

110TH CONGRESS
1ST SESSION

H. R. 1447

To amend sections 5313 and 5318 of title 31, United States Code, to reform certain requirements for reporting cash transactions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 2007

Mr. JONES of North Carolina introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend sections 5313 and 5318 of title 31, United States Code, to reform certain requirements for reporting cash transactions, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “CTR Modernization
5 Act”.

6 **SEC. 2. PURPOSES.**

7 The purposes of this Act are as follows:

1 (1) To improve the quality and usefulness of
2 currency transaction reports in criminal, tax, and
3 regulatory investigations or proceedings.

4 (2) To eliminate filing currency transaction re-
5 ports related to many innocent, infrequent, or idio-
6 syncratic deposit activities.

7 (3) To further focus anti-money laundering in-
8 vestigations and prosecutions by reducing the num-
9 ber of spurious, duplicative, and innocent currency
10 transaction reports and increasing the usefulness of
11 suspicious activity reports.

12 (4) To maintain the high degree of usefulness
13 of currency transaction reports and adjust for infla-
14 tion and current financial practices the threshold for
15 currency transaction reports to a level consistent
16 with the amount established pursuant to Public Law
17 91–508 upon the enactment of such Public Law in
18 1970.

19 (5) To increase the usefulness of data collected
20 through currency transaction reports and suspicious
21 activity reports and for other purposes.

22 **SEC. 3. MODIFICATION OF CURRENCY TRANSACTION RE-**
23 **PORTING THRESHOLD.**

24 (a) THRESHOLD.—

1 (1) NONDEPOSITORY INSTITUTIONS.—The 1st
2 sentence of section 5313(a) of title 31, United
3 States Code, is amended by inserting “, other than
4 a depository institution,” after “domestic financial
5 institution”.

6 (2) DEPOSITORY INSTITUTIONS.—Subsection
7 (a) of section 5313 of title 31, United States Code,
8 is amended by inserting after the 1st sentence (as
9 amended by paragraph (1) of this subsection) the
10 following new sentence: “When a depository institu-
11 tion is involved in a transaction for the payment, re-
12 ceipt, or transfer of United States coins or currency
13 (or other monetary instruments the Secretary of the
14 Treasury prescribes), in an amount, denomination,
15 or amount and denomination of not less than
16 \$30,000 and under circumstances the Secretary pre-
17 scribes by regulation, the depository institution and
18 any other participant in the transaction the Sec-
19 retary may prescribe shall file a report on the trans-
20 action at the time and in the way the Secretary pre-
21 scribes.”.

22 (b) REGULATION.—After the end of the 270-day pe-
23 riod beginning on the date of the enactment of the CTR
24 Modernization Act, the Secretary of the Treasury shall not
25 require a depository institution to file a currency trans-

1 action report when the transaction involves the transfer
 2 of currency of an amount and denomination of less than
 3 \$30,000.

4 (c) TECHNICAL AND CONFORMING AMENDMENT.—
 5 Subsection (c) of section 5312 of title 31, United States
 6 Code, is amended by adding at the end the following new
 7 paragraph:

8 “(2) DEPOSITORY INSTITUTION.—The term ‘de-
 9 pository institution’ means any insured depository
 10 institution (as defined in section 3 of the Federal
 11 Deposit Insurance Act) and any insured credit union
 12 (as defined in section 101(7) of the Federal Credit
 13 Union Act).”.

14 **SEC. 4. PERIODIC REVIEW OF REPORTING THRESHOLD**
 15 **AND ADJUSTMENT FOR INFLATION.**

16 Section 5318 of title 31, United States Code, is
 17 amended by adding at the end the following new sub-
 18 section:

19 “(o) PERIODIC REVIEW OF REPORTING THRESHOLD
 20 AND ADJUSTMENT FOR INFLATION.—

21 “(1) IN GENERAL.—Before the end of the 5-
 22 year period beginning on the date of the enactment
 23 of the CTR Modernization Act and at least every 5
 24 years after the expiration of such period, the Sec-
 25 retary of the Treasury shall—

1 “(A) solicit and review public comments
2 about the appropriateness, relevance, and utility
3 of the then-current threshold amount or de-
4 nomination established by the Secretary;

5 “(B) review the continuing appropriate-
6 ness, relevance, and utility of each threshold
7 amount or denomination established by the Sec-
8 retary, in the Secretary’s discretion, for any re-
9 port required by the Secretary under this sub-
10 chapter; and

11 “(C) adjust such amount, at such time and
12 in such manner as the Secretary considers ap-
13 propriate but in no case later than 365 days
14 following the expiration of the public comment
15 period, for any inflation that the Secretary of
16 the Treasury determines has occurred since the
17 date any such amount was established or last
18 adjusted, except that the Secretary of the
19 Treasury shall not reduce such amount to an
20 amount and denomination of less than \$30,000.

21 “(2) REPORT.—Before the end of the 365-day
22 period beginning upon the completion of any review
23 by the Secretary of the Treasury under paragraph
24 (1), the Secretary shall submit a report to the Con-
25 gress containing the findings and conclusions of the

1 Secretary in connection with such review, together
 2 with an explanation for any adjustment, or lack of
 3 adjustment, of any threshold amount or denomina-
 4 tion by the Secretary as a result of such review, in-
 5 cluding the adjustment for inflation.”.

6 **SEC. 5. MODIFICATION OF EXEMPTION PROCESS.**

7 (a) SEASONED CUSTOMER EXEMPTION.—Subsection
 8 (e) of section 5313 of title 31, United States Code, is
 9 amended to read as follows:

10 “(e) QUALIFIED CUSTOMER EXEMPTION.—

11 “(1) IN GENERAL.—Before the end of the 270-
 12 day period beginning on the date of the enactment
 13 of the CTR Modernization Act, the Secretary of the
 14 Treasury shall prescribe regulations that exempt any
 15 depository institution from filing a report pursuant
 16 to this section in a transaction for the payment, re-
 17 ceipt, or transfer of United States coins or currency
 18 (or other monetary instruments the Secretary of the
 19 Treasury prescribes) with a qualified customer of
 20 the depository institution.

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

1 “(A) is incorporated or organized under
2 the laws of the United States or any State, in-
3 cluding a sole proprietorship (as defined in 31
4 Code of Federal Regulations 103.22(d)(6)(vii),
5 as in effect on May 10, 2006), or is registered
6 as and eligible to do business within the United
7 States or a State;

8 “(B) has maintained a deposit account
9 with the depository institution for at least 12
10 months; and

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

14 “(3) REGULATIONS.—

15 “(A) IN GENERAL.—The Secretary of the
16 Treasury shall prescribe regulations requiring a
17 depository institution to file a 1-time notice of
18 designation of exemption for each qualified cus-
19 tomer of the depository institution.

20 “(B) FORM AND CONTENT OF EXEMPTION
21 NOTICE.—The Secretary shall by regulation
22 prescribe the form, manner, content, and timing
23 of the qualified customer exