under the default provision. Consequently, convicted money launderers rarely receive prison sentences. The Task Force finds this is the practical effect of the money laundering default rankings.

Convicted money launderers rarely receive prison sentences. The Task Force finds this is the practical effect of the money laundering default rankings.

For example, the second degree felony money laundering offenses default to a level 4. While the Criminal Punishment Code does authorize a prison sentence for a level 4 offense, and indeed the court can impose a sentence up to the maximum of 15 years in prison for a second degree felony, it is unlikely that a defendant sentenced for a level 4 offense would receive a prison sentence unless other factors are present such as other additional offenses or a significant prior record, or the primary offense is a higher-level offense and the level 4 offense is simply an additional offense. This is particularly true if the defendant is a first-time offender and the level 4 offense is the sole factor being scored.

Important to the determination of the sentence imposed is the establishment of the lowest permissible sentence. The lowest permissible sentence is the "floor" for sentencing, absent mitigation for a limited number of reasons. The lowest permissible sentence is calculated by a mathematical formulation arrived once total sentence points have been scored for the primary offense, additional offenses, prior offenses, and other factors. In the case of a first-time offender with a level 4 offense, and with no other factors to be scored, the lowest permissible sentence would be a non-prison sanction.

According to testimony from Miami-Dade prosecutors and their proposed recommendation, penalties may be better enhanced by ranking the current offenses under all three money laundering chapters as follows:

- ▶ a third degree felony in level 7,
- ▶ a second degree felony in level 8, and
- ▶ a first degree felony in level 9.

These proposed levels were arrived at by looking at the current cost of a kilogram of cocaine in South Florida (about \$15,000) and concluding that a person laundering \$100,000 is actually laundering the proceeds from the sale of six kilograms of cocaine, which is a level 9 first degree felony. A level 9 first degree felony is punishable by a term of imprisonment not exceeding 30 years with a minimum mandatory 15 year prison sentence.

According to Miami-Dade prosecutors, restructuring penalties will more effectively deter money laundering.

The Task Force finds it will also send a strong message that Florida is serious

about controlling the activity of money

laundering within its borders. The proposed rankings for these offenses are more reflective of the seriousness of the criminal activities than the current default rankings. Although under the current sentencing code, theoretically, a judge could sentence a person convicted of a third degree felony money laundering offense to the statutory maximum allowed under law (five years prison), the Task Force received testimony indicating that, as a practical matter, this would be very rare.

...restructuring penalties will more effectively deter money laundering.

Federal Prosecutions are More Frequent than State Prosecutions

The current sentencing scheme may account for why the number of money laundering prosecutions brought under Florida law is small in comparison to the number of federal prosecutions. Attempts to obtain the number of prosecutions in federal and Florida money laundering cases was difficult. However, according to the Miami-Dade County State Attorney's Office, in the last year and a half, that office has filed 49 money laundering cases, including one case with 896 counts. Nineteen cases are currently open and pending and 30 are closed. Moreover, within the next six months, prosecutors in that office plan to file approximately 8 more cases consisting of multiple count informations.

In addition, the Department of Corrections submitted data indicating that over the last five years, 15 defendants have been sentenced under Florida law to prison for money laundering and 72 defendants have received probationary sentences.

According to statistics from the Department of Justice, during the 1998 fiscal year (October 1, 1997-September 30, 1998) there were **287** federal money laundering cases brought in Florida. The disposition of these cases was as follows:

- ▶ **85** prison sentences,
- ▶ **61** probation sentences,
- ▶ **21** not guilty verdicts,
- ▶ **2** fine only,
- ▶ **14** suspended sentences, and
- ▶ **4** missing.

During this same fiscal year, the average prison sentence received by a convicted money launderer under the two primary federal statutes was 5.9 and 6.2 years, respectively.

Federal Resources Diverted to Southwestern Border

The Task Force heard testimony that considerable federal resources and expertise were available to Florida when the Colombian cartels favored trade routes through Florida. However, as the law enforcement response improved, Florida became less desirable for drug traffickers and drug trafficking patterns began to shift to the Southwestern Border. In turn, federal attention shifted to the Southwestern Border and with this shift came a reduced federal presence in Florida.

Predictably, as the federal law enforcement presence burgeoned on the Southwestern border, there was a resurgence of interest by Colombian producers in their old trade routes through Florida. This resurgence resulted in an increase in the amount of drugs entering and drug profits leaving through Florida's ports. Multi-ton drug seizures in Florida are once again far too commonplace. Additionally, Miami has remained one of the premier money laundering centers in the country.

...as the federal law enforcement presence burgeoned on the Southwestern border there was a resurgence of interest by Colombian producers in their old trade routes through Florida.

The Task Force found that while drug enforcement agencies in Florida confront this upsurge in the movement of illicit drugs through Florida, much of the federal government's interdiction efforts and resources remain concentrated on the Southwestern

Miami has remained one of the premier money laundering centers in the country.

Border. Despite the reduced federal presence, Florida's state and local law enforcement agencies have continued to enforce and prosecute Florida laws relating to illicit drugs and money. Multi agency task force approaches are expanding.

HIDTAs Exist in South and Central Florida, Requested for North Florida

High Intensity Drug Trafficking Areas or "HIDTAs" are designated areas having critical drug trafficking problems. They are designated by the Director of the Office of National Drug Control Policy (ONDCP), after consultation with relevant state and federal representatives and agencies. Funded by the ONDCP, each HIDTA develops a system to synchronize drug control efforts and share intelligence through joint task forces, an intelligence sharing center, and other joint operations. The existence of a HIDTA provides for a unique, multi-agency partnership which enhances cooperation and diminishes "turf guarding." Typically, HIDTA initiatives address money laundering as well as the seizure of illegal drugs.

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Nationwide, there are 27 HIDTAs, two of which are in Florida. Created in 1990, the South Florida HIDTA consists of Broward, Dade, and Monroe counties. The Central Florida HIDTA, created in 1998, consists of Hillsborough, Orange, Osceola, Pinellas, Polk, Seminole and Volusia counties.

The Task Force heard how Jacksonville has recently applied to the National Drug Control Office for a HIDTA designation. While drug traffickers appear to prefer South Florida, they are now exploiting North Florida, particularly the Jacksonville area. Moreover, as the fourth largest metropolitan area in the United States, Jacksonville has an international airport, one of the largest seaports (JAXPORT), and a thriving cargo trade with Caribbean countries. This means that Jacksonville offers traffickers an attractive venue for moving large shipments of drugs. Based on this compelling testimony, the Task Force's Chair requested a letter be sent recommending to the Florida Congressional Delegation the creation of a North Florida HIDTA in Jacksonville. The proposed HIDTA would encompass eight counties.

While drug traffickers appear to prefer South Florida, they are now exploiting North Florida, particularly the Jacksonville area.

Additional Funding for Training Requested

The Task Force heard testimony from Florida Department of Law Enforcement (FDLE) officials on the need for promoting and funding the statewide training of law enforcement officers, detectives, investigators, prosecutors, and regulatory agency personnel in an effort to improve Florida's response to money laundering. Although FDLE believes that the Standards and Training Commission could develop some curriculum for retraining in this area that would be helpful, the department also emphasizes that money laundering is a specialized area of enforcement, and as such, there needs to be some consideration to funding specialized training that could reach law enforcement and other affected persons throughout the state. At several of the Task Force meetings, members supported the need for intensive statewide training in order to successfully increase money laundering investigative efforts.

C. Financial Institutions and Related Entities

Over the past three decades, federal efforts to combat money laundering activities which relate to financial institutions have evolved into a three-prong strategy:

- ▶ the reporting of large currency transactions,
- ▶ legislation defining the offense of money laundering and establishing penalties against it, and
- ▶ tactical and strategic intelligence analysis of financial data.

Federal Government Perspective: Reporting and Analyzing Financial Information

Financial Reporting Requirements.

Enacted in 1970, the Bank Secrecy Act (BSA) requires that individuals as well as banks and other financial institutions report large domestic and foreign financial transactions to the Department of Treasury. The general reporting threshold was established at \$10,000. In 1986, an "anti-structuring provision" was added to the law which made the intentional division of transactions into amounts each less than the BSA reporting threshold a crime. Through the years, the BSA has been amended to provide substantial criminal and civil penalties for financial institutions who fail to file required reports and for

Through the years, federal law has been amended to provide substantial criminal and civil penalties for financial institutions who fail to file required reports and for individuals who deliberately evade reporting requirements.

individuals who deliberately evade reporting requirements. The Internal Revenue Service and Customs Service are primarily responsible for enforcing the BSA and compliance with the filing of the currency reports which are listed below.

- ▶ **A Currency Transaction Report** (IRS Form 4789, commonly referred to as a **CTR**) is required to be filed by financial institutions for each deposit, withdrawal, or exchange of currency that involves a transaction in currency of more than \$10,000. Financial institutions are not required to file CTRs in the case of transactions involving certain exempt entities, e.g., publicly traded companies, government entities, financial institutions, and select customers granted administrative exemptions with calculated dollar limits. (*See Appendix A for CTR form.*)
- ▶ **An International Transportation of Currency or Monetary Instruments Report** (Customs Form 4790, commonly referred to as a **CMIR**) is required to be filed by individuals at the time of transporting currency or monetary instruments over \$10,000 from or into the United States. (*See Appendix B for CMIR form.*)
- ▶ **A Currency Transaction Report by Casino** (IRS Form 8362, commonly referred to as a **CTRC**) is required to be filed for each currency transaction in excess of \$10,000 by any licensed casino operation in the United States with gross annual gaming revenues in excess of \$1 million. (*See Appendix C for CTRC form.*)
- ▶ **A Foreign Bank and Financial Accounts Report** (Treasury Form TRF 90-22.1, commonly referred to as a **FBAR**) is required to be filed annually by “persons” (which includes individuals, corporations, domestic partnerships, and estates and trusts) who have a financial interest in or signature authority over bank accounts, or other financial accounts in a foreign country, with a combined value in excess of \$10,000 at any time during the calendar year. (*See Appendix D for FBAR form.*)
- ▶ **A Report of Cash Payments Over \$10,000 Received in a Trade or Business** (IRS Form 8300, commonly referred to as a Form **8300**) is required to be filed by any person engaged in a trade or business who receives more than \$10,000 in cash payments in a single transaction or series of related transactions. Form 8300, while critically useful to law enforcement, is however regarded by the IRS as a tax return and therefore is subject to confidentiality rules which makes it very difficult for law enforcement agencies to obtain. To access the form, such agencies must be approved via an extensive “Safeguard Procedures” review. (*See Appendix E for Form 8300.*)

- ▶ **A Suspicious Activity Report** (IRS Form, commonly referred to as a **SAR**) is required to be filed by financial institutions when they receive suspicious currency transactions over \$5,000, although in cases involving “insider abuse” of a financial institution, SARs may be filed involving any amount. First authorized in 1996, SARs are a vital investigative tool to law enforcement because by definition such reports reflect any suspicious transaction relevant to a possible violation of law or regulation. One of the fundamental reasons for creating the SAR was that the other currency reports reflect “routine” transactions above a certain amount, while SARs reflect “non-routine” transactions and are most likely to be useful to law enforcement and financial regulators. (See Appendix F for SAR form.)

The Task Force heard testimony that the currency reports generated as a result of these requirements create a valuable “paper trail” for money laundering investigators to follow. The information contained in these reports aids law enforcement and state regulators on both a “reactive” or “proactive” basis. Reactively, the

information can help investigators determine if the subject of an ongoing criminal investigation or prosecution has been involved in a large currency or otherwise suspicious transaction. Proactively, investigators can determine if the funds used in a large currency or suspicious transaction were legitimately obtained. The data can be analyzed to create profiles and establish links between transactions, thus exposing money laundering operations.

...the currency reports generated as a result of these requirements create a valuable “paper trail” for money laundering investigators to follow.

FinCEN Provides Tactical and Strategic Intelligence Analyses. In an effort to provide tactical and strategic intelligence analyses that identifies emerging trends and geographic patterns of money laundering activity, the Department of the Treasury created the Financial Crimes Enforcement Network (FinCEN) in April 1990. FinCEN is not authorized to do investigations, but does provide a broad-based intelligence and analytical network in support of the detection, investigation and prosecution of domestic and international money laundering and other financial crimes by Federal, State, and local law enforcement agencies. To fulfill that mission, FinCEN maintains a vast database of currency and suspicious transaction reports which are available to states and local agencies via “Project Gateway.” Through this database, FinCEN provides passwords to selected individuals in designated law enforcement and regulatory agencies that allows for direct, on-line access. The data contained in CTR, CMIR, CTRE, FBAR, and SAR reports is available through Project Gateway or in some instances via magnetic tape. As noted above, the Form 8300s are not readily available to bank

regulators or law enforcement because of IRS restrictions.

Table 2 highlights the number of financial transaction reports which have been submitted to FinCEN nationally and from Florida during calendar year 1998.

Table 2: Financial Transaction Reports Submitted to FinCEN in 1998

Financial Transaction Reports	Nationwide	Florida
Currency Transaction Reports (CTR)	12.5 million	838,600
International Transportation of Currency or Monetary Instruments Report (CMIR)	89,612	6,085
Currency Transaction Report by Casino (CTRC)	220,000	3,586
Foreign Bank and Financial Accounts Report (FBAR)	164,016	8,271
*Report of Cash Payments Over \$10,000 Received in a Trade or Businesses (IRS Form 8300)	121,217	17,063
**Suspicious Activity Report (SAR)	290,403	14,434

* As noted above, the IRS Form 8300 is submitted to the IRS and due to confidentiality requirements is not readily available to law enforcement.

* * The number of SARs submitted reflects reports filed since April 1996.

The Task Force heard testimony from a representative from FinCEN that her agency would do everything within its authority to aid Florida law enforcement as well as state regulatory agencies in accessing this voluminous data and in providing the information in a relatively fast and efficient manner. FinCEN admittedly needs to do a better job at educating Florida officials on Project Gateway, since Florida ranks 22nd in per capita use of Project Gateway, which translates into an average of only 228 queries a month. However, the “turn-around” time for receiving Florida transaction reports at the IRS Detroit Computing Center (the centralized computer database for FinCEN and other agencies), and inputting data on line has improved and it is now estimated to take from ten days to two weeks for CTR and CMIR data, and six days for SAR data. The response time for CTR or CMIR data is not as critical as SAR data since, according to FinCEN, the CTR and CMIR information is used in primarily historical cases. Since January 1991, FinCEN has researched a total of 130 cases for Florida officials.

Florida's Perspective: Regulating Financial Entities and Addressing Concerns of the Business Community

Like their federal counterparts, Florida lawmakers, state regulators, and law enforcement officials have made a concerted effort to combat money laundering. Task Force members heard substantial testimony on how these efforts *impact* state regulators, including banking, revenue, insurance, and real estate representatives, as well as law enforcement officials. In turn, Florida banking representatives, groups representing “non-banks,” and retail businesses responded as to their efforts to comply with both federal and state currency reporting requirements and money laundering laws. Additionally, these business groups expressed an overarching concern about several proposals submitted to the Task Force and their collective negative impact

on Florida’s legitimate businesses. In considering this testimony, Task Force members emphasized the importance of striking a balance between the interests of regulators and law enforcement officials and the legitimate concerns of the business community.

Task Force members emphasized the importance of striking a balance between the interests of regulators and law enforcement officials and the legitimate concerns of the business community.

Financial Institutions and Money Transmitters. The Florida Legislature in 1984 enacted the Florida Control of Money Laundering in Financial Institutions Act. Section 655.50, F.S. Administered by the Department of Banking and Finance (DBF), this law requires financial institutions to file CTRs and SARs with the U.S. Treasury. Thereafter, CTRs are made available to the DBF via magnetic tape from FinCEN and the department in turn makes the information available to investigators and law enforcement. Florida SARs are available to DBF and law enforcement via the FinCEN database, Project Gateway, and the department is currently working with FinCEN to obtain all CMIR data on magnetic tape. The department, in its examination process, monitors compliance by financial institutions with reporting requirements as a safety and soundness issue.

Task Force members heard testimony from department officials that FinCEN needed to allow the department to directly download all detailed SAR

The present on-line query method of obtaining SAR data was not sufficient and limits the ability of investigators to do sophisticated analysis of financial information.

data and make it available to both department investigators and law enforcement. The present on-line query method of obtaining SAR data was not sufficient and limits the ability of investigators to do sophisticated analysis of financial information. Representatives with FinCEN admitted that they have never provided any other state with SAR data in this manner, but assured the Task Force that they would make every effort to facilitate this request. (See Appendix G for letter from FinCEN.)

Representatives from the Florida banking community told the Task Force that their members have cooperated with regulators in submitting the various currency reports and likewise have incurred costs totaling millions of dollars to so comply. An official from the largest bank in the country noted that his company would file a total of 1.5 million CTRs nationwide this year, with approximately 350,000 from Florida and Georgia. The larger banks employ sophisticated data systems, extensively train their associates, utilize dedicated corporate security systems, and have a history of being good partners with law enforcement in ferreting out and communicating illegal money laundering activities. The smaller banks must also comply with the currency reporting requirements, but employ less sophisticated data and security systems to combat money laundering. Often these smaller banks submit their reports in writing as opposed to electronic submission.

Since drug traffickers traditionally launder their proceeds by opening multiple bank accounts and depositing an amount below the federal reporting requirement level, the issue of the ease of opening a bank account was debated. Bank officials resisted any restriction on bank accounts openings, noting that

they must strike a balance between the interests of prospective customers and law enforcement concerns about money laundering and fraud. If individuals are denied access to a bank account they are oftentimes forced to use “non-bank” entities (money transmitters) at a much higher cost.

An official from the largest bank in the country noted that his company would file a total of 1.5 million CTRs nationwide this year, with approximately 350,000 from Florida and Georgia.

The regulation of “non-banks” was enacted by the Florida Legislature in 1994 in an effort to establish a licensing and reporting framework for the activities of currency exchangers, check cashers, and funds transmitters, including money couriers. The Florida Money Transmitters’ Code (chapter 560, F.S.) is administered by the DBF and it provides for registration requirements, penalties, and mandates that money transmitters comply with filing both CTRs and SARs with the U.S. Treasury. According to the department, there are a total of 524 entities licensed as money transmitters in Florida. That figure includes 125 fund

transmitters and payment issuers, and 399 check cashers and foreign currency exchangers.

The Task Force heard testimony from representatives with the department that the Money Transmitter Code is deficient and needs to be revised to ensure that money transmitters are not utilized as conduits for money laundering activities. The department noted that money transmitters could facilitate money laundering in a number of ways:

...the Money Transmitter Code is deficient and needs to be revised to ensure that money transmitters are not utilized as conduits for money laundering activities.

- ▶ by money transmitters receiving illicit cash and sending it out of the country,
- ▶ by payment instrument sellers converting illicit cash to payment instruments, and
- ▶ by check cashers using illicit currency in check cashing transactions which may cause the ill-gotten funds to appear to be legitimate.

The department's proposed amendments to chapter 560, F.S., ranged from obtaining accurate financial records by requiring audited financial statements and providing criminal penalties, to repealing the provision requiring prior notification to a licensee of its code violation before the agency can bring disciplinary action.

The Task Force considered testimony from representatives with the money transmitter industry, the "Non-Bank Funds Transmitters Group," or NBFTG, which is composed of the leading national payment instrument issuers and funds transmitters groups, like Travelers Express and American Express. Representatives commented that their members have adopted stringent anti-money laundering compliance programs in an effort to prevent, detect, and report money laundering.

A major concern among the NBFTG members was that a number of the proposals went beyond issues of money laundering and concerned major revisions to the statute. Additionally, several proposals would either burden existing money transmitters or be barriers to the entry of legitimate money transmitters. Furthermore, testimony was offered that small businesses would be severely impacted by the requirement of audited financial statements.

The Task Force found that while many of the department's proposals had merit, specific exceptions should be made in some of the recommendations to chapter

560, F.S., particularly in light of the potential negative impact of the proposals on the business community.

Necessity for Trades and Businesses to File Financial Reports. The Florida Department of Revenue (DOR) is statutorily tasked with requiring businesses and trades who receive more than \$10,000 in currency to file the IRS Form 8300 with the department. Mandated in 1987, this is a duplicate requirement in that such businesses must also file Form 8300 with the Internal Revenue Service. Once the Form 8300 information is received by DOR, the agency may provide it without the necessity of a subpoena to state regulators, law enforcement and prosecutorial agencies. Access to the Form 8300 data on the federal level is severely limited because the IRS considers the information to be confidential. In light of these IRS restrictions, the Task Force members recommended to the Florida Congressional Delegation that the IRS Code be amended to authorize disclosure of Form 8300 information to law enforcement and regulators for purposes other than tax administration.

Representatives with the DOR admitted to the Task Force that they have not committed any resources to inform trades and businesses about filing Form 8300 or to enforce compliance. Consequently, the department received only 2,624 forms in 1998. In contrast, Florida businesses filed 17,063 forms with the IRS for the same period. Department officials explained that the Form 8300 responsibility was assigned to DOR as part of the Legislature's effort to enhance the agency's enforcement of the sales tax on illegal drugs. Once the Florida Supreme Court declared that tax unconstitutional, the Form 8300 information was of no utility to the department. It was only recently, at a Task Force meeting, that the department learned of law enforcement's vital interest in obtaining the Form 8300 data. Department officials promised to educate the business community on the reporting requirement. Representatives with Florida's retail association likewise offered assurances to Task Force members that they would cooperate with the department to educate merchants on their obligations.

Task Force members, while recognizing the necessity to keep the Form 8300 filing requirement as law, also urged the department to develop education programs in conjunction with the business community to inform trades and businesses of the filing provision. A further recommendation was made to require that Form 8300 be filed within 15 days of the business transaction. (See Appendix H which is a letter from the Departments of Revenue, Banking and Finance and Law Enforcement containing several joint recommendations which the Task Force adopted.)

Establishing a centralized "Financial Transaction Reports" database. The Task Force received testimony from representatives with FDLE about the need for an expanded, improved, and centralized database which would integrate all currency

reporting information (including CTRs, SARs, CMIRs and Form 8300s) from the Department of Revenue and Department of Banking and Finance and be located within FDLE. Such a database would be utilized for sophisticated analyses, like

“data mining” and “artificial intelligence,” to enhance the efforts of state and local law enforcement in fighting money laundering. FDLE argued that fundamental to the database’s operation would be the creation of a Financial Crime Analysis Center (FCAC) which would analyze and develop information relating to money laundering and do post-seizure analysis of money and drug seizures.

Considerable testimony showed that successful money laundering investigations depend on intelligence gathering and analysis. The Task Force acknowledged the need for a centralized database as well as the need for such an analytical center.

...a database would be utilized for sophisticated analyses, like “data mining” and “artificial intelligence,” to enhance the efforts of state and local law enforcement in fighting money laundering.

Insurance and Real Estate Regulators Address Money Laundering Concerns.

A fraud investigator with the Department of Insurance explained to the Task Force that his agency investigated money laundering activities primarily in the health care area. The usual scenario would involve the creation of a fictitious check cashing store established for the purpose of laundering insurance claim checks issued as a result of fraudulent health insurance claims. The department has investigated approximately 52 such cases in the past year.

The Task Force heard testimony from a lawyer with the Real Estate Division in the Department of Business and Professional Regulation who stated that his department is beginning to send real estate investigators to receive special training in financial crimes, including money laundering. When his agency audits brokers and other real estate agents, the department refers all suspicious criminal activity to state prosecutors.

IV. Recommendations

During the course of its work, the Task Force received and analyzed over 50 proposals for recommendations from the public and other interested parties. The Task Force heard relevant testimony on the proposed recommendations at each of its meetings. The Task Force discussed and voted on recommendations at its October 4th & 25th, 1999 meetings. This section contains the recommendations approved by the Task Force and it is organized into the following categories:

- ▶ Offenses, Sentencing, and Penalties,
- ▶ Evidence Gathering,
- ▶ Evidence and Proof,
- ▶ Statutory Clarifications,
- ▶ Florida Congressional Delegation Recommendations, and
- ▶ Resources

The Task Force discussed proposed statutory language before adopting most of the recommendations. The final proposed statutory language approved by the Task Force is contained in a separate document entitled “Final Task Force Recommendations, November 1, 1999” and on file with the Senate Criminal Justice Committee in Tallahassee, Florida. However, in the course of their deliberations, Task Force members repeatedly acknowledged the proposed statutory language will require refinement during the legislative process.

The Task Force members are pleased that the process the Task Force has undertaken has already heightened awareness of this critical issue and served to enhance cooperation and communication among law enforcement, regulatory agencies, and the business community.

A. Offenses, Sentencing and Penalties

Recommendation # 1

The Legislature should provide a uniform sentencing scheme by adopting graduated penalties for section 896.101, F.S., based upon the amount of the transaction involved in the money laundering. The Legislature should provide as follows:

- ▶ **a third degree felony if between \$300 but less than \$20,000,**
- ▶ **a second degree felony if between \$20,000 but less than \$100,000, and**
- ▶ **a first degree felony if \$100,000 or more.**

The Legislature should rank these felony violations in levels 7-9 under the sentencing code based upon their felony degree as follows:

- ▶ **a third degree felony, ranked in level 7,**
- ▶ **a second degree felony ranked in level 8, and**
- ▶ **a first degree felony ranked in level 9.**

Discussion:

The Task Force heard testimony from the Miami-Dade County State Attorney's Office and other law enforcement officials about the need to modify the money laundering penalties under section 896.101, F.S., to parallel the penalty scheme in chapter 560, F.S., and section 655.50, F.S. This would more accurately reflect, in terms of the sanction imposed, the seriousness of the particular violation. Additionally, a need was identified by Miami-Dade prosecutors and others to specifically rank all of the offenses at levels significantly above their current default ranking. Miami-Dade prosecutors assert that current default rankings create a disincentive to prosecuting money launderers.

Moreover, according to Miami-Dade prosecutors, the restructuring of penalties and rankings will increase the deterrent value of these penalties by significantly increasing the likelihood that offenders will receive a prison sentence. It will also send a strong message that Florida is serious about controlling money laundering within its borders. In addition, the proposed rankings for these offenses are more reflective of the seriousness of the criminal activities than the current default rankings. Although the observation was made at the Miami Task Force meeting that under the current sentencing code, theoretically, a judge could sentence a person convicted of a third degree felony money laundering offense to the statutory maximum allowed under law (five years in prison), testimony was received indicating that, as a practical matter, this is very rare.

Recommendation # 2

The Legislature should create a new third degree felony offense of unlawful structuring of financial transactions to avoid reporting requirements under chapter 896, F.S.

Discussion:

FDLE made a proposal to create an offense of unlawful structuring of financial transactions, similar to the federal law provisions. This new offense would make the pattern of intentionally avoiding reporting requirements a criminal act in and of itself under Florida law. The new offense would be punishable as a third degree

felony. A question was raised by the banking industry as to whether this new offense would impose duplicate reporting requirements under both state and federal laws. It appears from all the testimony received that duplicate reporting requirements will not result from this new offense. However, to ensure there would be no additional reporting requirements as a result of this new offense, the Task Force clarified the language indicating its intent not to create an additional reporting burden.

Recommendation # 3

The Legislature should expand the definition of “drug paraphernalia” in chapter 893, F.S., to include hidden compartments in vehicles.

Discussion:

Drug couriers must move drugs and cash on our highways in order to stay in business; they are ingenious in creating compartments to conceal their illicit products. The Florida Highway Patrol (FHP) and the Motor Carrier Compliance Office (MCCO) look beyond the routine traffic stop or commercial inspection for indicators of trafficking of illicit drugs or money. FHP estimates that at least 80 percent of drug seizures on our highways involve the use of hidden compartments. Law enforcement intelligence in Florida reported to the Task Force that some legitimate body shops, particularly in the South Florida area, have begun to specialize in manufacturing non-factory concealment areas to be used in transporting illicit contraband.

The construction of these compartments with the specific intent to transport illicit drugs and money is currently not illegal. FHP proposes to make the construction of compartments with the specific intent to transport illicit drugs or money illegal.

Recommendation # 4

The Legislature should statutorily provide an affirmative burden of reasonable inquiry on persons in situations involving suspicious transactions or transportation (knew or should have known in certain circumstances).

Discussion:

The Task Force heard testimony on the need to amend the money laundering statute to place an affirmative burden of reasonable inquiry (knew, or in transactions or transportation involving over \$10,000, should have known after reasonable inquiry) on persons in situations involving suspicious transactions or

transportation. A Miami-Dade Police Department official asserted that this new language would clear up the issue of “willful blindness” frequently encountered as a defense in money laundering investigations.

Recommendation # 5

The Legislature should add felony violations of chapter 560, F.S., to the list of predicate offenses under the RICO statute.

Discussion:

The Statewide Prosecutor proposed this recommendation to expand RICO’s scope of predicate offenses to include offenses under chapter 560, F.S., the Money Transmitters’ Code, for the purpose of RICO prosecutions. The RICO predicate offenses already include money laundering offenses under chapter 896, F.S., and chapter 655, F.S. Violations under chapter 560, F.S., are not currently covered. After discussion on this issue, the Task Force adopted this recommendation while clarifying that it only wanted this addition to apply to the felony offenses under chapter 560, F.S.

Recommendation # 6

The Legislature should criminalize certain violations of chapter 560, F.S., which are not classified as such or which do not carry any type of criminal penalty.

Discussion:

Testimony offered to the Task Force by representatives of the Department of Banking and Finance concerned the importance of providing criminal penalties for code violators who give false or misleading financial information or other records to the department. These recommendations covered the examinations, reports, and audits of money transmitters and were offered to help curtail money laundering activities by encouraging honest bookkeeping. The Task Force adopted these provisions and further clarified that persons who failed to comply with certain lawful written demands by the department were deemed to have criminally violated the code.

Recommendation # 7

The Office of Drug Control and the Statewide Drug Policy Advisory Council should research the possibility of a HIFCA designation in Florida.

Discussion:

Task force members were particularly interested in the *National Money Laundering Strategy*, which was released while the task force was conducting hearings and collecting information. The Clinton Administration's strategy calls for the creation of High-Risk Money Laundering and Related Financial Crime Areas (HIFCAs). According to the Clinton plan, HIFCAs can be geographical regions, an industry, sector, institution or group of institutions. Once a HIFCA is designated, the U. S. Department of the Treasury and the U. S. Department of Justice will train, coordinate and fund enforcement and regulatory agencies to investigate and prosecute money laundering. It is anticipated that the first HIFCAs will be designated in the year 2000.

B. Evidence Gathering

Recommendation # 8

The Legislature should establish minimum standards for seaport and airport security.

Recommendation # 9

The Legislature should designate a state agency to be responsible for seaport and airport security.

Discussion:

Customs considers poor seaport security a major reason for drug smuggling. Unlike airports, there is no viable system of federal regulations mandating specific security standards for seaports and marine terminals. Fairly new regulations govern security for large passenger vessels and cruise ship terminals. There are, however, no corresponding federal regulations for sea cargo vessels and seaport and marine terminals.

The Port of Miami, Port Everglades and the Jacksonville Port Authority have instituted seaport security measures to reduce criminal activities including drug smuggling. While the measures taken at these seaports are not exactly the same, each reduces access to the seaports by unauthorized personnel. Each of these seaports recommend the establishment of minimum security standards for all seaports in Florida and oversight by the state to ensure compliance.

While federal regulations mandate specific security standards for airports relating to criminal violence and acts of air piracy, gaps in security relating to the interdiction of illicit drugs and money exist at Florida's airports. These gaps were apparent in the recent arrests of Miami International Airport employees (ramp workers, food caterers and airline attendants) who were able to enter restricted areas (on their off days or after work hours) without being searched and were able to smuggle illicit drugs, money and weapons through the airport. These gaps also indicate the need for statewide security measures with oversight by the state, as well as by the Federal Aviation Authority, to ensure compliance.

Recommendation # 10

The Legislature should authorize the Department of Transportation to establish a trust fund and receive forfeiture funds.

Discussion:

The Task Force members were interested to hear about a different approach taken in Kentucky. An official from Kentucky's Motor Carrier Compliance Office testified that his state has fully implemented DIAP. Kentucky has a special unit of officers who possess enhanced skills and the authority to aggressively enforce Kentucky's traffic laws and its commercial vehicle regulations with special emphasis on criminal interdiction activity. This special unit has seven certified canines and ten officers who are assigned to patrol the major corridors through Kentucky. Upon the creation of this special unit, the number of cases relating to illicit drugs and money within commercial vehicles doubled to 750 cases per year. Due to federal assistance and forfeiture revenue, this special unit has been financially self-sufficient.

Task Force members were openly impressed with the Kentucky program and at the Jacksonville meeting the chair made a motion, which was adopted, to authorize the Department of Transportation to establish a trust fund for forfeiture revenue. The will of the Task Force was for the forfeiture revenues to be used exclusively for drug interdiction.

The Legislature should amend the Money Transmitters' Code (chapter 560, F.S.) to:

Recommendation # 11

allow the Department of Banking and Finance to bring enforcement actions against code violators without providing advance written notice, except in limited circumstances.

Recommendation # 12

authorize the Department of Banking and Finance to conduct an examination of a money transmitter without providing advance notice if the department suspects that the transmitter has violated the code, criminal laws of this state, or engaged in unsound practices.

Recommendation # 13

repeal the public records and public meetings exemptions to open pleadings and hearings of code violators to the public, except in certain situations.

Recommendation # 14

require records be audited by an independent third party or by a certified public accountant, with specific exceptions for payment instrument sellers.

Discussion:

Advance Notice to Code Violators. Representatives with the Department of Banking and Finance asserted to Task Force members that the Money Transmitters' Code greatly hampered the department's ability to initiate administrative actions against potential code violators. This issue related to the requirement that the department give advance written notice to alleged offenders and allow reasonable time for the person to correct the wrongdoing, before the department could take action. This results in allowing wrongdoers to commit violations while the department waits for the person to cease committing the offense. The Task Force also considered the testimony offered by business representatives that advance notice should be given in instances which were primarily "technical" or involved non-willful violations. In an effort to balance

these competing interests, the Task Force adopted the recommendation that advance notification was not necessary except in specifically enumerated areas. These involved the failure to make timely payments and the failure to notify the department of certain changes.

Also, agency officials were concerned about having the ability to monitor the activities of money transmitters in light of the provision requiring a fifteen-day advance examination notice. Officials noted that advance notice had to be given unless the department had “reason to believe” that the money transmitter engaged in unsafe and unsound practices or had violated the code. Representatives with money transmitters explained to the Task Force that advance notice was necessary in order to collect books and records which were often kept at different locations. Concerned about establishing a level playing field between the department and money transmitters, the Task Force required the department to give advance notice except in cases where the agency “suspects” that the transmitter has violated certain specific provisions. The Task Force further recommended that reports, documents, and records be made freely available to the department during its examination, but remain confidential to the public.

Confidentiality of Investigations. Department officials and representatives for money transmitters offered testimony to the Task Force concerning the proposal to repeal the public records and public meetings exemptions as applied to pleadings and hearings of code violators to the public. The Task Force approved repealing these exemptions, but clarified that investigations are to remain confidential until they cease to be “active.” Additionally, investigations remain confidential if they do not result in charges against the money transmitter or where there is no ultimate finding of wrongdoing. The proprietary and trade secrets of money transmitters are to remain confidential as well.

Audited Financial Reports. Finally, the issue of requiring annual audited financial reports of money transmitters was debated among agency and business officials. Smaller businesses argued that it would impose a financial hardship to provide an audited report while others contended that such an audit would not necessarily illuminate illegal activity. The Task Force recommended that audits could be performed by independent third parties or by certified public accountants and that such records furnished during the audit would remain confidential. However, such audits would not be required of sellers of payment instruments if certain employment or financial provisions were met. Also, the records furnished during the audit would remain confidential.

Recommendation # 15

The Legislature should authorize the Florida Department of Law Enforcement to assume responsibility for a centralized “financial transaction reports” database. The requirement that trades and businesses file Form 8300 with the Department of Revenue should remain law and the department should educate the trade and business community on this filing requirement. Additionally, current law should be amended to require that the Form 8300 be filed with the Department of Revenue within 15 days after the transaction occurs.

Discussion:

The Task Force heard testimony and considered information from law enforcement agencies, the Florida Department of Law Enforcement, and the Departments of Revenue, and Banking and Finance about the need for access and utilization of information contained in the various financial reporting forms (CTRs, SARs, CMIRs and Form 8300s). Officials with FDLE stated Florida needed a centralized database containing all financial reporting form information to do sophisticated “data mining.” Moreover, such a database must be accessible and be in a format suitable for utilization by specified law enforcement officials and state regulators.

Additionally, officials suggested that a Financial Crime Analysis Center (FCAC) be established to provide the infrastructure necessary to interpret and analyze the database information. The Task Force acknowledged the need for such a center and urged that greater communication and cooperation was necessary among state regulators, law enforcement agencies and FinCEN.

The Task Force recommended that the requirement that trades and businesses file Form 8300 with the Department of Revenue should remain law and the department should educate the business community about this requirement. Moreover, current law should be amended to require that the Form 8300 be filed with the Department of Revenue within 15 days after the transaction occurs, which is consistent with the Federal filing requirement for this information. Finally, Task Force members found that the current database within the Department of Banking and Finance, which contains CTR, SAR, and CMIR data, should be transferred to FDLE.

Recommendation # 16

The Legislature should statutorily authorize prosecutors to seek a temporary injunction to “freeze” bank accounts of suspected money launderers for 10 days, providing certain conditions are met to protect innocent persons.

Recommendation # 17

The Legislature should provide statutory authority for law enforcement to obtain a seizure warrant in money laundering cases.

Discussion:

The Task Force received testimony from the Miami-Dade County State Attorney's Office indicating that giving prosecutors the statutory authority to apply to the court for a temporary injunction to "freeze" the bank account of a suspected money launderer for 10 days would prevent the liquidation of the suspect's bank account. Prosecutors provided anecdotal evidence of cases where money launderers transferred large sums of money when they discovered law enforcement was investigating. Currently, before prosecutors can seize accounts, they must develop probable cause and have a judge issue a search warrant. In developing probable cause, the account information must be subpoenaed and analyzed and sometimes, during this process, the funds are transferred out of the bank account and law enforcement is unable to trace the new location of the funds. This mechanism for temporarily freezing accounts currently exists under federal law. The Task Force made this recommendation only after considerable debate and information gathering. Several modifications were made to the proposal to ensure sufficient safeguards were present for law abiding citizens.

In addition, testimony revealed it would be helpful for law enforcement to have statutory authority to obtain a warrant authorizing the seizure of property during a money laundering investigation. Currently, prosecutors are using modified search warrants as seizure warrants because there is no specific statutory authority for a seizure warrant under Florida law.

Recommendation # 18

The Legislature should statutorily authorize "rewards" to informants who provide information leading to recovery of fines, penalties and forfeitures involving money laundering.

Discussion:

The Task Force heard testimony from the Florida Department of Law Enforcement (FDLE) concerning the need to statutorily authorize "rewards" to informants who provide information leading to the recovery of fines, penalties and forfeitures involving money laundering. The Task Force heard testimony on the important role confidential informants play in obtaining relevant evidence in money laundering investigations and that this provision, like the federal law,

should set a cap on the percent of net proceeds which would be provided to an informant. Although informants can currently be paid by law enforcement agencies out of investigative and evidence funds, the codification of this authority would reportedly assist law enforcement in combating money laundering.

Recommendation # 19

The Legislature should amend section 896.101, F.S., to define “transaction” and “financial transaction” to include using safe deposit boxes and transferring title to any real property or vehicle.

Discussion:

The Task Force heard testimony from FDLE concerning the need to define “transaction” and “financial transaction” in section 896.101, F.S., to parallel the federal money laundering statute. Defining “transaction” and “financial transaction” in section 896.101, F.S., to include using safe deposit boxes and transferring title to any real property or vehicle would ensure that these activities are covered under Florida’s money laundering law, similar to federal law. According to testimony, these additions would address the problem of multiple signers to a safe deposit box, and would add transactions that do not involve currency, such as the common place practice of transferring goods or car titles, to the list of money laundering activities. The testimony also showed that money launderers often purchase a set of safety deposit boxes for the safe-keeping of large sums of cash until the launderers decide how to dispose of it. Safety deposit boxes are also frequently used as a transshipment point in the money laundering process.

C. Evidence and Proof

Recommendation # 20

The Legislature should abolish the “corpus delicti rule” for violations of chapter 896, sections 560.123, 560.125 and 655.50, F.S., so a confession or admission against interest may be introduced into evidence without first establishing that substantial evidence exists, independent of the confession or admission, that a crime was committed.

Discussion:

The Task Force heard testimony from the Attorney General's Office and the Miami-Dade State Attorney's Office indicating the Florida courts' use of the "corpus delicti rule" has made it unnecessarily difficult to introduce confessions and admissions against interest into evidence in money laundering or related offenses.

The "corpus delicti" of a crime is the body or substance of a crime, ordinarily including the act itself which constitutes the crime and the criminal agency of the act. The "corpus delicti rule" is a common law rule which requires the State to show by evidence, independent of a confession or admission, the existence of each element of the crime (the "corpus delicti"), before a confession or admission may be introduced. According to the testimony, while Florida courts adhere to the corpus delicti rule, other state and federal courts only require that the State introduce substantial independent evidence tending to establish the trustworthiness of the defendant's confession or admission, an alternative rule which those courts have determined affords ample protection for the defendant. Abolishing the corpus delicti rule for this select group of offenses does not relieve the State of its burden to prove each element of a crime beyond a reasonable doubt.

Recommendation # 21

The Legislature should codify the "fugitive disentitlement" doctrine to prevent fugitives from challenging money laundering forfeitures.

Discussion:

Testimony was offered by FDLE and other law enforcement agencies on the need to add more evidentiary tools to assist law enforcement including the need to codify the "fugitive disentitlement" doctrine to prevent fugitives from challenging money laundering forfeitures. This doctrine has been adopted in some case law and holds that a fugitive from justice cannot advance legal claims or defenses in a money laundering forfeiture while absent from the jurisdiction or unavailable for discovery by the plaintiff. Codifying this doctrine would provide guidance for law enforcement and prosecutors.

Recommendation # 22

The Legislature should add avoidance of money transmitters' registration requirements to the activity that is prohibited in section 896.101, F.S.

Discussion:

The Task Force heard testimony from a Miami-Dade Police Department official that avoidance of the money transmitter registration requirement should be added as an element which may prove a violation of section 896.101, F.S. This would help make the money laundering statute more effective. The statute already prohibits the transportation of cash, with knowledge that the cash being transported is the proceeds of some form of illegal activity and with knowledge that the transportation is meant in whole or in part to evade a transaction reporting requirement.

Recommendation # 23

The Legislature should create a statutory inference of a person's knowledge of reporting and registration requirements by proof that someone engaged in the business of money transmitting and for monetary consideration, transported over \$10,000 in currency.

Discussion:

The Task Force heard testimony by FDLE and the Miami-Dade Police Department on the need to further assist money laundering prosecutions by providing evidentiary aides. A Miami-Dade Police Department official encouraged the Task Force recommend the Legislature create an inference that proof of transportation of over \$10,000 in currency, by someone engaged in the business of money transmitting and for monetary consideration, who did not register as a money transmitter or authorized vendor, was done with knowledge of the reporting and registration requirements in the money laundering statutes. The rationale for this inference is that frequently money couriers claim lack of notice as a defense and this inference would make it more difficult for them to so claim. Before adopting this recommendation, the Task Force engaged in extended deliberation over proposed statutory language to ensure it would not inadvertently apply to innocent persons who were simply transporting large sums of money.

Recommendation # 24

The Legislature should statutorily preclude the use of certain defenses in a money laundering prosecution.

Discussion:

The Task Force heard from FDLE about the need to put individuals on notice of what does not constitute a defense in a money laundering prosecution. The defense should be precluded from arguing that law enforcement employed deception, such as an undercover agent, provided an opportunity to engage in the money laundering conduct, or solicited a person predisposed to engage in money laundering conduct, as long as the solicitation would not induce a law-abiding person to violate the law. These precluded defenses are patterned after the defenses found in the theft statute. However, the Task Force made clear that this recommendation should not include precluding the defense of entrapment.

Recommendation # 25

The Legislature should amend chapter 560, F.S., to remove the requirement that the Department of Banking and Finance prove willfulness and knowledge on the part of a code violator. The Legislature should further authorize additional disciplinary penalties.

Discussion:

Representatives with the department stated to the Task Force that in certain disciplinary and criminal cases, they have the burden of proving the code violation was committed “knowingly” or “willfully.” The type of language noted was inappropriate because these were basically regulatory violations. Additionally, this language was not necessary in the code’s criminal provisions because these were general intent and not specific intent crimes. The Task Force codified these recommendations in light of the department’s testimony and also provided for additional disciplinary sanctions against money transmitters and vendors.

D. Statutory Clarifications

Recommendation # 26

The Legislature should create a public records exemption for seaport security plans.

Discussion:

Currently, a public records exemption exists for airport security plans. This is necessary in order to keep criminals from making public records requests to obtain

security and anti-terrorism plans. There is currently no analogous public records exemption for seaport security plans. As a result, security and anti-terrorism measures could be significantly compromised if these plans were to be used by criminals.

Recommendation # 27

The Legislature should clarify that an “authorized vendor” must have his or her own place of business within Florida and not merely be acting as an agent for a registrant.

Recommendation # 28

The Legislature should clarify that compliance with registration requirements is required for any money transmitting activity in this state, even if the actual business is located outside of Florida.

Discussion:

A Miami-Dade Police Department official testified before the Task Force on the importance of clarifying that an authorized vendor must have his or her own place of business within Florida and not merely be acting as an agent for a registrant with no discernable place of business in or out of Florida. Under current law, an authorized vendor is a person designated by a registrant to engage in money transmitting on behalf of the registrant. Testimony was also presented based on numerous cases in Miami involving violations of chapter 560, F.S., emphasizing the importance of complying with registration requirements for any money transmitting activity in this state, even if the actual business is located outside of Florida.

Further, the Task Force heard about the significance of requiring a written contract before a registrant can make a person an authorized vendor, since authorized vendors are not currently required to file with the Department of Banking and Finance. According to testimony, many registrants take advantage of only needing to send the department a letter indicating that they have appointed an authorized vendor and they list foreign money exchange businesses as authorized vendors, when in fact the businesses have nothing to do with the registrant. This practice makes it possible for a money transmitter to easily transport illicit money from his “home” country into Florida, because he does not have to supply the department or law enforcement, with identifying information. The Task Force heard testimony that this information is critical to money laundering investigations.

Recommendation # 29

The Legislature should statutorily clarify that specified undercover law enforcement activity is authorized in connection with legitimate money laundering investigations.

Discussion:

An FDLE representative testified that codifying the principle that specified undercover law enforcement activity is allowed in legitimate money laundering investigations would be helpful in assisting investigators who are questioned about how law enforcement officers can engage in undercover activities that facilitate a money laundering investigation. Law enforcement would be able to cite to a statute rather than having to rely on developing case law for their authority. The proposal, according to the FDLE, could be patterned after the section of current law which provides that offenses and penalties are not applicable to the delivery or actual or constructive possession of controlled substances by “law enforcement officers for bona fide law enforcement purposes in the course of an active criminal investigation.”

Recommendation # 30

The Legislature should authorize the Department of Banking and Finance to conduct extensive background investigations and require the filing of fingerprints under the Money Transmitters’ Code. Furthermore, the department should be given authority to deny a renewal license for the same reasons it can deny an initial license application.

Discussion:

Department officials offered testimony to the Task Force that they needed further authority to conduct extensive criminal background checks of funds transmitters and payment instrument issuers, including requiring the filing of fingerprints of certain officers, directors, and principal shareholders, under the Money Transmitters’ Code (chapter 560, F.S.). The Task Force understood that the department needed to conduct thorough investigations prior to licensing entities and further approved providing the department with the authority to deny renewal licenses because under the current law, a licensed money transmitter could violate the law and still get its license renewed.

E. Florida Congressional Delegation Recommendations

In its September, 1999 meeting the Task Force took quick and decisive action by voting to make several recommendations to the Florida Congressional Delegation. Specifically, the Task Force urged the federal government to assist Florida in its drug control efforts by:

Recommendation # 31

Increasing the number of Customs agents and canine units at Florida's airports and seaports;

Recommendation # 32

Supporting efforts to secure a Northeast Florida High Intensity Drug Trafficking Area (HIDTA) designation;

Recommendation # 33

Making the IRS Form 8300 more accessible to state and local law enforcement agencies;

Recommendation # 34

Increasing funding for the National Guard's drug interdiction efforts at Florida's seaports;

Recommendation # 35

Ensuring that FAA's review of airport security programs evaluates measures to detect the transportation of illegal drugs; and

Recommendation # 36

Selecting Miami for a Geographical Targeting Order, provided sufficient federal resources are made available.

The timing of the Task Force's Congressional recommendations in September, 1999 was fortuitous. In that same month, hearings had just begun in the U.S. House Banking and Financial Services Committee. This committee was investigating recent allegations of Russian money laundering through American banks. Committee Chairman Jim Leach had also recently introduced H.R. 2896,

the Foreign Money Laundering Deterrence and Anticorruption Act, and the Clinton Administration had just unveiled its new strategy to crack down on money launderers.

Several Task Force Members took advantage of the Congressional attention on money laundering by traveling to Washington, D.C., along with other state legislative leaders, to meet with high-ranking officials and to urge the Florida Congressional Delegation to support these recommendations. The Task Force's timely presence in Washington effectively delivered the message that combating money laundering and obtaining the state's share of federal resources is a high priority to Florida.

F. Resources

Various interested parties submitted the following *proposed* recommendations calling for greater resources. After considerable deliberation and inquiry on the need for the resources requested, the Task Force did not officially adopt these proposals since it was the philosophy of the Task Force that the level of funding, if any, and the sources of funding should be determined through the legislative appropriations process. However, at the Task Force meetings, substantial testimony was received indicating Florida's interdiction efforts would be enhanced if the affected agencies were given additional resources for training, law enforcement personnel, canine units, better detection equipment and the latest technology. Of course, there is a cost factor associated with the Task Force's policy recommendations and the extent to which these are funded will determine their effectiveness. Consequently, the Legislature should consider:

- ▶ **Funding additional training for law enforcement.**
- ▶ **Funding additional training for seaport employees on drug trafficking and money laundering.**
- ▶ **Funding positions to alleviate state court workload.**
- ▶ **Funding cargo inspection technology at seaports.**
- ▶ **Funding equipment and technology for highway interdiction (fiber optic scopes, contraband detectors, etc.)**
- ▶ **Funding canine programs at weigh station facilities.**
- ▶ **Funding an increase of canine units at airports and seaports.**
- ▶ **Funding additional law enforcement personnel at airports.**
- ▶ **Funding seven Department of Banking and Finance positions at the Miami HIDTA, three department positions at Orlando HIDTA and two department positions at the proposed Jacksonville HIDTA.**

- ▶ **Funding a Financial Crimes Analysis Center within FDLE.**
- ▶ **Funding the development of the centralized financial transaction reports database within FDLE.**
- ▶ **Funding the educational effort by the Department of Revenue to inform the business community of its obligation to file Form 8300 with the department.**

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Appendix A

Form **4789**

(Rev. June 1998)

Department of the Treasury
Internal Revenue Service**Currency Transaction Report**

▶ Use this 1998 revision effective June 1, 1998.

▶ For Paperwork Reduction Act Notice, see page 3. ▶ Please type or print.

(Complete all parts that apply—See instructions)

APPENDIX A

OMB No. 1506-0004

1 Check all box(es) that apply:**a** ☐ Amends prior report **b** ☐ Multiple persons **c** ☐ Multiple transactions**Part I** **Person(s) Involved in Transaction(s)****Section A—Person(s) on Whose Behalf Transaction(s) Is Conducted**

2 Individual's last name or Organization's name			3 First name			4 M.I.		
5 Doing business as (DBA)						6 SSN or EIN		
7 Address (number, street, and apt. or suite no.)						8 Date of birth M M D D Y Y Y Y		
9 City		10 State	11 ZIP code	12 Country (if not U.S.)		13 Occupation, profession, or business		
14 If an individual, describe method used to verify identity: a <input type="checkbox"/> Driver's license/State I.D. b <input type="checkbox"/> Passport c <input type="checkbox"/> Alien registration d <input type="checkbox"/> Other e Issued by: f Number:								

Section B—Individual(s) Conducting Transaction(s) (if other than above).

If Section B is left blank or incomplete, check the box(es) below to indicate the reason(s):

a <input type="checkbox"/> Armored Car Service			b <input type="checkbox"/> Mail Deposit or Shipment			c <input type="checkbox"/> Night Deposit or Automated Teller Machine (ATM)		
d <input type="checkbox"/> Multiple Transactions			e <input type="checkbox"/> Conducted On Own Behalf					
15 Individual's last name			16 First name			17 M.I.		
18 Address (number, street, and apt. or suite no.)						19 SSN		
20 City		21 State	22 ZIP code	23 Country (if not U.S.)		24 Date of birth M M D D Y Y Y Y		
25 If an individual, describe method used to verify identity: a <input type="checkbox"/> Driver's license/State I.D. b <input type="checkbox"/> Passport c <input type="checkbox"/> Alien registration d <input type="checkbox"/> Other e Issued by: f Number:								

Part II **Amount and Type of Transaction(s). Check all boxes that apply.**

26 Cash In \$ _____ .00		27 Cash Out \$ _____ .00		28 Date of Transaction M M D D Y Y Y Y	
29 <input type="checkbox"/> Foreign Currency _____ (Country)		30 <input type="checkbox"/> Wire Transfer(s)		31 <input type="checkbox"/> Negotiable Instrument(s) Purchased	
32 <input type="checkbox"/> Negotiable Instrument(s) Cashed		33 <input type="checkbox"/> Currency Exchange(s)		34 <input type="checkbox"/> Deposit(s)/Withdrawal(s)	
35 <input type="checkbox"/> Account Number(s) Affected (if any): _____ _____		36 <input type="checkbox"/> Other (specify): _____ _____			

Part III **Financial Institution Where Transaction(s) Takes Place**

37 Name of financial institution			Enter Federal Regulator or BSA Examiner code number from the instructions here. ▶ []		
38 Address (number, street, and apt. or suite no.)				39 SSN or EIN	
40 City		41 State	42 ZIP code	43 MICR No.	
Sign Here ▶	44 Title of approving official		45 Signature of approving official		46 Date of signature M M D D Y Y Y Y
	47 Type or print preparer's name		48 Type or print name of person to contact		49 Telephone number ()

Multiple Persons

(Complete applicable parts below if box 1b on page 1 is checked.)

Part I	Person(s) Involved in Transaction(s)
1	1. [Name of Person(s)]
2	2. [Name of Person(s)]
3	3. [Name of Person(s)]
4	4. [Name of Person(s)]
5	5. [Name of Person(s)]
6	6. [Name of Person(s)]
7	7. [Name of Person(s)]
8	8. [Name of Person(s)]
9	9. [Name of Person(s)]
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92	92. [Name of Person(s)]
93	93. [Name of Person(s)]
94	94. [Name of Person(s)]
95	95. [Name of Person(s)]
96	96. [Name of Person(s)]
97	97. [Name of Person(s)]
98	98. [Name of Person(s)]
99	99. [Name of Person(s)]
100	100. [Name of Person(s)]

Section A—Person(s) on Whose Behalf Transaction(s) Is Conducted

2 Individual's last name or Organization's name						3 First name								4 M.I.					
5 Doing business as (DBA)										6 SSN or EIN : : :									
7 Address (number, street, and apt. or suite no.)										8 Date of birth M M D D Y Y Y Y : : :									
9 City				10 State :		11 ZIP code		12 Country (if not U.S.)				13 Occupation, profession, or business							
14 If an individual, describe method used to verify identity:																			
a <input type="checkbox"/> Driver's license/State I.D. b <input type="checkbox"/> Passport c <input type="checkbox"/> Alien registration d <input type="checkbox"/> Other e Issued by: f Number:																			

Section B—Individual(s) Conducting Transaction(s) (if other than above).

15 Individual's last name					16 First name					17 M.I.									
18 Address (number, street, and apt. or suite no.)										19 SSN									
20 City			21 State		22 ZIP code		23 Country (if not U.S.)			24 Date of birth		M	M	D	D	Y	Y	Y	Y
												:	:	:	:	:	:	:	:
25 If an individual, describe method used to verify identity:																			
a <input type="checkbox"/> Driver's license/State I.D.										b <input type="checkbox"/> Passport									
										c <input type="checkbox"/> Alien registration									
										d <input type="checkbox"/> Other									
e Issued by:										f Number:									

Part I
Person(s) Involved in Transaction(s)

Section A—Person(s) on Whose Behalf Transaction(s) Is Conducted

2	Individual's last name or Organization's name						3	First name						4	M.I.													
5	Doing business as (DBA)																6	SSN or EIN										
7	Address (number, street, and apt. or suite no.)																8	Date of birth										
																					M M D D Y Y Y Y :							
9	City						10	State		11	ZIP code		12	Country (if not U.S.)						13	Occupation, profession, or business							
						:																						
14 If an individual, describe method used to verify identity:																												
a <input type="checkbox"/> Driver's license/State I.D. b <input type="checkbox"/> Passport c <input type="checkbox"/> Alien registration d <input type="checkbox"/> Other e Issued by: f Number:																												

Section B—Individual(s) Conducting Transaction(s) (if other than above).

15 Individual's last name				16 First name				17 M.I.								
18 Address (number, street, and apt. or suite no.)								19 SSN								
20 City		21 State	22 ZIP code		23 Country (if not U.S.)		24 Date of birth		M	M	D	D	Y	Y	Y	Y
		:							:	:	:	:	:	:	:	:
25 If an individual, describe method used to verify identity:																
a <input type="checkbox"/> Driver's license/State I.D.				b <input type="checkbox"/> Passport				c <input type="checkbox"/> Alien registration				d <input type="checkbox"/> Other				
e Issued by:				f Number:												

Paperwork Reduction Act Notice.—The requested information is useful in criminal, tax, and regulatory investigations and proceedings. Financial institutions are required to provide the information under 31 U.S.C. 5313 and 31 CFR Part 103, commonly referred to as the Bank Secrecy Act (BSA). The BSA is administered by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN). You are not required to provide the requested information unless a form displays a valid OMB control number.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is 19 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, you may write to the **Tax Forms Committee**, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send this form to this office. Instead, see **When and Where To File** below.

Suspicious Transactions

This Currency Transaction Report (CTR) should NOT be filed for suspicious transactions involving \$10,000 or less in currency OR to note that a transaction of more than \$10,000 is suspicious. Any suspicious or unusual activity should be reported by a financial institution in the manner prescribed by its appropriate federal regulator or BSA examiner. (See the instructions for Item 37.) If a transaction is suspicious and in excess of \$10,000 in currency, then both a CTR and the appropriate referral form must be filed.

Should the suspicious activity require immediate attention, financial institutions should telephone 1-800-800-CTRS. An Internal Revenue Service (IRS) employee will direct the call to the local office of the IRS Criminal Investigation Division (CID). This toll-free number is operational Monday through Friday, from approximately 9:00 am to 6:00 pm Eastern Standard Time. If an emergency, consult directory assistance for the local IRS CID Office.

General Instructions

Who Must File.—Each financial institution (other than a casino, which instead must file Form 8362 and the U.S. Postal Service for which there are separate rules), must file Form 4789 (CTR) for each deposit, withdrawal, exchange of currency, or other payment or transfer, by, through, or to the financial institution which involves a transaction in currency of more than \$10,000. Multiple transactions must be treated as a single transaction if the financial institution has knowledge that (1) they are by or on behalf of the same person, and (2) they result in either currency received (Cash In) or currency disbursed (Cash Out) by the financial institution totaling more than \$10,000 during any one business day. For a bank, a business day is the day on which transactions are routinely posted to customers' accounts, as normally communicated to depository customers. For all other financial institutions, a business day is a calendar day.

Generally, financial institutions are defined as banks, other types of depository institutions, brokers or dealers in securities, money transmitters, currency exchangers, check cashers, issuers and sellers of money orders and traveler's checks. Should you have questions, see the definitions in 31 CFR Part 103.

When and Where To File.—File this CTR by the 15th calendar day after the day of the transaction with the IRS Detroit Computing Center, ATTN: CTR, P.O. Box 33604, Detroit, MI 48232-5604 or with your local IRS office. Keep a

copy of each CTR for five years from the date filed.

A financial institution may apply to file the CTRs magnetically. To obtain an application to file magnetically, write to the IRS Detroit Computing Center, ATTN: CTR Magnetic Media Coordinator, at the address listed above.

Identification Requirements.—All individuals (except employees of armored car services) conducting a reportable transaction(s) for themselves or for another person must be identified by means of an official document(s).

Acceptable forms of identification include a driver's license, military, and military/dependent identification cards, passport, state issued identification card, cedular card (foreign), non-resident alien identification cards, or any other identification document or documents, which contain name and preferably address and a photograph and are normally acceptable by financial institutions as a means of identification when cashing checks for persons other than established customers.

Acceptable identification information obtained previously and maintained in the financial institution's records may be used. For example, if documents verifying an individual's identity were examined and recorded on a signature card when an account was opened, the financial institution may rely on that information. In completing the CTR, the financial institution must indicate on the form the method, type, and number of the identification. Statements such as "known customer" or "signature card on file" are not sufficient for form completion.

Penalties.—Civil and criminal penalties are provided for failure to file a CTR or to supply information or for filing a false or fraudulent CTR. See 31 U.S.C. 5321, 5322 and 5324.

For purposes of this CTR, the terms below have the following meanings:

Currency.—The coin and paper money of the United States or any other country, which is circulated and customarily used and accepted as money.

Person.—An individual, corporation, partnership, trust or estate, joint stock company, association, syndicate, joint venture or other unincorporated organization or group.

Organization.—Person other than an individual.

Transaction in Currency.—The physical transfer of currency from one person to another. This does not include a transfer of funds by means of bank check, bank draft, wire transfer or other written order that does not involve the physical transfer of currency.

Negotiable Instruments.—All checks and drafts (including business, personal, bank, cashier's and third-party), money orders, and promissory notes. For purposes of this CTR, all traveler's checks shall also be considered negotiable instruments. All such instruments shall be considered negotiable instruments whether or not they are in bearer form.

Specific Instructions

Because of the limited space on the front and back of the CTR, it may be necessary to submit additional information on attached sheets. Submit this additional information on plain paper attached to the CTR. Be sure to put the individual's or organization's name and identifying number (Items 2, 3, 4, and 6 of the CTR) on any additional sheets so that if it becomes separated, it may be associated with the CTR.

Item 1a. Amends Prior Report.—If this CTR is being filed because it amends a report filed

previously, check Item 1a. Staple a copy of the original CTR to the amended one, complete Part III fully and only those other entries which are being amended.

Item 1b. Multiple Persons.—If this transaction is being conducted by more than one person or on behalf of more than one person, check Item 1b. Enter information in Part I for one of the persons and provide information on any other persons on the back of the CTR.

Item 1c. Multiple Transactions.—If the financial institution has knowledge that there are multiple transactions, check Item 1c.

PART I - Person(s) Involved in Transaction(s)

Section A must be completed. If an individual conducts a transaction on his own behalf, complete Section A; leave Section B BLANK. If an individual conducts a transaction on his own behalf and on behalf of another person(s), complete Section A for each person; leave Section B BLANK. If an individual conducts a transaction on behalf of another person(s), complete Section B for the individual conducting the transaction, and complete Section A for each person on whose behalf the transaction is conducted of whom the financial institution has knowledge.

Section A. Person(s) on Whose Behalf Transaction(s) Is Conducted.—See instructions above.

Items 2, 3, and 4. Individual/Organization Name.—If the person on whose behalf the transaction(s) is conducted is an individual, put his/her last name in Item 2, first name in Item 3 and middle initial in Item 4. If there is no middle initial, leave item 4 BLANK. If the transaction is conducted on behalf of an organization, put its name in Item 2 and leave Items 3 and 4 BLANK.

Item 5. Doing Business As (DBA).—If the financial institution has knowledge of a separate "doing business as" name, enter it in Item 5. For example, Johnson Enterprises DBA PJ's Pizzeria.

Item 6. Social Security Number (SSN) or Employer Identification Number (EIN).—Enter the SSN or EIN of the person identified in Item 2. If none, write NONE.

Items 7, 9, 10, 11 and 12. Address.—Enter the permanent street address including zip code of the person identified in Item 2. Use the Post Office's two letter state abbreviation code. A P.O. Box should not be used by itself and may only be used if there is no street address. If a P.O. Box is used, the name of the apartment or suite number, road or route number where the person resides must also be provided. If the address is outside the U.S., provide the street address, city, province, or state, postal code (if known), and the name of the country.

Item 8. Date of Birth.—Enter the date of birth. Eight numerals must be inserted for each date. The first two will reflect the month of birth, the second two the calendar day of birth, and the last four numerals the year of birth. Zero (0) should precede any single digit number. For example, if an individual's birth date is April 3, 1948, Item 8 should read 04 03 1948.

Item 13. Occupation, Profession, or Business.—Identify fully the occupation, profession or business of the person on whose behalf the transaction(s) was conducted. For example, secretary, shoe salesman, carpenter, attorney, housewife, restaurant, liquor store, etc. Do not use non-specific terms such as merchant, self-employed, businessman, etc.

Item 14. If an individual, Describe Method Used To Verify.—If an individual conducts the transaction(s) on his/her own behalf, his/her identity must be verified by examination of an acceptable document (see **General Instructions**). For example, check box a if a driver's license is used to verify an individual's identity, and enter the state that issued the license and the number in items e and f. If the transaction is conducted by an individual on behalf of another individual not present or an organization, enter N/A in item 14.

Section B. Individual(s) Conducting Transaction(s) (if other than above).—Financial institutions should enter as much information as is available. However, there may be instances in which Items 15-25 may be left BLANK or incomplete.

If Items 15-25 are left BLANK or incomplete, check one or more of the boxes provided to indicate the reason(s).

Example: If there are multiple transactions that, if only when aggregated, the financial institution has knowledge the transactions exceed the reporting threshold, and therefore, did not identify the transactor(s), check box d for Multiple Transactions.

Items 15, 16, and 17. Individual(s) Name.—Complete these items if an individual conducts a transaction(s) on behalf of another person. For example, if John Doe, an employee of XYZ Grocery Store makes a deposit to the store's account, XYZ Grocery Store should be identified in Section A, and John Doe should be identified in Section B.

Items 18, 20, 21, 22, and 23. Address.—Enter the permanent street address including zip code of the individual. (See the instructions for Items 7, 9, 10, 11, and 12.)

Item 19. SSN.—If the individual has an SSN, enter it in Item 19. If the individual does not have an SSN, enter NONE.

Item 24. Date of Birth.—Enter the individual's date of birth. See the instructions for Item 8.

Item 25. If an individual, Describe Method Used To Verify.—Enter the method by which the individual's identity is verified (see **General Instructions** and Item 14).

PART II - Amount and Type of Transaction(s)

Complete Part II to identify the type of transaction(s) reported and the amount(s) involved.

Items 26 and 27. Cash In/Cash Out.—In the spaces provided, enter the amount of currency received (Cash In) or disbursed (Cash Out) by the financial institution. If foreign currency is exchanged, use the U.S. dollar equivalent on the day of the transaction.

If less than a full dollar amount is involved, increase that figure to the next highest dollar. For example, if the currency totals \$20,000.05, show the total as \$20,001.00.

Item 28. Date of Transaction.—Eight numerals must be inserted for each date. (See the instructions for Item 8.)

Determining Whether Transactions Meet the Reporting Threshold

Only cash transactions that, if alone or when aggregated, exceed \$10,000 should be reported on the CTR. Transactions shall not be offset against one another.

If there are both Cash In and Cash Out transactions that are reportable, the amounts should be considered separately and not aggregated. However, they may be reported on a single CTR.

If there is a currency exchange, it should be aggregated separately with each of the Cash In and Cash Out totals.

Example 1: A person deposits \$11,000 in currency to his savings account and withdraws \$3,000 in currency from his checking account.

The CTR should be completed as follows: Cash In \$11,000 and no entry for Cash Out. This is because the \$3,000 transaction does not meet the reporting threshold.

Example 2: A person deposits \$11,000 in currency to his savings account and withdraws \$12,000 in currency from his checking account.

The CTR should be completed as follows: Cash In \$11,000, Cash Out \$12,000. This is because there are two reportable transactions. However, one CTR may be filed to reflect both.

Example 3: A person deposits \$6,000 in currency to his savings account and withdraws \$4,000 in currency from his checking account. Further, he presents \$5,000 in currency to be exchanged for the equivalent in French francs.

The CTR should be completed as follows: Cash In \$11,000 and no entry for Cash Out. This is because in determining whether the transactions are reportable, the currency exchange is aggregated with each of the Cash In and the Cash Out amounts. The result is a reportable \$11,000 Cash In transaction. The total Cash Out amount is \$9,000 which does not meet the reporting threshold; therefore, it is not entered on the CTR.

Example 4: A person deposits \$6,000 in currency to his savings account and withdraws \$7,000 in currency from his checking account. Further, he presents \$5,000 in currency to be exchanged for the equivalent in French francs.

The CTR should be completed as follows: Cash In \$11,000, Cash Out \$12,000. This is because in determining whether the transactions are reportable, the currency exchange is aggregated with each of the Cash In and Cash Out amounts. In this example, each of the Cash In and Cash Out totals exceed \$10,000 and must be reflected on the CTR.

Item 29. Foreign Currency.—If foreign currency is involved, check Item 29 and identify the country. If multiple foreign currencies are involved, identify the country for which the largest amount is exchanged.

Items 30-33.—Check the appropriate item(s) to identify the following type of transaction(s):

30. Wire Transfer(s)

31. Negotiable Instrument(s) Purchased

32. Negotiable Instrument(s) Cashed

33. Currency Exchange(s)

Item 34. Deposits/Withdrawals.—Check this item to identify deposits to or withdrawals from accounts, e.g., demand deposit accounts, savings accounts, time deposits, mutual fund accounts or any other account held at the financial institution. Enter the account number(s) in item 35.

Item 35. Account Numbers Affected (if any).—Enter the account numbers of any accounts affected by the transaction(s) that are maintained

at the financial institution conducting the transaction(s). If necessary, use additional sheets of paper to indicate all of the affected accounts.

Example 1: If a person cashes a check drawn on an account held at the financial institution, the CTR should be completed as follows: Indicate Negotiable Instrument(s) Cashed and provide the account number of the check.

If the transaction does not affect an account, make no entry.

Example 2: A person cashes a check drawn on another financial institution. In this instance, Negotiable Instrument(s) Cashed would be indicated, but no account at the financial institution has been affected. Therefore, item 35 should be left BLANK.

Item 36. Other (specify).—If a transaction is not identified in Items 30-34, check Item 36 and provide an additional description. For example, a person presents a check to purchase "foreign currency".

Part III - Financial Institution Where Transaction(s) Takes Place

Item 37. Name of Financial Institution and Identity of Federal Regulator or BSA Examiner.

—Enter the financial institution's full legal name and identify the federal regulator or BSA examiner, using the following codes:

FEDERAL REGULATOR OR BSA EXAMINER	CODE
Comptroller of the Currency (OCC)	1
Federal Deposit Insurance Corporation (FDIC)	2
Federal Reserve System (FRS)	3
Office of Thrift Supervision (OTS)	4
National Credit Union Administration (NCUA)	5
Securities and Exchange Commission (SEC)	6
Internal Revenue Service (IRS)	7
U.S. Postal Service (USPS)	8

Items 38, 40, 41, and 42. Address.—Enter the street address, city, state, and ZIP code of the financial institution where the transaction occurred. If there are multiple transactions, provide information on the office or branch where any one of the transactions has occurred.

Item 39. EIN or SSN.—Enter the financial institution's EIN. If the financial institution does not have an EIN, enter the SSN of the financial institution's principal owner.

Item 43. MICR Number.—If a depository institution, enter the Magnetic Ink Character Recognition (MICR) number.

Signature

Items 44 and 45. Title and Signature of Approving Official.—The official who reviews and approves the CTR must indicate his/her title and sign the CTR.

Item 46. Date the Form Was Signed.—The approving official must enter the date the CTR is signed. (See the instructions for Item 8.)

Item 47. Preparer's Name.—Type or print the full name of the individual preparing the CTR. The preparer and the approving official may not necessarily be the same individual.

Items 48 and 49. Contact Person/Telephone Number.—Type or print the name and telephone number of an individual to contact concerning questions about the CTR.



Appendix B

(U.S. Customs Use Only)

DEPARTMENT OF THE TREASURY
UNITED STATES CUSTOMS SERVICEREPORT OF INTERNATIONAL
TRANSPORTATION OF CURRENCY
OR MONETARY INSTRUMENTSThis form is to be filed with the
United States Customs ServiceFor Paperwork Reduction Act
Notice and Privacy Act Notice,
see back of form.

Control No.

31 U.S.C. 5316; 31 CFR 103.23 and 103.25

Please type or print.

Part I FOR INDIVIDUAL DEPARTING FROM OR ENTERING THE UNITED STATES

NAME (Last or family, first, and middle)

2. IDENTIFYING NO. (See instructions)

3. DATE OF BIRTH (Mo./Day/Yr.)

PERMANENT ADDRESS IN UNITED STATES OR ABROAD

5. OF WHAT COUNTRY ARE YOU A
CITIZEN/SUBJECT?

ADDRESS WHILE IN THE UNITED STATES

7. PASSPORT NO. & COUNTRY

U.S. VISA DATE

9. PLACE UNITED STATES VISA WAS ISSUED

10. IMMIGRATION ALIEN NO. (If any)

CURRENCY OR MONETARY INSTRUMENT WAS: (Complete 11A or 11B)

A. EXPORTED

B. IMPORTED

Exported From: (City in U.S.)

Arrived At: (Foreign City/Country)

From: (Foreign City/Country)

At: (City in U.S.)

Part II FOR PERSON SHIPPING, MAILING, OR RECEIVING CURRENCY OR MONETARY INSTRUMENTS

NAME (Last or family, first, and middle)

13. IDENTIFYING NO. (See instructions)

14. DATE OF BIRTH (Mo./Day/Yr.)

PERMANENT ADDRESS IN UNITED STATES OR ABROAD

16. OF WHAT COUNTRY ARE YOU
A CITIZEN/SUBJECT?

ADDRESS WHILE IN THE UNITED STATES

18. PASSPORT NO. & COUNTRY

U.S. VISA DATE

20. PLACE UNITED STATES VISA WAS ISSUED

21. IMMIGRATION ALIEN NO. (If any)

CURRENCY OR
MONETARY
INSTRUMENTS

DATE SHIPPED

23. CURRENCY OR
MONETARY
INSTRUMENTS☐ Shipped
To

DATE RECEIVED

☐ Received
From

NAME AND ADDRESS

24. IF THE CURRENCY OR MONETARY INSTRUMENT WAS
MAILED, SHIPPED, OR TRANSPORTED COMPLETE
BLOCKS A AND B.

A. Method of Shipment (Auto, U.S. Mail, Public Carrier, etc.)

B. Name of Transporter/Carrier

Part III CURRENCY AND MONETARY INSTRUMENT INFORMATION (SEE INSTRUCTIONS ON REVERSE) (To be completed by everyone)

A. TYPE AND AMOUNT OF CURRENCY/MONETARY INSTRUMENTS

Value in U.S. Dollars

Coins ☐ A. ☐ B. ☐ C. ☐ D.

\$

Currency ☐ A. ☐ B. ☐ C. ☐ D.

\$

Other Instruments (Specify Type) ☐ A. ☐ B. ☐ C. ☐ D.

\$

Add lines A, B and C) TOTAL AMOUNT ☐ A. ☐ B. ☐ C. ☐ D.

\$

26. IF OTHER THAN U.S. CURRENCY
IS INVOLVED, PLEASE COMPLETE
BLOCKS A AND B. (SEE SPECIAL
INSTRUCTIONS)

A. Currency Name

B. Country

Part IV GENERAL - TO BE COMPLETED BY ALL TRAVELERS, SHIPPERS, AND RECIPIENTS7. WERE YOU ACTING AS AN AGENT, ATTORNEY OR IN CAPACITY FOR ANYONE IN THIS
CURRENCY OR MONETARY INSTRUMENT ACTIVITY? (If "Yes" complete A, B and C)☐ Yes☐ NoPERSON IN
WHOSE BE-
HALF YOU
ARE ACTING

A. Name

B. Address

C. Business activity, occupation, or profession

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief it is true, correct and complete.

8. NAME AND TITLE

29. SIGNATURE

30. DATE

(Replaces IRS Form 4790 which is obsolete.)

Customs Form 4790 (031695)

GENERAL INSTRUCTIONS

This report is required by Treasury Department regulations (31 Code of Federal Regulations 103).

Who Must File.--Each person who physically transports, mails, or ships, or causes to be physically transported, mailed, shipped or received currency or other monetary instruments in an aggregate amount exceeding \$10,000 on any one occasion from the United States to any place outside the United States, or into the United States from any place outside the United States.

A TRANSFER OF FUNDS THROUGH NORMAL BANKING PROCEDURES WHICH DOES NOT INVOLVE THE PHYSICAL TRANSPORTATION OF CURRENCY OR MONETARY INSTRUMENTS IS NOT REQUIRED TO BE REPORTED.

Exceptions.--The following persons are not required to file reports: (1) a Federal Reserve bank, (2) a bank, a foreign bank, or a broker or dealer in securities in respect to currency or other monetary instruments mailed or shipped through the postal service or by common carrier, (3) a commercial bank or trust company organized under the laws of any State or of the United States with respect to overland shipments of currency or monetary instruments shipped to or received from an established customhouse maintaining a deposit relationship with the bank, in amounts which the bank may reasonably conclude do not exceed amounts commensurate with the customary conduct of the business, industry, or profession of the customer concerned, (4) a person who is not a citizen or resident of the United States in respect to currency or other monetary instruments mailed or shipped from abroad to a bank or broker or dealer in securities through the postal service or by common carrier, (5) a common carrier of passengers in respect to currency or other monetary instruments in the possession of its passengers, (6) a common carrier of goods in respect to shipments of currency or monetary instruments not declared to be such by the shipper, (7) a traveler's check issuer or its agent in respect to the transportation of traveler's checks prior to their delivery to selling agents for eventual sale to the public, nor by (8) a person engaged as a business in the transportation of currency, monetary instruments and other commercial papers with respect to the transportation of currency or other monetary instruments overland between established offices of banks or brokers or dealers in securities and foreign persons.

WHEN AND WHERE TO FILE:

A. Recipients.--Each person who receives currency or other monetary instruments shall file Form 4790, within 30 days after receipt, with the Customs officer in charge at any port of entry or departure or by mail with the Commissioner of Customs, Attention: Currency Transportation Reports, Washington DC 20229.

B. Shippers or Mailers.--If the currency or other monetary instrument does not accompany the person entering or departing the United States, Form 4790 may be filed by mail on or before the date of entry, departure, mailing, or shipping with the Commissioner of Customs, Attention: Currency Transportation Reports, Washington DC 20229.

C. Travelers.--Travelers carrying currency or other monetary instruments with them shall file Form 4790 at the time of entry into the United States or at the time of departure from the United States with the Customs officer in charge at any Customs port of entry or departure.

An additional report of a particular transportation, mailing, or shipping of currency or the monetary instruments, is not required if a complete and truthful report has already been filed. However, no person otherwise required to file a report shall be excused from liability for failure to do so if, in fact, a complete and truthful report has not been filed. Forms may be obtained from any United States Customs Service office.

PENALTIES.--Civil and criminal penalties, including under certain circumstances a fine of not more than \$500,000 and imprisonment of not more than five years, are provided for failure to file a report, supply information, and for filing a false or fraudulent report. In addition, the currency or monetary instrument may be subject to seizure and forfeiture. See section 103.47, 103.48 and 103.49 of the regulations.

DEFINITIONS:

Bank.--Each agent, agency, branch or office within the United States of a foreign bank and each agency, branch or office within the United States of any person doing business in one or more of the capacities listed: (1) a commercial bank or trust company organized under the laws of any state or of the United States; (2) a private bank; (3) a savings and loan association or a building and loan association organized under the laws of any state or of the United States; (4) an insured institution as defined in section 401 of the National Housing Act; (5) a savings bank, industrial bank or other thrift institution; (6) a credit union organized under the laws of any state or of the United States; and (7) any other organization chartered under the banking laws of any state and subject to the supervision of the bank supervisory authorities of a state.

Foreign Bank.--A bank organized under foreign law, or an agency, branch or office located outside the United States of a bank. The term does not include an agency, branch or office within the United States of a bank organized under foreign law.

Broker or Dealer in Securities.--A broker or dealer in securities, registered or required to be registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934.

IDENTIFICATION NUMBER.--Individuals must enter their social security number, if any. However, aliens who do not have a social security number should enter passport or alien registration number. All others should enter their employer identification number.

Investment Security.--An instrument which: (1) is issued in bearer or registered form; (2) is of a type commonly dealt in upon securities exchanges or markets commonly recognized in any areas in which it is issued or dealt in as a medium for investment; (3) is either one of a class or series or by its terms is divisible into a class or series of instruments; and (4) evidences a share, participation or other interest in property or in an enterprise or evidences an obligation of the issuer.

Monetary Instruments.--Coin or currency of the United States or of any other country, traveler's checks, money orders, investment securities in bearer form or otherwise in such form that title thereto passes upon delivery, and negotiable instruments (except warehouse receipts or bills of lading) in bearer form or otherwise in such form that title thereto passes upon delivery. The term includes bank checks, traveler's checks and money orders which are signed but on which the name of the payee has been omitted, but does not include bank checks, traveler's checks or money orders made payable to the order of a named person which have not been endorsed or which bear restrictive endorsements.

Person.--An individual, a corporation, a partnership, a trust or estate, a joint stock company, and association, a syndicate, joint venture or other unincorporated organization or group, and all entities cognizable as legal personalities.

SPECIAL INSTRUCTIONS:

You should complete each line which applies to you. **Part II.**--Line 22, enter the exact date you shipped or received currency or monetary instrument(s). Line 23, check the applicable box and give the complete name and address of the shipper or recipient. **Part III.**--Line 26, if currency or monetary instruments of more than one country are involved, attach a schedule showing each kind, country, and amount.

PRIVACY ACT AND PAPERWORK REDUCTION ACT NOTICE

Pursuant to the requirements of Public Law 93-579 (Privacy Act of 1974), notice is hereby given that the authority to collect information on Form 4790 in accordance with 5 U.S.C. 552(a)(3) is Public Law 91-508; 31 U.S.C. 5316; 5 U.S.C. 301; Reorganization Plan No. 1 of 1950; Treasury Department No. 165, revised, as amended; 31 CFR 103.47 and 44 U.S.C. 3501.

The principal purpose for collecting the information is to assure maintenance of reports or records where such reports or records have a high degree of usefulness in criminal, tax, regulatory investigations or proceedings. The information collected may be provided to those officers and employees of the Customs Service and any other constituent unit of the Department of the Treasury who have a need for the records in the performance of their duties. The records may be referred to any other department or agency of the Federal Government upon the request of the head of such department or agency.

Disclosure of this information is mandatory. Failure to provide all or any part of the requested information may subject the currency or monetary instruments to seizure and forfeiture as well as subject the individual to civil and criminal liabilities.

Disclosure of the social security number is mandatory. The authority to collect this number is 31 CFR 103.25. The social security number will be used as a means to identify the individual who files the record.

The collection of this information is mandatory pursuant to 31 U.S.C. 5316.

Statement Required by 5 CFR 1320.21: The estimated average burden associated with this collection of information is 10 minutes per respondent or recordkeeper depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to U.S. Customs Service Paperwork Management Branch, Washington DC 20229. **DO NOT send completed form(s) to this office.**

Appendix C

Currency Transaction Report by Casinos

► Use this revision for reportable transactions occurring after June 30, 1997.

► Please type or print.

(Complete all applicable parts—see instructions.)

1 If this Form 8362 (CTRC) is submitted to amend a prior report check here: ☐ and attach a copy of the original CTCR to this form.**Part I Person(s) Involved in Transaction(s)****Section A—Person(s) on Whose Behalf Transaction(s) Is Conducted (Customer)**2 ☐ Multiple persons

3 Individual's last name or Organization's name

4 First name

5 M.I.

6 Permanent address (number, street, and apt. or suite no.)

7 SSN or EIN

8 City

9 State

10 ZIP code

11 Country (if not U.S.)

12 Date of birth M M D D Y Y Y Y

13 Method used to verify identity: a ☐ Examined identification credential/document b ☐ Known customer - information on file c ☐ Organization14 Describe identification credential: a ☐ Driver's license/State I.D. b ☐ Passport c ☐ Alien registration d ☐ Other

e Issued by:

f Number:

15 Customer's Account Number

Section B—Individual(s) Conducting Transaction(s) - If other than above (Agent)16 ☐ Multiple agents

17 Individual's last name

18 First name

19 M.I.

20 Permanent address (number, street, and apt. or suite no.)

21 SSN

22 City

23 State

24 ZIP code

25 Country (if not U.S.)

26 Date of birth M M D D Y Y Y Y

27 Method used to verify identity: a ☐ Examined identification credential/document b ☐ Known customer - information on file28 Describe identification credential: a ☐ Driver's license/State I.D. b ☐ Passport c ☐ Alien registration d ☐ Other

e Issued by:

f Number:

Part II Amount and Type of Transaction(s) (Complete all items that apply.)29 ☐ Multiple transactions

30 CASH IN: (in U.S. dollar equivalent)

a Purchase(s) of casino chips, tokens, and other gaming instruments \$

b Deposit(s) (front money or safekeeping) .

c Payment(s) on credit (including markers) .

d Bet(s) of currency .

e Currency received from wire transfer(s) out .

f Purchase(s) of casino check(s) .

g Currency exchange(s) .

h Other (specify) .

i Enter total amount of CASH IN transaction(s) ► \$.

31 CASH OUT: (in U.S. dollar equivalent)

a Redemption(s) of casino chips, tokens, and other gaming instruments \$

b Withdrawal(s) of deposit (front money or safekeeping) .

c Advance(s) on credit (including markers) .

d Payment(s) on bet(s) (including slot jackpot(s)) .

e Currency paid from wire transfer(s) in .

f Negotiable instrument(s) cashed (including checks) .

g Currency exchange(s) .

h Travel and complimentary expenses and gaming incentives .

i Payment for tournament, contest or other promotions .

j Other (specify) .

k Enter total amount of CASH OUT transaction(s) ► \$.

32 Date of transaction M M D D Y Y Y Y
(see instructions)

33 Foreign currency used

(Country)

Part III Casino Reporting Transaction(s)

34 Casino's trade name

35 Casino's legal name

36 Employer identification number (EIN)

37 Address (number, street, and apt. or suite no.) where transaction occurred

38 City

39 State

40 ZIP code

Sign Here ►

41 Title of approving official

42 Signature of approving official

43 Date of signature M M D D Y Y Y Y

44 Type or print preparer's name

45 Type or print name of person to contact

46 Contact telephone number

Multiple Persons or Multiple Agents

(Complete applicable parts below if box 2 or box 16 on page 1 is checked.)

Part I Continued**Section A—Person(s) on Whose Behalf Transaction(s) Is Conducted (Customer)**

3 Individual's last name or Organization's name				4 First name				5 M.I.			
6 Permanent address (number, street, and apt. or suite no.)								7 SSN or EIN			
8 City		9 State		10 ZIP code		11 Country (if not U.S.)		12 Date of birth			
13 Method used to verify identity: a <input type="checkbox"/> Examined identification credential/document b <input type="checkbox"/> Known customer - information on file c <input type="checkbox"/> Organization											
14 Describe identification credential: a <input type="checkbox"/> Driver's license/State I.D. b <input type="checkbox"/> Passport c <input type="checkbox"/> Alien registration d <input type="checkbox"/> Other											
e Issued by: f Number:											
15 Customer's Account Number											

Section B—Individual(s) Conducting Transaction(s) - If other than above (Agent)

17 Individual's last name				18 First name				19 M.I.			
20 Permanent address (number, street, and apt. or suite no.)								21 SSN			
22 City		23 State		24 ZIP code		25 Country (if not U.S.)		26 Date of birth			
27 Method used to verify identity: a <input type="checkbox"/> Examined identification credential/document b <input type="checkbox"/> Known customer - information on file											
28 Describe identification credential: a <input type="checkbox"/> Driver's license/State I.D. b <input type="checkbox"/> Passport c <input type="checkbox"/> Alien registration d <input type="checkbox"/> Other											
e Issued by: f Number:											

Paperwork Reduction Act Notice.—The requested information is useful in criminal, tax, and regulatory investigations and proceedings. Financial institutions are required to provide the information under 31 U.S.C. 5313 and 31 CFR Part 103, commonly referred to as the Bank Secrecy Act (BSA). The BSA is administered by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN). You are not required to provide the requested information unless a form displays a valid OMB control number.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is 19 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for improving this form, you may write to the **Tax Forms Committee**, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send this form to this address. Instead, see **When and Where To File** below.

General Instructions

Form 8362.—Use the July 1997 revision of Form 8362 for reportable transactions occurring after June 30, 1997. Use the May 1992 revision of Form 8362 for reportable transactions occurring before July 1, 1997.

Suspicious Transactions.—If a transaction is greater than \$10,000 in currency as well as suspicious, casinos must file a Form 8362 and are encouraged to report suspicious transactions and activities on **Form TDF 90-22.47, Suspicious Activity Report (SAR)**. Banks and other depository institutions currently are required to use the SAR to report suspicious activities. A SAR for casinos is under development and, once issued, a casino will use this SAR for reporting a suspicious transaction or activity, rather than reporting such activity on Form TDF 90-22.47.

DO NOT use Form 8362 to (1) report suspicious transactions involving \$10,000 or less in currency OR (2) indicate that a transaction of more than \$10,000 is suspicious.

When a suspicious activity requires immediate attention, casinos should telephone 1-800-800-CTRS, Monday through Friday, from 9:00 a.m. to 6:00 p.m. Eastern Standard Time (EST). An Internal Revenue Service (IRS) employee will direct the call to the local office of the IRS Criminal Investigation Division (CID). In an emergency, consult directory assistance for the local IRS CID office.

Who Must File.—Any organization duly licensed or authorized to do business as a casino or gambling casino in the United States (except casinos located in Nevada) and having gross annual gaming revenues in excess of \$1 million must file Form 8362. This includes the principal headquarters and every domestic branch or place of business of the casino.

Note: Nevada casinos must file Form 8852, *Currency Transaction Report by Casinos - Nevada (CTRC-N)*, to report transactions as required under Nevada Regulation 6A.

What To File.—A casino must file Form 8362 for each transaction involving either currency received (Cash In) or currency disbursed (Cash Out) of more than \$10,000 in a gaming day. A gaming day is the normal business day of the casino by which it keeps its books and records for business, accounting, and tax purposes. Multiple transactions must be treated as a single transaction if the casino has knowledge that: (1) they are made by or on behalf of the same person, and (2) they result in either Cash In or Cash Out by the casino totalling more than \$10,000 during any one gaming day. Reportable transactions may occur at a casino cage, gaming table, and/or

slot machine. The casino should report both Cash In and Cash Out transactions by or on behalf of the same customer on a single Form 8362. **DO NOT** use Form 8362 to report receipts of currency in excess of \$10,000 by nongaming businesses of a casino (e.g., a hotel); instead, use **Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business**.

Exceptions.—A casino does not have to report transactions with domestic banks, currency dealers or exchangers, or commercial check cashers.

Identification Requirements.—All individuals (except employees conducting transactions on behalf of armored car services) conducting a reportable transaction(s) for themselves or for another person must be identified by means of an official or otherwise reliable record.

Acceptable forms of identification include a driver's license, military or military dependent identification cards, passport, alien registration card, state issued identification card, cedular card (foreign), or a combination of other documents that contain an individual's name and address and preferably a photograph and are normally acceptable by financial institutions as a means of identification when cashing checks for persons other than established customers.

For casino customers granted accounts for credit, deposit, or check cashing, or on whom a CTRC containing verified identity has been filed, acceptable identification information obtained previously and maintained in the casino's internal records may be used as long as the following conditions are met. The customer's identity is reverified periodically, any out-of-date identifying information is updated in the internal records, and the date of each reverification is noted on the internal

record. For example, if documents verifying an individual's identity were examined and recorded on a signature card when a deposit or credit account was opened, the casino may rely on that information as long as it is reverified periodically.

When and Where To File.—File each Form 8362 by the 15th calendar day after the day of the transaction with the:

IRS Detroit Computing Center
ATTN: CTRC
P.O. Box 32621
Detroit, MI 48232-5604

A casino must retain a copy of each Form 8362 filed for 5 years from the date of filing.

Penalties.—Civil and/or criminal penalties may be assessed for failure to file a CTRC or supply information, or for filing a false or fraudulent CTRC. See 31 U.S.C. 5321, 5322, and 5324.

Definitions.—For purposes of Form 8362, the terms below have the following meanings:

Agent. Any individual who conducts a currency transaction on behalf of another individual or organization.

Currency. The coin and paper money of the United States or of any other country that is circulated and customarily used and accepted as money.

Customer. Any person involved in a currency transaction whether or not that person participates in the casino's gaming activities.

Person. An individual, corporation, partnership, trust or estate, joint stock company, association, syndicate, joint venture, or any other unincorporated organization or group.

Organization. Person other than an individual.

Transaction In Currency (Currency Transaction). The physical transfer of currency from one person to another.

Negotiable Instruments. All checks and drafts (including business, personal, bank, cashier's, and third-party), traveler's checks, money orders, and promissory notes, whether or not they are in bearer form.

Specific Instructions

Note: Additional information that cannot fit on the front and back of Form 8362 must be submitted on plain paper attached to Form 8362. Type or print the individual's or organization's name and identifying number, date of transaction, and casino's name and employer identification number (i.e., Items 3, 4, 5, 7, 32, 34, 35, and 36) as well as identify the specific item number on all additional sheets. This will ensure that if a sheet becomes separated, it will be associated with the appropriate Form 8362.

Item 1. Amends prior report.—Check Item 1 if this Form 8362 amends a previously filed report. Staple a copy of the original report behind the amended one. Complete Part III in its entirety, but complete only those other entries that are being amended.

Part I. Person(s) Involved in Transaction(s)

Note: Section A must be completed in all cases. If an individual conducts a transaction on his/her own behalf, complete only section A; leave Section B BLANK. If a transaction is

conducted by an individual on behalf of another person(s), complete Section A for each person on whose behalf the transaction is conducted; complete Section B for the individual conducting the transaction.

Section A. Person(s) on Whose Behalf Transaction(s) Is Conducted (Customer)

Item 2. Multiple persons.—Check Item 2 if this transaction is being conducted on behalf of more than one person. For example, if John and Jane Doe cash a check made out to them jointly at the casino, more than one individual has conducted the transaction. Enter information in Section A for one of the individuals; provide information for the other individual on page 2, Section A. Attach additional sheets as necessary.

Items 3, 4, and 5. Individual/Organization name.—If the person on whose behalf the transaction(s) is conducted is an individual, put his/her last name in Item 3, first name in Item 4 and middle initial in Item 5. If there is no middle initial, leave Item 5 BLANK. If the transaction is conducted on behalf of an organization, enter the name in Item 3 and leave Items 4 and 5 BLANK, but identify the individual conducting the transaction in Section B. If an organization has a separate "doing business as (DBA)" name, enter in Item 3 the organization's legal name (e.g., Smith Enterprises, Inc.) followed by the name of the business (e.g., DBA Smith Casino Tours). In this case, use Items 4 and 5 if more space is needed.

Items 6, 8, 9, 10, and 11. Address.—Enter the permanent street address, city, two-letter state abbreviation used by the U.S. Postal Service, and ZIP code of the person identified in Item 3. Also, enter in Item 6 the apartment or suite number and road or route number. Do not enter a P.O. box number unless the person has no street address. If the person is from a foreign country, enter any province name as well as the appropriate two-letter country code (e.g., "CA" for Canada, "JA" for Japan, etc.). If the country is the United States, leave Item 11 BLANK.

Item 7. Social security number (SSN) or Employer identification number (EIN).—Enter the SSN (if an individual) or EIN (if other than an individual) of the person identified in Items 3 through 5. If that individual is a nonresident alien individual who does not have an SSN, enter "NONE" in this space.

Item 12. Date of birth.—Enter the customer's date of birth (DOB) if it is known to the casino through an existing internal record or reflected on an appropriate identification document or credential presented to the casino to verify the customer's identity (see Identification Requirements above). Internal casino records can include those for casino customers granted accounts for credit, deposit, or check cashing, or on whom a CTRC containing verified identity has been filed. If such records do not indicate the DOB, a casino should ask the customer for the DOB. If the DOB is not available from any of these sources, the casino should enter NOT AVAILABLE in the space. Eight numerals must be inserted for each date. Enter the date in the format "mmddyyyy", where "mm" is the month, "dd" is the day, and "yyyy" is the year. Zero (0) should precede any single-digit number. For example, if the

individual's birth date is June 1, 1948, enter "06 01 1948" in Item 12.

Item 13. Method used to verify identity.—If an individual conducts the transaction(s) on his/her own behalf, his/her name and address must be verified by examination of an official credential/document or internal record containing identification information on a known customer (see Identification Requirements above). Check box a if you examined an official identification credential/document. Check box b if you examined an acceptable internal casino record (i.e., credit, deposit, or check cashing account record, or a CTRC worksheet) containing previously verified identification information on a "known customer." Check box c if the transaction is conducted on behalf of an organization. If box a or b is checked, you must complete Item 14. If box c is checked, do not complete Item 14.

Item 14. Describe identification credential.—If a driver's license, passport, or alien registration card was used to verify the individual's identity, check as appropriate box a, b, or c. If you check box d, you must specifically identify the type of document used (e.g., enter "military ID" for a military or military/dependent identification card). A statement such as "known customer" in box d is not sufficient for completion of Form 8362. Enter in Item 14e the two-letter state postal code, two-letter country code, or the name of the issuer for that document, and enter in Item 14f the number shown on that official document.

Item 15. Customer account number.—Enter the account number which corresponds to the transaction being reported and which the casino has assigned to the person whose name is entered in Item 3. If the person has more than one account number affected by the transaction, enter the account number that corresponds to the majority of currency being reported. If the transaction does not involve an account number, enter "NOT APPLICABLE" in the space.

Section B. Individual(s) Conducting Transaction(s) - If Other Than Above (Agent)

Complete Section B if an individual conducts a transaction on behalf of another person(s) listed in Section A. If an individual conducts a transaction on his/her own behalf, leave Section B BLANK.

Item 16. Multiple agents.—If, during a gaming day, more than one individual conducts transactions on behalf of an individual or organization listed in Section A, check this box and complete Section B. List one of the individuals on the front of the form and the other individual(s) on page 2, Section B. Attach additional sheets as necessary.

Items 17, 18, and 19. Name of individual.—Enter the individual's last name in Item 17, first name in Item 18, and middle initial in Item 19. If there is no middle initial, leave Item 19 BLANK. For example, if John Doe, an employee of the Error Free Rock Band, cashes an \$11,000 check for the band, Error Free Rock Band is identified in Section A, and John Doe is identified in Section B.

Items 20, 22, 23, 24, and 25. Address.—Enter the permanent street address, including ZIP code, of the individual conducting the

transaction. If the individual is from a foreign country, enter any province name and the appropriate two-letter country code.

Item 21. Social security number (SSN).—Enter the SSN of the individual identified in Items 17 through 19. If that individual is a nonresident alien who does not have an SSN, enter "NONE" in the space.

Item 26. Date of birth.—Enter the individual's date of birth. For proper format, see the instructions under **Item 12** above.

Item 27. Method used to verify identity.—Any individual listed in Items 17 through 19 must present an official document to verify his/her name and address. See the instructions under **Item 13** above for more information. After completing Item 27, you must also complete Item 28.

Item 28. Describe identification credential.—Describe the identification credential used to verify the individual's name and address. See the instructions under **Item 14** above for more information.

Part II. Amount and Type of Transaction(s)

Part II identifies the type of transaction(s) reported and the amount(s) involved. You must complete all items that apply.

Item 29. Multiple transactions.—Check this box if multiple currency transactions, none of which individually exceeds \$10,000, comprise this report.

Items 30 and 31. Cash in and cash out.—Enter in the appropriate spaces provided in Items 30 and/or 31, the specific currency amount for each "type of transaction" for a reportable Cash In or Cash Out. If the casino engages in a Cash In or a Cash Out transaction that is not listed in Items 30a through 30g or Items 31a through 31i, specify the type of transaction and the amount of currency in Item 30h or 31j, respectively. Enter the total amount of the reportable Cash In transaction(s) in Item 30i. Enter the total amount of the reportable Cash Out transaction(s) in Item 31k.

If less than a full dollar amount is involved, increase the figure to the next higher dollar. For example, if the currency total is \$20,500.25, show it as \$20,501.00.

If there is a currency exchange, list it separately with both the Cash In and Cash Out totals. If foreign currency is exchanged, use the U.S. dollar equivalent on the day of the transaction.

Payment(s) on credit, Item 30c, includes all forms of cash payments made by a customer on a credit account or line of credit, or in redemption of markers or counter checks. Currency received from wire transfer(s) out, Item 30e, applies to cash received from a customer when the casino sends a wire transfer on behalf of a customer.

Currency paid from wire transfer(s) in, Item 31e, applies to cash paid to a customer when the casino receives a wire transfer on behalf of a customer. Travel and complimentary expenses and gaming incentives, Item 31h, includes reimbursements for a customer's travel and entertainment expenses and cash complementaries ("comps").

Determining Whether Transactions Meet The Reporting Threshold

Only cash transactions that, alone or when aggregated, exceed \$10,000 should be reported on Form 8362. A casino must report multiple currency transactions when it has knowledge that such transactions have occurred. This includes knowledge gathered through examination of books, records, logs, information retained on magnetic disk, tape or other machine-readable media, or in any manual system, and similar documents and information that the casino maintains pursuant to any law or regulation or within the ordinary course of its business.

Cash In and Cash Out transactions for the same customer are to be aggregated separately and must not be offset against one another. If there are both Cash In and Cash Out transactions which each exceed \$10,000, enter the amounts in Items 30 and 31 and report on a single Form 8362.

Example 1. Person A purchases \$11,000 in chips with currency (one Cash In entry); and later receives currency from a \$6,000 redemption of chips and a \$2,000 slot jackpot win (two Cash Out entries). Complete Form 8362 as follows:

Cash In of "\$11,000" is entered in Item 30a (purchase of chips) and Cash In Total of "\$11,000" is entered in Item 30i. No entry is made for Cash Out. The two Cash Out transactions equal only \$8,000, which does not meet the BSA reporting threshold.

Example 2. Person B deposits \$5,000 in currency to his front money account and pays \$10,000 in currency to pay off an outstanding credit balance (two Cash In entries); receives \$7,000 in currency from a wire transfer (one Cash Out entry); and presents \$2,000 in small denomination U.S. currency to be exchanged for an equal amount in U.S. \$100 bills. Complete Form 8362 as follows:

Cash In of "\$5,000" is entered in Item 30b (deposit), "\$10,000" is entered in Item 30c (payment on credit), "\$2,000" is entered in Item 30g (currency exchange), and Cash In Total of "\$17,000" is entered in Item 30i. In determining whether the transactions are reportable, the currency exchange is aggregated with both the Cash In and the Cash Out amounts. The result is a reportable \$17,000 Cash In transaction. No entry is made for Cash Out. The total Cash Out amount only equals \$9,000, which does not meet the BSA reporting threshold.

Example 3. Person C deposits \$7,000 in currency to his front money account and pays \$9,000 in currency to pay off an outstanding credit balance (two Cash In entries); receives \$2,500 in currency from a withdrawal from a safekeeping account, \$2,500 in currency from a wire transfer and cashes a personal check of \$7,500 (three Cash Out entries); and presents Canadian dollars which are exchanged for \$1,500 in U.S. dollar equivalent. Complete Form 8362 as follows:

Cash In of "\$7,000" is entered in Item 30b (deposit), "\$9,000" is entered in Item 30c (payment on credit), "\$1,500" is entered in Item 30g (currency exchange), and a Cash In total of "\$17,500" is entered in Item 30i. Cash Out of "\$2,500" is entered in Item 31b (withdrawal of deposit), "\$2,500" is entered in Item 31e (wire transfer), "\$7,500" is entered in

Item 31f (negotiable instrument cashed), "\$1,500" is entered in Item 31g (currency exchange) and a Cash Out Total of "\$14,000" is entered in Item 31k. In this example, both the Cash In and Cash Out totals exceed \$10,000, and each must be reflected on Form 8362.

Example 4. Person D purchases \$10,000 in chips with currency and places a \$10,000 cash bet (two Cash In entries); and later receives currency for an \$18,000 redemption of chips and \$20,000 from a payment on a cash bet (two Cash Out entries). Complete Form 8362 as follows:

Cash In of "\$10,000" is entered in Items 30a and 30d and a Cash In total of "\$20,000" is entered in Item 30i. Cash Out of "\$18,000" is entered in Item 31a (redemption of chips), "\$20,000" is entered in Item 31d (payment on bets) and a Cash Out Total of "\$38,000" is entered in Item 31k. In this example, both the Cash In and Cash Out totals exceed \$10,000, and each must be reflected on Form 8362.

Item 32. Date of transaction.—Enter the gaming day on which the transaction occurred (see **What To File** above). For proper format, see the instructions for **Item 12** above.

Item 33. Foreign currency.—If foreign currency is involved, identify the country of issuance by entering the appropriate two-letter country code. If multiple foreign currencies are involved, identify the country for which the largest amount in U.S. dollars is exchanged.

Part III. Casino Reporting Transaction(s)

Item 34. Casino's trade name.—Enter the name by which the casino does business and is commonly known. Do not enter a corporate, partnership, or other entity name, unless such name is the one by which the casino is commonly known.

Item 35. Casino's legal name.—Enter the legal name as shown on required tax filings, only if different from the trade name shown in Item 34. This name will be defined as the name indicated on a charter or other document creating the entity, and which is identified with the casino's established EIN.

Item 36. Employer identification number (EIN).—Enter the casino's EIN.

Items 37, 38, 39, and 40. Address.—Enter the street address, city, state, and ZIP code of the casino (or branch) where the transaction occurred. Do not use a P.O. box number.

Items 41 and 42. Title and signature of approving official.—The official who is authorized to review and approve Form 8362 must indicate his/her title and sign the form.

Item 43. Date the form is signed.—The approving official must enter the date the Form 8362 is signed. For proper format, see the instructions for **Item 12** above.

Item 44. Preparer's name.—Type or print the full name of the individual preparing Form 8362. The preparer and the approving official may be different individuals.

Items 45 and 46. Contact person/telephone number.—Type or print the name and commercial telephone number of a responsible individual to contact concerning any questions about this Form 8362.



Appendix D

**REPORT OF FOREIGN BANK
AND FINANCIAL ACCOUNTS**

Do **NOT** file with your Federal Tax Return



OMB No. 1505-0063

1 Filing for Calendar Year

Y Y Y Y

2 Type of Filer

a ☐ Individual b ☐ Partnership c ☐ Corporation d ☐ Fiduciary

3 Taxpayer Identification Number

| | | | | | | | | | | | | | | |

Part I Filer Information

4 Last Name or Organization Name

5 First Name

6 Middle Initial

7 Address (Number, Street, and Apt. or Suite No.)

8 Date of Birth

M M D D Y Y Y Y

9 City

10 State

11 Zip/Postal Code

12 Country

13 Title (Not necessary if reporting a personal account)

14 Are these account jointly owned?

a ☐ Yes b ☐ No

15 Number of joint owners

16 Taxpayer Identification Number of joint owner (if known)

| | | | | | | | | | | | | | | |

17 Last Name or Organization Name

18 First Name

19 Middle Initial

Part II Information on Financial Accounts

20 Number of Foreign Financial Accounts in which a financial interest is held

21 Type of account

a ☐ Bank b ☐ Securities c ☐ Other

22 Maximum value of account

a ☐ Under \$10,000 c ☐ \$100,000 to \$1,000,000
b ☐ \$10,000 to \$99,999 d ☐ Over \$1,000,000

23 Account Number or other designation

| | | | | | | | | | | | | | | |

24 Name of Financial Institution with which account is held

25 Country in which account is held

26 Does the filer have a financial interest in this account?

a ☐ Yes b ☐ No If no, complete boxes 27-35.

27 Last Name or Organization Name of Account Owner

28 First Name

29 Middle Initial

30 Taxpayer Identification Number

| | | | | | | | | | | | | | | |

31 Address (Number, Street, and Apt. or Suite No.)

32 City

33 State

34 Zip/Postal Code

35 Country

36 Signature

37 Date

M M D D Y Y Y Y

This form should be used to report a financial interest in, signature authority, or other authority over one or more financial accounts in foreign countries, as required by the Department of the Treasury Regulations (31 CFR 103). No report is required if the aggregate value of the accounts did not exceed \$10,000. **SEE INSTRUCTIONS FOR DEFINITION.** File this form with:

U.S. Department of the Treasury, P.O. Box 32621, Detroit, MI 48232-0621.

PRIVACY ACT NOTIFICATION

Pursuant to the requirements of Public Law 93-579 (Privacy Act of 1974), notice is hereby given that the authority to collect information on TD F 90-22.1 in accordance with 5 USC 552a(e) is Public Law 91-508; 31 USC 5314; 5 USC 301; 31 CFR 103.

The principal purpose for collecting the information is to assure maintenance of reports where such reports or records have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings. The information collected may be provided to those officers and employees of any constituent unit of the Department of the Treasury who have a need for the records in the performance of their duties. The records may be referred to any other department or agency of the United States upon the request of the head of such department or agency for use in a criminal, tax, or regulatory investigation or proceeding.

Disclosure of this information is mandatory. Civil and criminal penalties, including certain circumstances a fine of not more than \$500,000 and imprisonment of not more than five years, are provided for failure to file a report, supply information, and for filing a false or fraudulent report.

Disclosure of the Social Security number is mandatory. The authority to collect is 31 CFR 103. The Social Security number will be used as a means to identify the individual who files the report.

Continuation Page

Form TD F 90-22.1

This side can be copied as many times as necessary in order to provide information on all accounts.

1 Filing for Calendar Year Y Y Y Y		3 Taxpayer Identification Number		4 Filer Last Name or Business Name		Page Number OF	
2 Type of Filer a <input type="checkbox"/> Individual c <input type="checkbox"/> Corporation b <input type="checkbox"/> Partnership d <input type="checkbox"/> Fiduciary		21 Type of Account a <input type="checkbox"/> Bank c <input type="checkbox"/> Other b <input type="checkbox"/> Securities		22 Maximum Value of Account a <input type="checkbox"/> Under \$10,000 c <input type="checkbox"/> \$100,000 to \$1,000,000 b <input type="checkbox"/> \$10,000 to \$99,999 d <input type="checkbox"/> Over \$1,000,000			
23 Account Number or other designation				24 Name of Financial Institution with which account is held			
25 Country in which account is held		26 Does the filer have a financial interest in this account? a <input type="checkbox"/> Yes b <input type="checkbox"/> No If no, complete boxes 27-35.		27 Last Name or Organization Name of Account Owner			
28 First Name		29 Middle Initial		30 Taxpayer Identification Number		31 Address (Number, Street, and Apt. or Suite No.)	
32 City		33 State		34 Zip/Postal Code		35 Country	

2 Type of Filer a <input type="checkbox"/> Individual c <input type="checkbox"/> Corporation b <input type="checkbox"/> Partnership d <input type="checkbox"/> Fiduciary		21 Type of Account a <input type="checkbox"/> Bank c <input type="checkbox"/> Other b <input type="checkbox"/> Securities		22 Maximum Value of Account a <input type="checkbox"/> Under \$10,000 c <input type="checkbox"/> \$100,000 to \$1,000,000 b <input type="checkbox"/> \$10,000 to \$99,999 d <input type="checkbox"/> Over \$1,000,000			
23 Account Number or other designation				24 Name of Financial Institution with which account is held			
25 Country in which account is held		26 Does the filer have a financial interest in this account? a <input type="checkbox"/> Yes b <input type="checkbox"/> No If no, complete boxes 27-35.		27 Last Name or Organization Name of Account Owner			
28 First Name		29 Middle Initial		30 Taxpayer Identification Number		31 Address (Number, Street, and Apt. or Suite No.)	
32 City		33 State		34 Zip/Postal Code		35 Country	

2 Type of Filer a <input type="checkbox"/> Individual c <input type="checkbox"/> Corporation b <input type="checkbox"/> Partnership d <input type="checkbox"/> Fiduciary		21 Type of Account a <input type="checkbox"/> Bank c <input type="checkbox"/> Other b <input type="checkbox"/> Securities		22 Maximum Value of Account a <input type="checkbox"/> Under \$10,000 c <input type="checkbox"/> \$100,000 to \$1,000,000 b <input type="checkbox"/> \$10,000 to \$99,999 d <input type="checkbox"/> Over \$1,000,000			
23 Account Number or other designation				24 Name of Financial Institution with which account is held			
25 Country in which account is held		26 Does the filer have a financial interest in this account? a <input type="checkbox"/> Yes b <input type="checkbox"/> No If no, complete boxes 27-35.		27 Last Name or Organization Name of Account Owner			
28 First Name		29 Middle Initial		30 Taxpayer Identification Number		31 Address (Number, Street, and Apt. or Suite No.)	
32 City		33 State		34 Zip/Postal Code		35 Country	

This form should be used to report a financial interest in, signature authority, or other authority over one or more financial accounts in foreign countries, as required by the Department of the Treasury Regulations (31 CFR 103). No report is required if the aggregate value of the accounts did not exceed \$10,000. SEE INSTRUCTIONS FOR DEFINITION. File this form with:

U.S. Department of the Treasury, P.O. Box 32621, Detroit, MI 48232-0621.

Paperwork Reduction Act. The estimated average burden associated with this collection of information is 10 minutes per respondent or recordkeeper, depending on individual circumstances. Comments regarding the accuracy of this burden estimate, and suggestions for reducing the burden should be directed to the Department of the Treasury, Financial Crimes Enforcement Network, Suite 200, 2070 Chain Bridge Road, Vienna VA 22182-2536.

INSTRUCTIONS

General Instructions

Who Must File this Report

Each United States person, who has a financial interest in or signature authority, or other authority over any financial accounts, including bank, securities, or other types of financial accounts in a foreign country, if the aggregate value of these financial accounts exceeds \$10,000 at any time during the calendar year, must report that relationship each calendar year by filing TD F 90-22.1 with the Department of the Treasury on or before June 30, of the succeeding year.

Exceptions

An officer or employee of a bank which is subject to the supervision of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Office of Thrift Supervision, or the Federal Deposit Insurance Corporation need not report that he has signature or other authority over a foreign bank, securities or other financial account maintained by the bank, if the officer or employee has NO personal financial interest in the account.

An officer or employee of a domestic corporation whose equity securities are listed upon national securities exchanges or which has assets exceeding \$10 million and 500 or more shareholders of record need not file such a report concerning the other signature authority over a foreign financial account of the corporation, if he has NO personal financial interest in the account and he has been advised in writing by the chief financial officer of the corporation that the corporation has filed a current report, which includes that account.

Report any financial account (except a military banking facility as defined in these instructions) that is located in a foreign country, even if it is held at an affiliate of a United States bank or other financial institution. Do not report any account maintained with a branch, agency, or other office of a foreign bank or other institution that is located in the United States, Guam, Puerto Rico, and the Virgin Islands.

General Definitions

United States Person The term "United States person" means (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, or (4) a domestic estate or trust.

Financial Account Generally includes any bank, securities, securities derivatives or other financial instruments accounts. Such accounts generally also encompass any accounts in which the assets are held in a commingled fund, and the account owner holds an equity interest in the fund. The term also means any savings, demand, checking, deposit, time deposit, or any other account maintained with a financial institution or other person engaged in the business of a financial institution.

Account in a Foreign Country A "foreign country" includes all geographical areas located outside the United States, Guam, Puerto Rico, and the Virgin Islands.

Financial Interest A financial interest in a bank, securities, or other financial account in a foreign country means an interest described in either of the following two paragraphs:

(1) A United States person has a financial interest in each account for which such person is the owner of record or has legal title, whether the account is maintained for his or her own benefit or for the benefit of others including non-United States persons. If an account is maintained in the name of two persons jointly, or if several persons each own a partial interest in an account, each of those United States persons has a financial interest in that account.

(2) A United States person has a financial interest in each bank, securities, or other financial account in a foreign country for which the owner of record or holder of legal title is: (a) a person acting as an agent, nominee, attorney, or in some other capacity on behalf of the U.S. person; (b) a corporation in which the United States person owns directly or indirectly more than 50 percent of the total value of shares of stock; (c) a partnership in which the United States person owns an interest in more than 50 percent of the profits (distributive share of income); or (d) a trust in which the United States person either has a present beneficial interest in more than 50 percent of the assets or from which such person receives more than 50 percent of the current income.

Signature or Other Authority Over an Account A person has signature authority over an account if such person can control the disposition of money or other property in it by delivery of a document containing his or her signature (or his or her signature and that of one or more other persons) to the bank or other person with whom the account is maintained.

Other authority exists in a person who can exercise comparable power over an account by direct communication to the bank or other person with whom the account is maintained, either orally or by some other means.

Military Banking Facility Do not consider as an account in a foreign country, an account in an institution known as a "United States military banking facility" (or "United States military finance facility") operated by a United States financial institution designated by the United States Government to serve U.S. Government installations abroad, even if the United States military banking facility is located in a foreign country.

Filing Information

When and Where to File -This report must be filed on or before June 30 each calendar year with the Department of the Treasury, Post Office Box 32621, Detroit, MI 48232-0621, or it may be hand carried to any local office of the Internal Revenue Service for forwarding to the Department of the Treasury, Detroit, MI.

EXPLANATIONS FOR SPECIFIC ITEMS

Consolidated Reporting

A corporation which owns directly or indirectly more than 50 percent interest in one or more other entities will be permitted to file a consolidated report on TD F 90-22.1, on behalf of itself and such other entities provided that a listing of them is made part of the consolidated report. Such reports should be signed by an authorized official of the parent corporation.

If the group of entities covered by a consolidated report has a financial interest in 25 or more foreign financial accounts, the reporting corporation need only note that fact on the form in Item 20. It will, however, be required to provide detailed information concerning each account when so requested by the Secretary or his delegate.

Item 14

If the filer owns the account jointly with any other party, then yes should be marked.

Item 15

If the filer holds this account with only one (1) other party, and all accounts listed are held jointly with that party, then complete items 16, 17, 18 and 19. Otherwise, leave these items blank.

Item 20

If the filer holds a financial interest in more than 25 foreign financial accounts, indicate the number in this box and do not complete any further items in Part II.

Any person who lists more than 25 foreign financial accounts in item 20 must when requested by the Department of the Treasury provide all the information called for in Part II.

Item 22**Account Valuation**

For item 22, the maximum value of an account is the largest amount of currency and non-monetary assets that appear on any quarterly or more frequent account statement issued for the applicable year. If periodic account statements are not so issued, the maximum account asset value is the largest amount of currency and non-monetary assets in the account at any time during the year. Convert foreign currency by using the official exchange rate at the end of the year. In valuing currency of a country that uses multiple exchange rates, use the rate which would apply if the currency in the account were converted into United States dollars at the close of the calendar year.

The value of stock, other securities or other non-monetary assets in an account reported on TD F 90-22.1 is the fair market value at the end of the calendar year, or if withdrawn from the account, at the time of the withdrawal.

For purposes of item 22, if you had a financial interest in more than one account, each account is to be valued separately in accordance with the foregoing two paragraphs. If you had a financial interest in one or more but fewer than 25 accounts, and you are unable to determine whether the maximum value of these accounts exceeded \$10,000 at any time during the year, complete Part II or III for each of these accounts.

Item 26

United States Persons with Authority Over but No Financial Interest In an Account - Except as provided in the following paragraph, you must state the name, address, and identifying number of each owner of an account over which you had authority, but if you complete items 27-35 for more than one account of the same owner, you need identify the owner only once. If you complete items 27-35 for one or more accounts in which no United States person had a financial interest, you may state on the first line of this item, in lieu of supplying information about the owner, "No U.S. person had any financial interest in the foreign accounts." This statement must be based upon the actual belief of the person filing this form after he or she has taken reasonable measures to ensure its correctness.

If you complete Part II for accounts owned by a domestic corporation and its domestic and/or foreign subsidiaries, you may treat them as one owner and write in the space provided, the name of the parent corporation, followed by "and related entities," and the identifying number and address of the parent corporation.

Item 36**Signature**

This report must be signed by the person named in Part I. If the report is being filed on behalf of a partnership, corporation, or fiduciary, it must be signed by an authorized individual.

Penalties

For criminal penalties for failure to file a report, supply information, and for filing a false or fraudulent report see 31 U.S.C. 5322(a), 31 U.S.C. 5322(b), and 18 U.S.C. 1001.

Appendix E

Form **8300**

(Rev. August 1997)

Department of the Treasury
Internal Revenue Service**Report of Cash Payments Over \$10,000
Received in a Trade or Business**

▶ See instructions for definition of cash.

▶ Use this form for transactions occurring after July 31, 1997.

Please type or print.

OMB No. 1545-0892

1 Check appropriate box(es) if: a ☐ Amends prior report; b ☐ Suspicious transaction.**Part I Identity of Individual From Whom the Cash Was Received**2 If more than one individual is involved, check here and see instructions ▶ ☐

3 Last name 4 First name 5 M.I. 6 Taxpayer identification number

7 Address (number, street, and apt. or suite no.) 8 Date of birth (see instructions) ▶ M M D D Y Y Y Y

9 City 10 State 11 ZIP code 12 Country (if not U.S.) 13 Occupation, profession, or business

14 Document used to verify identity: a Describe identification ▶ b Issued by c Number

Part II Person on Whose Behalf This Transaction Was Conducted15 If this transaction was conducted on behalf of more than one person, check here and see instructions ▶ ☐

16 Individual's last name or Organization's name 17 First name 18 M.I. 19 Taxpayer identification number

20 Doing business as (DBA) name (see instructions) Employer identification number

21 Address (number, street, and apt. or suite no.) 22 Occupation, profession, or business

23 City 24 State 25 ZIP code 26 Country (if not U.S.)

27 Alien identification: a Describe identification ▶ b Issued by c Number

Part III Description of Transaction and Method of Payment28 Date cash received M M D D Y Y Y Y 29 Total cash received \$.00 30 If cash was received in more than one payment, check here ▶ ☐ 31 Total price if different from item 29 \$.00

32 Amount of cash received (in U.S. dollar equivalent) (must equal item 29) (see instructions):

a U.S. currency \$.00 (Amount in \$100 bills or higher \$.00)
 b Foreign currency \$.00 (Country ▶)
 c Cashier's check(s) \$.00 } Issuer's name(s) and serial number(s) of the monetary instrument(s) ▶
 d Money order(s) \$.00 }
 e Bank draft(s) \$.00 }
 f Traveler's check(s) \$.00 }

33 Type of transaction f ☐ Debt obligations paid 34 Specific description of property or service shown in 33.
 a ☐ Personal property purchased g ☐ Exchange of cash (Give serial or registration number, address, docket
 b ☐ Real property purchased h ☐ Escrow or trust funds number, etc.) ▶
 c ☐ Personal services provided i ☐ Bail bond
 d ☐ Business services provided j ☐ Other (specify) ▶
 e ☐ Intangible property purchased

Part IV Business That Received Cash

35 Name of business that received cash 36 Employer identification number

37 Address (number, street, and apt. or suite no.) Social security number

38 City 39 State 40 ZIP code 41 Nature of your business

42 Under penalties of perjury, I declare that to the best of my knowledge, the information I have furnished above is true, correct, and complete.

Signature of authorized official

Title of authorized official

43 Date of signature M M D D Y Y Y Y 44 Type or print name of contact person 45 Contact telephone number ()

Multiple Parties

(Complete applicable parts below if box 2 or 15 on page 1 is checked)

Part I Continued—Complete if box 2 on page 1 is checked

3 Last name		4 First name		5 M.I.	6 Taxpayer identification number	
7 Address (number, street, and apt. or suite no.)				8 Date of birth (see instructions)		M M D D Y Y Y Y
9 City	10 State	11 ZIP code	12 Country (if not U.S.)		13 Occupation, profession, or business	
14 Document used to verify identity:			a Describe identification ▶			
b Issued by			c Number			

3 Last name		4 First name		5 M.I.	6 Taxpayer identification number	
7 Address (number, street, and apt. or suite no.)				8 Date of birth (see instructions)		M M D D Y Y Y Y
9 City	10 State	11 ZIP code	12 Country (if not U.S.)		13 Occupation, profession, or business	
14 Document used to verify identity:			a Describe identification ▶			
b Issued by			c Number			

Part II Continued—Complete if box 15 on page 1 is checked

16 Individual's last name or Organization's name		17 First name		18 M.I.	19 Taxpayer identification number	
20 Doing business as (DBA) name (see instructions)					Employer identification number	
21 Address (number, street, and apt. or suite no.)				22 Occupation, profession, or business		
23 City	24 State	25 ZIP code	26 Country (if not U.S.)			
27 Alien identification:			a Describe identification ▶			
b Issued by			c Number			

16 Individual's last name or Organization's name		17 First name		18 M.I.	19 Taxpayer identification number	
20 Doing business as (DBA) name (see instructions)					Employer identification number	
21 Address (number, street, and apt. or suite no.)				22 Occupation, profession, or business		
23 City	24 State	25 ZIP code	26 Country (if not U.S.)			
27 Alien identification:			a Describe identification ▶			
b Issued by			c Number			

Item You Should Note

Clerks of Federal or State courts must now file Form 8300 if more than \$10,000 in cash is received as bail for an individual(s) charged with certain criminal offenses. For these purposes, a clerk includes the clerk's office or any other office, department, division, branch, or unit of the court that is authorized to receive bail. If a person receives bail on behalf of a clerk, the clerk is treated as receiving the bail.

If multiple payments are made in cash to satisfy bail and the initial payment does not exceed \$10,000, the initial payment and subsequent payments must be aggregated and the information return must be filed by the 15th day after receipt of the payment that causes the aggregate amount to exceed \$10,000 in cash. In such cases, the reporting requirement can be satisfied either by sending a single written statement with an aggregate amount listed or by furnishing a copy of each Form 8300 relating to that payer. Payments made to satisfy separate bail requirements are not required to be aggregated. See Treasury Regulations section 1.6050I-2.

Casinos must file Form 8300 for non gaming activities (restaurants, shops, etc.).

General Instructions

Who must file.—Each person engaged in a trade or business who, in the course of that trade or business, receives more than \$10,000 in cash in one transaction or in two or more related transactions, must file Form 8300. Any transactions conducted between a payer (or its agent) and the recipient in a 24-hour period are related transactions. Transactions are considered related even if they occur over a period of more than 24 hours if the recipient knows, or has reason to know, that each transaction is one of a series of connected transactions.

Keep a copy of each Form 8300 for 5 years from the date you file it.

Voluntary use of Form 8300.—Form 8300 may be filed voluntarily for any suspicious transaction (see **Definitions**), even if the total amount does not exceed \$10,000.

Exceptions.—Cash is not required to be reported if it is received:

- By a financial institution required to file Form 4789, Currency Transaction Report.
- By a casino required to file (or exempt from filing) Form 8362, Currency Transaction Report by Casinos, if the cash is received as part of its gaming business.
- By an agent who receives the cash from a principal, if the agent uses all of the cash within 15 days in a second transaction that is reportable on Form 8300 or on Form 4789, and discloses all the information necessary to complete Part II of Form 8300 or Form 4789 to the recipient of the cash in the second transaction.
- In a transaction occurring entirely outside the United States. See Pub. 1544, Reporting Cash Payments Over \$10,000 (Received in a Trade or Business),

regarding transactions occurring in Puerto Rico, the Virgin Islands, and territories and possessions of the United States.

- In a transaction that is not in the course of a person's trade or business.

When to file.—File Form 8300 by the 15th day after the date the cash was received. If that date falls on a Saturday, Sunday, or legal holiday, file the form on the next business day.

Where to file.—File the form with the Internal Revenue Service, Detroit Computing Center, P.O. Box 32621, Detroit, MI 48232, or hand carry it to your local IRS office.

Statement to be provided.—You must give a written statement to each person named on a required Form 8300 on or before January 31 of the year following the calendar year in which the cash is received. The statement must show the name, telephone number, and address of the information contact for the business, the aggregate amount of reportable cash received, and that the information was furnished to the IRS. Keep a copy of the statement for your records.

Multiple payments.—If you receive more than one cash payment for a single transaction or for related transactions, you must report the multiple payments any time you receive a total amount that exceeds \$10,000 within any 12-month period. Submit the report within 15 days of the date you receive the payment that causes the total amount to exceed \$10,000. If more than one report is required within 15 days, you may file a combined report. File the combined report no later than the date the earliest report, if filed separately, would have to be filed.

Taxpayer identification number (TIN).—You must furnish the correct TIN of the person or persons from whom you receive the cash and, if applicable, the person or persons on whose behalf the transaction is being conducted. **You may be subject to penalties for an incorrect or missing TIN.**

The TIN for an individual (including a sole proprietorship) is the individual's social security number (SSN). For certain resident aliens who are not eligible to get an SSN and nonresident aliens who are required to file tax returns, it is an IRS Individual Taxpayer Identification Number (ITIN). For other persons, including corporations, partnerships, and estates, it is the employer identification number.

If you have requested but are not able to get a TIN for one or more of the parties to a transaction within 15 days following the transaction, file the report and attach a statement explaining why the TIN is not included.

Exception: *You are not required to provide the TIN of a person who is a nonresident alien individual or a foreign organization if that person does not have income effectively connected with the conduct of a U.S. trade or business and does not have an office or place of business, or fiscal or paying agent, in the United States. See Pub. 1544 for more information.*

Penalties.—You may be subject to penalties if you fail to file a correct and complete Form 8300 on time and you cannot show that the failure was due to reasonable cause. You may also be subject to penalties if you fail to furnish timely a correct and complete statement to each person named in a required report. A minimum penalty of \$25,000 may be imposed if the failure is due to an intentional disregard of the cash reporting requirements.

Penalties may also be imposed for causing, or attempting to cause, a trade or business to fail to file a required report; for causing, or attempting to cause, a trade or business to file a required report containing a material omission or misstatement of fact; or for structuring, or attempting to structure, transactions to avoid the reporting requirements. These violations may also be subject to criminal prosecution which, upon conviction, may result in imprisonment of up to 5 years or fines of up to \$250,000 for individuals and \$500,000 for corporations or both.

Definitions

Cash.—The term "cash" means the following:

- U.S. and foreign coin and currency received in any transaction.
- A cashier's check, money order, bank draft, or traveler's check having a face amount of \$10,000 or less that is received in a **designated reporting transaction** (defined below), or that is received in any transaction in which the recipient knows that the instrument is being used in an attempt to avoid the reporting of the transaction under section 6050I.

Note: *Cash does not include a check drawn on the payer's own account, such as a personal check, regardless of the amount.*

Designated reporting transaction.—A retail sale (or the receipt of funds by a broker or other intermediary in connection with a retail sale) of a consumer durable, a collectible, or a travel or entertainment activity.

Retail sale.—Any sale (whether or not the sale is for resale or for any other purpose) made in the course of a trade or business if that trade or business principally consists of making sales to ultimate consumers.

Consumer durable.—An item of tangible personal property of a type that, under ordinary usage, can reasonably be expected to remain useful for at least 1 year, and that has a sales price of more than \$10,000.

Collectible.—Any work of art, rug, antique, metal, gem, stamp, coin, etc.

Travel or entertainment activity.—An item of travel or entertainment that pertains to a single trip or event if the combined sales price of the item and all other items relating to the same trip or event that are sold in the same transaction (or related transactions) exceeds \$10,000.

Exceptions.—A cashier's check, money order, bank draft, or traveler's check is not considered received in a designated

reporting transaction if it constitutes the proceeds of a bank loan or if it is received as a payment on certain promissory notes, installment sales contracts, or down payment plans. See Pub. 1544 for more information.

Person.—An individual, corporation, partnership, trust, estate, association, or company.

Recipient.—The person receiving the cash. Each branch or other unit of a person's trade or business is considered a separate recipient unless the branch receiving the cash (or a central office linking the branches), knows or has reason to know the identity of payers making cash payments to other branches.

Transaction.—Includes the purchase of property or services, the payment of debt, the exchange of a negotiable instrument for cash, and the receipt of cash to be held in escrow or trust. A single transaction may not be broken into multiple transactions to avoid reporting.

Suspicious transaction.—A transaction in which it appears that a person is attempting to cause Form 8300 not to be filed, or to file a false or incomplete form. The term also includes any transaction in which there is an indication of possible illegal activity.

Specific Instructions

You must complete all parts. However, you may skip Part II if the individual named in Part I is conducting the transaction on his or her behalf only.

Item 1.—If you are amending a prior report, check box 1a. Complete the appropriate items with the correct or amended information only. Complete all of Part IV. Staple a copy of the original report to the amended report.

To voluntarily report a suspicious transaction (see **Definitions**), check box 1b. You may also telephone your local IRS Criminal Investigation Division or call 1-800-800-2877.

Part I

Item 2.—If two or more individuals conducted the transaction you are reporting, check the box and complete Part I for any one of the individuals. Provide the same information for the other individual(s) on the back of the form. If more than three individuals are involved, provide the same information on additional sheets of paper and attach them to this form.

Item 6.—Enter the taxpayer identification number (TIN) of the individual named. See **Taxpayer identification number (TIN)** under **General Instructions** for more information.

Item 8.—Enter eight numerals for the date of birth of the individual named. For example, if the individual's birth date is July 6, 1960, enter 07 06 1960.

Item 13.—Fully describe the nature of the occupation, profession, or business (for example, "plumber," "attorney," or "automobile dealer"). Do not use general or

nondescriptive terms such as "businessman" or "self-employed."

Item 14.—You must verify the name and address of the named individual(s). Verification must be made by examination of a document normally accepted as a means of identification when cashing checks (for example, a driver's license, passport, alien registration card, or other official document). In item 14a, enter the type of document examined. In item 14b, identify the issuer of the document. In item 14c, enter the document's number. For example, if the individual has a Utah driver's license, enter "driver's license" in item 14a, "Utah" in item 14b, and the number appearing on the license in item 14c.

Part II

Item 15.—If the transaction is being conducted on behalf of more than one person (including husband and wife or parent and child), check the box and complete Part II for any one of the persons. Provide the same information for the other person(s) on the back of the form. If more than three persons are involved, provide the same information on additional sheets of paper and attach them to this form.

Items 16 through 19.—If the person on whose behalf the transaction is being conducted is an individual, complete items 16, 17, and 18. Enter his or her TIN in item 19. If the individual is a sole proprietor and has an employer identification number (EIN), you must enter both the SSN and EIN in item 19. If the person is an organization, put its name as shown on required tax filings in item 16 and its EIN in item 19.

Item 20.—If a sole proprietor or organization named in items 16 through 18 is doing business under a name other than that entered in item 16 (e.g., a "trade" or "doing business as (DBA)" name), enter it here.

Item 27.—If the person is **NOT** required to furnish a TIN (see **Taxpayer identification number (TIN)** under **General Instructions**), complete this item. Enter a description of the type of official document issued to that person in item 27a (for example, "passport"), the country that issued the document in item 27b, and the document's number in item 27c.

Part III

Item 28.—Enter the date you received the cash. If you received the cash in more than one payment, enter the date you received the payment that caused the combined amount to exceed \$10,000. See **Multiple payments** under **General Instructions** for more information.

Item 30.—Check this box if the amount shown in item 29 was received in more than one payment (for example, as installment payments or payments on related transactions).

Item 31.—Enter the total price of the property, services, amount of cash exchanged, etc. (for example, the total cost

of a vehicle purchased, cost of catering service, exchange of currency) if different from the amount shown in item 29.

Item 32.—Enter the dollar amount of each form of cash received. Show foreign currency amounts in U.S. dollar equivalent at a fair market rate of exchange available to the public. **The sum of the amounts must equal item 29.** For cashier's check, money order, bank draft, or traveler's check, provide the name of the issuer and the serial number of each instrument. Names of all issuers and all serial numbers involved must be provided. If necessary, provide this information on additional sheets of paper and attach them to this form.

Item 33.—Check the appropriate box(es) that describe the transaction. If the transaction is not specified in boxes a-i, check box j and briefly describe the transaction (for example, car lease, boat lease, house lease, aircraft rental).

Part IV

Item 36.—If you are a sole proprietorship, you must enter your SSN. If your business also has an EIN, you must provide the EIN as well. All other business entities must enter an EIN.

Item 41.—Fully describe the nature of your business, for example, "attorney," "jewelry dealer." Do not use general or nondescriptive terms such as "business" or "store."

Item 42.—This form must be signed by an individual who has been authorized to do so for the business that received the cash.

Paperwork Reduction Act Notice

The requested information is useful in criminal, tax, and regulatory investigations, for instance, by directing the Federal Government's attention to unusual or questionable transactions. Trades or businesses are required to provide the information under 26 U.S.C. 6050I.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is 21 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, you can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. DO NOT send this form to this office. Instead, see **Where To File** on page 3.



Appendix F

Suspicious Activity Report

APPENDIX F

1

FRB: FR 2230 OMB No. 7100-0212
FDIC: 6710/06 OMB No. 3064-0077
OCC: 8010-9,8010-1 OMB No. 1557-0180
OTS: 1601 OMB No. 1550-0003
NCUA: 2362 OMB No. 3133-0094
TREASURY: TD F 90-22.47 OMB No. 1506-0001

ALWAYS COMPLETE ENTIRE REPORT

Expires September 30, 1998

1 Check appropriate box:

a ☐ Initial Reportb ☐ Corrected Reportc ☐ Supplemental Report**Part I Reporting Financial Institution Information**

2 Name of Financial Institution

3 Primary Federal Regulator

a ☐ Federal Reserve d ☐ OCCb ☐ FDIC e ☐ OTSc ☐ NCUA

4 Address of Financial Institution

5 City

6 State

7 Zip Code

8 EIN or TIN

9 Address of Branch Office(s) where activity occurred

10 Asset size of financial institution
\$.00

11 City

12 State

13 Zip Code

14 If institution closed, date closed
(MMDDYY) ____/____/____

15 Account number(s) affected, if any

a _____

b _____

16 Have any of the institution's accounts related to this matter been closed?

a ☐ Yesb ☐ No

If yes, identify _____

Part II Suspect Information

17 Last Name or Name of Entity

18 First Name

19 Middle Initial

20 Address

21 SSN, EIN or TIN (as applicable)

22 City

23 State

24 Zip Code

25 Country

26 Date of Birth (MMDDYY)

27 Phone Number - Residence (include area code)
()28 Phone Number - Work (include area code)
()

29 Occupation

30 Forms of Identification for Suspect:

a ☐ Driver's Licenseb ☐ Passportc ☐ Alien Registrationd ☐ Other _____

e Number _____

f Issuing Authority _____

31 Relationship to Financial Institution:

a ☐ Accountantd ☐ Attorneyg ☐ Customerj ☐ Officerb ☐ Agente ☐ Borrowerh ☐ Directork ☐ Shareholderc ☐ Appraiserf ☐ Brokeri ☐ Employeel ☐ Other _____

32 Is insider suspect still affiliated with the financial institution?

a ☐ Yes

If no, specify {

c ☐ Suspendede ☐ Resignedb ☐ Nod ☐ Terminated33 Date of Suspension,
Termination, Resigna-
tion (MMDDYY)

____/____/____

34 Admission/Confession

a ☐ Yes b ☐ No

Part III Suspicious Activity Information

2

35 Date of suspicious activity (MMDDYY) ____/____/____		36 Dollar amount involved in known or suspicious activity \$.00	
37 Summary characterization of suspicious activity:			
a <input type="checkbox"/> Bank Secrecy Act/Structuring/ Money Laundering	g <input type="checkbox"/> Counterfeit Check	m <input type="checkbox"/> False Statement	
b <input type="checkbox"/> Bribery/Gratuity	h <input type="checkbox"/> Counterfeit Credit/Debit Card	n <input type="checkbox"/> Misuse of Position or Self-Dealing	
c <input type="checkbox"/> Check Fraud	i <input type="checkbox"/> Counterfeit Instrument (other)	o <input type="checkbox"/> Mortgage Loan Fraud	
d <input type="checkbox"/> Check Kiting	j <input type="checkbox"/> Credit Card Fraud	p <input type="checkbox"/> Mysterious Disappearance	
e <input type="checkbox"/> Commercial Loan Fraud	k <input type="checkbox"/> Debit Card Fraud	q <input type="checkbox"/> Wire Transfer Fraud	
f <input type="checkbox"/> Consumer Loan Fraud	l <input type="checkbox"/> Defalcation/Embezzlement		
r <input type="checkbox"/> Other _____			
38 Amount of loss prior to recovery (if applicable) \$.00		39 Dollar amount of recovery (if applicable) \$.00	
41 Has the institution's bonding company been notified? a <input type="checkbox"/> Yes b <input type="checkbox"/> No		40 Has the suspicious activity had a material impact on or otherwise affected the financial soundness of the institution? a <input type="checkbox"/> Yes b <input type="checkbox"/> No	
42 Has any law enforcement agency already been advised by telephone, written communication, or otherwise? If so, list the agency and local address. Agency _____			
43 Address			
44 City	45 State		

Part IV Witness Information

47 Last Name		48 First Name		49 Middle Initial	
50 Address				51 SSN	
52 City		53 State		54 Zip Code	
				55 Date of Birth (MMDDYY) ____/____/____	
56 Title			57 Phone Number (include area code) ()		58 Interviewed a <input type="checkbox"/> Yes b <input type="checkbox"/> No

Part V Preparer Information

59 Last Name		60 First Name		61 Middle Initial	
62 Title		63 Phone Number (include area code) ()		64 Date (MMDDYY) ____/____/____	

Part VI Contact for Assistance (If different than Preparer Information in Part V)

65 Last Name		66 First Name		67 Middle Initial	
68 Title		69 Phone Number (include area code) ()			
70 Agency (If applicable)					

Explanation/description of known or suspected violation of law or suspicious activity. This section of the report is critical. The care with which it is written may make the difference in whether or not the described conduct and its possible criminal nature are clearly understood. Provide below a chronological and complete account of the possible violation of law, including what is unusual, irregular or suspicious about the transaction, using the following checklist as you prepare your account. If necessary, continue the narrative on a duplicate of this page.

- a Describe supporting documentation and retain for 5 years.
- b Explain who benefited, financially or otherwise, from the transaction, how much, and how.
- c Retain any confession, admission, or explanation of the transaction provided by the suspect and indicate to whom and when it was given.
- d Retain any confession, admission, or explanation of the transaction provided by any other person and indicate to whom and when it was given.

- e Retain any evidence of cover-up or evidence of an attempt to deceive federal or state examiners or others.
- f Indicate where the possible violation took place (e.g., main office, branch, other).
- g Indicate whether the possible violation is an isolated incident or relates to other transactions.
- h Indicate whether there is any related litigation; if so, specify.
- i Recommend any further investigation that might assist law enforcement authorities.
- j Indicate whether any information has been excluded from this report; if so, why?

For Bank Secrecy Act/Structuring/Money Laundering reports, include the following additional information:

- k Indicate whether currency and/or monetary instruments were involved. If so, provide the amount and/or description.
- l Indicate any account number that may be involved or affected.

Paperwork Reduction Act Notice: The purpose of this form is to provide an effective and consistent means for financial institutions to notify appropriate law enforcement agencies of known or suspected criminal conduct or suspicious activities that take place at or were perpetrated against financial institutions. This report is required by law, pursuant to authority contained in the following statutes. Board of Governors of the Federal Reserve System: 12 U.S.C. 324, 334, 611a, 1844(b) and (c), 3105(c) (2) and 3106(a). Federal Deposit Insurance Corporation: 12 U.S.C. 93a, 1818, 1881-84, 3401-22. Office of the Comptroller of the Currency: 12 U.S.C. 93a, 1818, 1881-84, 3401-22. Office of Thrift Supervision: 12 U.S.C. 1463 and 1464. National Credit Union Administration: 12 U.S.C. 1766(a), 1786(q). Financial Crimes Enforcement Network: 31 U.S.C. 5318(g). Information collected on this report is confidential (5 U.S.C. 552(b)(7) and 552a(k)(2), and 31 U.S.C. 5318(g)). The Federal financial institutions regulatory agencies and the U.S. Departments of Justice and Treasury may use and share the information. Public reporting and recordkeeping burden for this information collection is estimated to average 36 minutes per response, and includes time to gather and maintain data in the required report, review the instructions, and complete the information collection. Send comments regarding this burden estimate, including suggestions for reducing the burden, to the Office of Management and Budget, Paperwork Reduction Project, Washington, DC 20503 and, depending on your primary Federal regulatory agency, to Secretary, Board of Governors of the Federal Reserve System, Washington, DC 20551; or Assistant Executive Secretary, Federal Deposit Insurance Corporation, Washington, DC 20429; or Legislative and Regulatory Analysis Division, Office of the Comptroller of the Currency, Washington, DC 20219; or Office of Thrift Supervision, Enforcement Office, Washington, DC 20552; or National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314; or Office of the Director, Financial Crimes Enforcement Network, Department of the Treasury, 2070 Chain Bridge Road, Vienna, VA 22182.

Suspicious Activity Report Instructions

Safe Harbor Federal law (31 U.S.C. 5318(g)(3)) provides complete protection from civil liability for all reports of suspected or known criminal violations and suspicious activities to appropriate authorities, including supporting documentation, regardless of whether such reports are filed pursuant to this report's instructions or are filed on a voluntary basis. Specifically, the law provides that a financial institution, and its directors, officers, employees and agents, that make a disclosure of any possible violation of law or regulation, including in connection with the preparation of suspicious activity reports, "shall not be liable to any person under any law or regulation of the United States or any constitution, law, or regulation of any State or political subdivision thereof, for such disclosure or for any failure to notify the person involved in the transaction or any other person of such disclosure."

Notification Prohibited Federal law (31 U.S.C. 5318(g)(2)) requires that a financial institution, and its directors, officers, employees and agents who, voluntarily or by means of a suspicious activity report, report suspected or known criminal violations or suspicious activities may not notify any person involved in the transaction that the transaction has been reported.

In situations involving violations requiring immediate attention, such as when a reportable violation is ongoing, the financial institution shall immediately notify, by telephone, appropriate law enforcement and financial institution supervisory authorities in addition to filing a timely suspicious activity report.

WHEN TO MAKE A REPORT:

1. All financial institutions operating in the United States, including insured banks, savings associations, savings association service corporations, credit unions, bank holding companies, nonbank subsidiaries of bank holding companies, Edge and Agreement corporations, and U.S. branches and agencies of foreign banks, are required to make this report following the discovery of:
 - a. **Insider abuse involving any amount.** Whenever the financial institution detects any known or suspected Federal criminal violation, or pattern of criminal violations, committed or attempted against the financial institution or involving a transaction or transactions conducted through the financial institution, where the financial institution believes that it was either an actual or potential victim of a criminal violation, or series of criminal violations, or that the financial institution was used to facilitate a criminal transaction, and the financial institution has a substantial basis for identifying one of its directors, officers, employees, agents or other institution-affiliated parties as having committed or aided in the commission of a criminal act regardless of the amount involved in the violation.
 - b. **Violations aggregating \$5,000 or more where a suspect can be identified.** Whenever the financial institution detects any known or suspected Federal criminal violation, or pattern of criminal violations, committed or attempted against the financial institution or involving a transaction or transactions conducted through the financial institution and involving or aggregating \$5,000 or more in funds or other assets, where the financial institution believes that it was either an actual or potential victim of a criminal violation, or series of criminal violations, or that the financial institution was used to facilitate a criminal transaction, and the financial institution has a substantial basis for identifying a possible suspect or group of suspects. If it is determined prior to filing this report that the identified suspect or group of suspects has used an "alias," then information regarding the true identity of the suspect or group of suspects, as well as alias identifiers, such as drivers' licenses or social security numbers, addresses and telephone numbers, must be reported.
 - c. **Violations aggregating \$25,000 or more regardless of a potential suspect.** Whenever the financial institution detects any known or suspected Federal criminal violation, or pattern of criminal violations, committed or attempted against the financial institution or involving a transaction or transactions conducted through the financial institution and involving or aggregating \$25,000 or more in funds or other assets, where the financial institution believes that it was either an actual or potential victim of a criminal violation, or series of criminal violations, or that the financial institution was used to facilitate a criminal transaction, even though there is no substantial basis for identifying a possible suspect or group of suspects.
 - d. **Transactions aggregating \$5,000 or more that involve potential money laundering or violations of the Bank Secrecy Act.** Any transaction (which for purposes of this subsection means a deposit, withdrawal, transfer between accounts, exchange of currency, loan, extension of credit, purchase or

sale of any stock, bond, certificate of deposit, or other monetary instrument or investment security, or any other payment, transfer, or delivery by, through, or to a financial institution, by whatever means effected) conducted or attempted by, at or through the financial institution and involving or aggregating \$5,000 or more in funds or other assets, if the financial institution knows, suspects, or has reason to suspect that:

- i. The transaction involves funds derived from illegal activities or is intended or conducted in order to hide or disguise funds or assets derived from illegal activities (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any law or regulation or to avoid any transaction reporting requirement under Federal law;
- ii. The transaction is designed to evade any regulations promulgated under the Bank Secrecy Act; or
- iii. The transaction has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and the financial institution knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.

The Bank Secrecy Act requires all financial institutions to file currency transaction reports (CTRs) in accordance with the Department of the Treasury's implementing regulations (31 CFR Part 103). These regulations require a financial institution to file a CTR whenever a currency transaction exceeds \$10,000. If a currency transaction exceeds \$10,000 and is suspicious, the institution must file both a CTR (reporting the currency transaction) and a suspicious activity report (reporting the suspicious or criminal aspects of the transaction). If a currency transaction equals or is below \$10,000 and is suspicious, the institution should only file a suspicious activity report.

2. A financial institution is required to file a suspicious activity report no later than 30 calendar days after the date of initial detection of facts that may constitute a basis for filing a suspicious activity report. If no suspect was identified on the date of detection of the incident requiring the filing, a financial institution may delay filing a suspicious activity report for an additional 30 calendar days to identify a suspect. In no case shall reporting be delayed more than 60 calendar days after the date of initial detection of a reportable transaction.
3. This suspicious activity report does not need to be filed for those robberies and burglaries that are reported to local authorities, or (except for savings associations and service corporations) for lost, missing, counterfeit or stolen securities that are reported pursuant to the requirements of 17 CFR 240.17f-1.

HOW TO MAKE A REPORT:

1. Send each completed suspicious activity report to:

FinCEN, Detroit Computing Center, P.O. Box 33980, Detroit, MI 48232
 2. For items that do not apply or for which information is not available, leave blank.
 3. Complete each suspicious activity report in its entirety, even when the suspicious activity report is a corrected or supplemental report.
 4. Do not include supporting documentation with the suspicious activity report. Identify and retain a copy of the suspicious activity report and all original supporting documentation or business record equivalent for 5 years from the date of the suspicious activity report. All supporting documentation must be made available to appropriate authorities upon request.
 5. If more space is needed to complete an item (for example, to report an additional suspect or witness), a copy of the page containing the item should be used to provide the information.
 6. Financial institutions are encouraged to provide copies of suspicious activity reports to state and local authorities, where appropriate.
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Appendix G



DEPARTMENT OF THE TREASURY
FINANCIAL CRIMES ENFORCEMENT NETWORK

OCT 1 - 1999

The Honorable Virginia Brown-Waite
Chairwoman, Criminal Justice Committee
Florida State Senate
Room 314, Senate Office Building
404 S. Monroe Street
Tallahassee, Florida 32399

Dear Chairwoman Brown-Waite:

I am writing to provide you information on an issue that developed as part of recent meetings with members of the Florida Legislature's Task Force on Money Laundering. Our discussion during these meetings concerned the information that the Financial Crimes Enforcement Network (FinCEN) provides to state and local governments to fight financial crime. The members indicated to me that the Florida Department of Banking and Finance did not have adequate access to the Suspicious Activity Reports System (SARS) database. The SAR System contains thousands of records filed by banks related to suspicious financial transactions that often indicate potential criminal activity. It is managed by FinCEN and operated by the IRS' Detroit Computing Center (DCC).

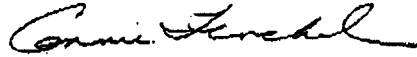
After the members of the legislature informed me of this issue, I immediately reviewed the matter with the managers of the system at FinCEN. I have confirmed that the Florida Department of Banking and Finance and the Florida Department of Law Enforcement do have full access to the SAR system with its download capabilities and proactive targeting features. In an effort to clarify this misunderstanding, I asked a manager at FinCEN to demonstrate the system's features to representatives from the Florida Departments of Law Enforcement, Banking and Finance and Revenue at a meeting held on October 1, 1999, in Tallahassee.

I also have enclosed a copy of a letter which I sent yesterday to the Comptroller, Florida Department of Banking and Finance, as well as the Commissioner, Florida Department of Law Enforcement in which I provided them with this information.

At FinCEN, we recognize that the service we provide to federal, state, and local law enforcement agencies is often critical to their pursuit of criminals. We have an expansive outreach program, known as Gateway, in which we seek to educate and inform all agencies as to the wealth of information and capabilities that they have at their disposal. We will continue to work with these organizations "on the front lines" of our country's fight against financial crime.

I appreciated the opportunity to discuss FinCEN's programs with members of the Florida Legislature both in Tampa and Washington. I hope that you will contact me if I can be of further assistance with this or any other issues that may be of concern to you.

Sincerely,



Connie Fenchel
Executive Assistant Director
Law Enforcement Policy

Enclosure

cc: The Honorable Locke Burt
The Honorable Ronald Silver
The Honorable Johnnie Byrd, Jr.



DEPARTMENT OF THE TREASURY
FINANCIAL CRIMES ENFORCEMENT NETWORK

SEP 30 1999

Office of the Comptroller
Florida Department of Banking and Finance
Office of Statewide Intelligence
P.O. Box 1489
Tallahassee, FL 32302

Dear Robert F. Milligan:

This correspondence is in reference to your recent request for a revised Memorandum of Understanding (MOU) between the Florida Department of Banking and Finance and the Financial Crimes Enforcement Network (FinCEN). The requested MOU is to provide Florida Department of Banking and Finance access through on-line queries to the Bank Secrecy Act (BSA) - the financial intelligence data managed by FinCEN and maintained by the Detroit Computing Center (DCC).

Earlier this week, I addressed the members of the Florida Legislature's Task Force on Money Laundering concerning the information that is available to law enforcement through FinCEN and DCC. It became clear that there were concerns about query capabilities of the Suspicious Activity Reports (SAR) system and the availability of that information to the Division of Financial Investigations as well as the Florida Department of Law Enforcement (FDLE).

The request for a revised MOU highlights a perception that neither the Florida Department of Banking and Finance nor FDLE have full access to the system and the data. The purpose of this correspondence is to address the issue of capabilities of the new Currency and Banking Query System (CBQS) that is currently available to all authorized users nationwide - including the Florida Department of Banking and Finance and the FDLE. In fact, the Florida Department of Banking and Finance does, at this time, have full access to the SAR system with its download capabilities and the proactive targeting features, which you are now requesting.

Any authorized user, who has received a SAR system password, now has the full capability to access all information in the SARS database. This information can be downloaded, sorted by pre-set data parameters of interest to the user, manipulated to provide critical case intelligence on targeted individuals and groups, and even downloaded to in-house systems for further software program

enhancements. This will allow proactive targeting by Florida law enforcement personnel and can be instrumental to your efforts to detect and fight financial and drug-related crime.

Further information on this capability can be provided by FinCEN's SAR Office.

FinCEN has an established formal relationship with the Department of Banking and Finance in order to provide you with this information. In February 1999, these capabilities, though still being developed and tested, were discussed with Bob Rosenau, Office of Intelligence, Department of Banking and Finance. Since that time, the SAR system has been further refined in order to provide the greatest possible query capabilities to law enforcement.

In order to clarify the system capabilities, I am sending a representative from FinCEN, Special Agent Scott Lodge to attend the coordination/strategy meeting at the FDLE on October 1. After representatives from each of the concerned agencies have actually seen the new system and understand its capabilities; it is my belief that your concerns about the system's capabilities will be alleviated.

FinCEN's SAR Office has notified Bob Rosenau of the next CBQS training to be held in mid October at the Detroit Computing Center. Presently we have reserved four slots for representatives of the Florida Department of Banking and Finance and are awaiting confirmation from your office on attendance at this class.

I hope this clarifies the situation. I am available to further discuss this at your convenience. I can be reached at 703-905-3816.



Connie Fenchel
Executive Assistant Director
Law Enforcement Policy

cc: The Florida Department of Law Enforcement

Appendix H



OFFICE OF COMPTROLLER
DEPARTMENT OF BANKING AND FINANCE
STATE OF FLORIDA
 TALLAHASSEE
 32399-0350

ROBERT F. MILLIGAN
 COMPTROLLER OF FLORIDA

October 13, 1999

Task Force On Illicit Money Laundering
 Attention: Senators Burt and Rossin
 C/O Kathie Emrich
 Room 330 Knott Building
 Tallahassee, Florida

Dear Senators Burt and Rossin:

This letter presents the joint proposal of the Department of Banking and Finance (DBF), the Department of Revenue (DOR) and the Department of Law Enforcement (FDLE) to address several issues regarding the upgrade, maintenance and use of a state database for necessary financial information, the issues related to Florida's stand-alone "Form 8300" requirements, and other issues affecting law enforcement's efforts to interdict illegal money laundering in Florida. This is a follow-up to Friday's conference with you. Our responses affect Proposals 14, 41, 45, 46, 47, 48, and 49.

Executive Summary:

- We agree that it is both fiscally and functionally prudent for FDLE to assume responsibility for the expanded and improved "financial transaction reports" database. The new database functions require additional FTE regardless of the location of the database. Form 8300 information will be included. (Proposals 46, 47)
- While recognizing that Form 8300 has little or no value to the tax functions of DOR, the three Departments recognize that DOR maintains the most current and ongoing contact with Florida's business community. Accordingly, DOR will be principally responsible for reminding the business community of its obligation to send in duplicate copies of Form 8300. Initial efforts will be informational and promotional, and should more intensive efforts be required, they will be developed in coming years. (Proposal 48)
- We have consolidated and revised Proposals 41 and 45 addressing Florida's designated High Intensity Drug Trafficking Areas (HIDTA's). FDLE will seek partial federal grant funding of its proposed Financial Crimes Analysis Center (Proposal 49), but matching state funds will be required. With the development of an improved database, educating Florida's law enforcement community on its availability and use will be essential to its success, making Proposal 14 an important factor in the overall plan.

Proposals #46 and #47 (Database): The consensus reached by DBF, FDLE, and DOR supports the development and ownership of a centralized database by FDLE that contains CTR, SAR, CMIR and Form 8300 information. The data currently housed and maintained by DBF will migrate to a new and much more sophisticated database housed and maintained by FDLE. The new database will be upgraded and improved to allow "data mining" and automated review to glean information that reveals hidden patterns, trends and correlations to help identify money laundering by entities that are not presently under investigation. Converting hard-copy information on the Florida Form 8300 into data will be done by DOR under contract with FDLE since this represents the most cost-efficient method of converting the hard copy information into electronic data.

The migration of data to FDLE and establishment of the improved and expanded database at FDLE is contingent upon reaching agreement with federal officials and FinCEN that all data presently being provided to DBF will continue to be provided. It assumes that additional FinCEN data will be made available, specifically SAR and CMIR reports. Should this data not be made available for any reason, this proposal will have to be revised. The proposal also assumes that appropriate restrictions on data access and post-auditing to assure data is being used appropriately will occur. The development of the new database, regardless of whether it is located at FDLE or DBF requires three (3) FTE to administer it. The implementation of the data migration, inclusion of Form 8300 information, and development of a new, improved database can be accomplished through the following new revised proposal. *We believe that the costs of an upgraded database, should it to remain at DBF, would equal or exceed the costs reported below.*

Proposal: Create an information technology infrastructure ("database") to support the Financial Crime Analysis Center (FCAC) function and Florida law enforcement's investigative needs.

Assumptions: ▶ Located at FDLE. ▶ The data in the DBF database will be converted and will migrate to the newly developed FDLE database. Since less than .20 FTE is currently dedicated at DBF solely to its database efforts, no transfer of DBF FTE is appropriate. Three new FTE will be required. ▶ The new database will include Form 8300 information and will allow "data mining" and "artificial intelligence" applications. ▶ Access via CNet will be promoted to extent allowed by federal restrictions.

The database carries with it a first year cost of \$858,928, including first-year cost of \$20,100 for contracting Form 8300 data input services with DOR. Recurring costs will be \$222,116 (including DOR contract costs of \$10,100) yearly. *We believe that the costs of an upgraded database would equal or exceed the costs reported below if the database were established at DBF instead of FDLE.*

Title: FDLE Financial Transaction Reports Database Project

FY	FTE	Appropriations Category	Recurring	Non-Recurring	Total
2000-2001	3	Salaries & Benefits	\$153,327		\$153,327
		OPS		\$312,000	\$312,000
		Expense	\$68,789	\$130,000	\$198,789
		OCO		\$194,812	\$194,812
Total 00-01					\$858,928
2001-2002			\$222,116		
Total 01-02					\$222,116

Assumptions: Staffing requirement includes 3 new FTE positions. The project includes conversion and migration of existing Currency Transaction Reporting data and design and development of an enhanced database and application to analyze and profile CTR, Form 8300, SARS, and CMIRS data.

8300 Input Costs: As noted above, the FDLE will contract with DOR to convert the hard copy Form 8300 information into data for inclusion in the database. 1st year cost: \$20,100; thereafter, \$10,100.

(REVISED Proposal #48) DOR Form 8300 Issue:

We recommend that the Department of Revenue retain primary responsibility for the administration of s. 896.102, F.S. and develop a plan to increase voluntary compliance. Initially, we propose a campaign to educate Florida's businesses about the statutory requirement to file a copy of the IRS Form 8300 with the DOR. There are a number of alternatives available and a listing of those with the cost estimates follows. Please note that this recommendation does not include any funding for enforcement of compliance with the requirement to file the Form 8300 based on our understanding that the Task Force would like to pursue educational options before pursuing enforcement ones. Compliance rates will be monitored by matching against Federal data to determine if additional resources are needed in the future to enhance enforcement of the statutory requirements.

Statutory Revision: We also recommend amending s. 896.102, F.S., requiring the Form 8300 information to be filed with the DOR within 15 days after the transaction occurs, which emulates the Federal filing requirements for this information. Current state law does not contain a time period for filing the information with DOR.

<u>ACTIVITY DESCRIPTION</u>	<u>FIRST YEAR</u>	<u>RECURRING</u>
Mail notification to all registered sales tax dealers	\$200,000	\$200,000*
Provide notification to all new dealers at time of registration	18,000	18,000
Mail notification to groups not registered with DOR	167,783	167,783*
Develop Public Service Announcements and a video to be used by organizations to educate their members	35,000	0
Write articles for publication in trade and association journals	0	0
Inform taxpayers through taxpayer education seminars	0	0

**Recurring funding of a general notification mailing is provided as an option for the Legislature to consider.*

(Revised Proposal #49)--FDLE's Financial Crimes Analysis Center:

The need for a specialized analysis team to receive and interpret the proactive information identified by "data mining" and to conduct post-seizure analysis remains high and is an essential element in assuring the data made available is utilized effectively. FDLE will seek to staff the Center utilizing COPS grant funding for necessary positions, but OCO funding and required matching funding requires general revenue funding.

Proposal: COPS Grant Funding For FDLE's FCAC

This proposal would ask positions to be funded with COPS grant. FDLE still has 23 authorized positions that have not been filled. These positions require 25% match funding for the positions. There is no Expense or OCO funding from the COPS grant, therefore FDLE requests GR funding for the match, expense and OCO. This is a year-to-year grant that would be dependent upon continued federal funding.

FY	FTE	Appropriation Category	Recurring	Non-Recurring	Total
2000-2001	6	Salaries & Benefits	258,389		258,389
		Expenses	53,860	14,834	68,694
		OCO		35,044	35,044
GR 2000-2001 Requirements					168,335
GR Matching 2000-2001	(25% of 258,389)		64,597		
GR OCO			35,044		
GR Expense			68,694		
GR 2001-2002 Requirements					117,457
GR Matching 2001-2002	(25% of 258,389)		64,597		
GR OCO					
GR Expense			52,860		

(Revised) Proposals #41 and #45--DBF HIDTA POSITIONS:

DBF Staffing in Miami, Orlando/Tampa and Jacksonville Areas:

Should HIDTA funding for DBF positions not be available, DBF request are:

Miami: The Department of Banking and Finance is currently a participating member of the High Intensity Drug Trafficking Area (HIDTA) in Miami. The Department has five (5) FTEs co-located at the HIDTA which provide trained financial investigators, examiners and analysts with expertise in tracking entities involved in financial crimes related to banks, securities brokers, mortgage brokers and other financial institutions and individuals. Unfortunately, DBF has received indications that HIDTA federal funding will no longer be available to fund these positions after January 31, 2001. The Department of Banking and Finance feels that its participation in the HIDTA is important to combating illicit money laundering in Florida, and requests that these five (5) FTEs be funded through General Revenue. This unit is actively involved in 12 DEA investigations and 9 Suspicious Activity Reports (money laundering) cases. The existing positions are: Financial Investigator-Crime Enforcement; Financial Control Analyst; Senior Financial Investigator; Financial Specialist; and Secretary Specialist.

Based on reported SAR activity filed by South Florida banks and the current investigative caseload, two (2) additional FTEs are needed. The class titles of the **new** positions (2 FTEs) requested are Financial Control Analyst and a Senior Financial Investigator.

The chart below shows extracts from DBF's FUNDING PROPOSAL Numbers 41 and 45:

MIAMI:

FY	FTE	Appropriation Category	Recurring	Non-recurring	Total
2000-2001	5 Miami (existing)	Salaries and Benefits	244,038		244,038
	2 Miami (new)		107,469		107,469
	5 Miami (existing)	Expenses	32,285		32,285
	2 Miami (new)		13,782	3,420	17,202
	2 Miami (new)	OCO		6,430	6,430
Total	7 FTEs				407,424

Tampa/Orlando: The Department feels that its participation at the Miami HIDTA has been instrumental in combating illicit money laundering in Florida and requests General Revenue funding to establish a similar unit at the newly established Orlando High Intensity Drug Trafficking Area HIDTA. The proposed staffing is as follows: Financial Investigator-Crime Enforcement, Financial Control Analyst, and a Financial Specialist for a total of three (3) FTEs.

The chart below is an extract from DBF's FUNDING PROPOSAL Number 45:

Tampa/Orlando:

FY	FTE	Appropriation Category	Recurring	Non-recurring	Total
2000-2001	3 Orlando (new)	Salaries and Benefits	148,706		148,706.
		Expenses	20,673	5,130	25,803
		OCO		9,645	9,645
Total	3 FTEs				184,154

Jacksonville: If designation as a HIDTA is approved this year, General Revenue funding to establish a money laundering investigation unit is requested for FY 2001-02. The proposed staffing is as follows: Financial Investigator-Crime Enforcement and a Financial Specialist for a total of two (2) FTEs.

The chart below is an extract from DBF's FUNDING PROPOSAL Number 45:

Jacksonville:

FY	FTE	Appropriation Category	Recurring	Non-recurring	Total
2001-2002	2 Jacksonville (new)	Salaries and Benefits	100,732		100,732
		Expenses	13,782	3,420	17,202
		OCO		6,430	6,430
Total	2 FTEs				124,364

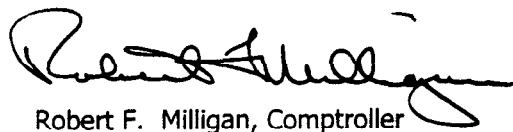
Proposal #14 --Training:


No change other than increased emphasis on the need for training of Florida's law enforcement community on the availability and use of the expanded database, the utilization of the Financial Crimes Analysis Center, and the basics of money laundering investigations and prosecutions. The key to the success of the investment in a better database, expanded Form 8300 efforts, increased presence at HIDTA locations by DBF personnel, and FDLE's Financial Crimes Analysis Center is the regular and effective utilization of these tools by the field investigators. Intensive statewide training is essential to the success of Florida's increased illicit money laundering investigative efforts.

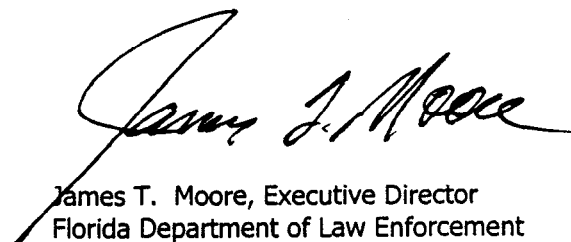
We trust you will find this consolidated and revised proposal to meet your expectations. We remain available to assist you with additional information as you may desire. As you know, a new federal initiative is being put in place wherein geographic areas of the country will be declared "high intensity money laundering areas." It appears there may be federal grants and support funding made available under this new program. Should an opportunity for federal funding occur that would reduce or eliminate a need to rely upon state general revenues, we will aggressively seek those funds. You will be kept advised of any such developments.

Should the above plan of action meet with the Task Force's approval, we will work with all concerned to implement it, contingent upon approval by the Legislature in the upcoming session. Detailed summaries for each proposal made herein have been electronically forwarded to Ms. Kathie Emrich in her capacity as a member of the Task Force staff.

Sincerely,


Robert F. Milligan, Comptroller


for L.H. Fuchs, Executive Director
Department of Revenue


James T. Moore, Executive Director
Florida Department of Law Enforcement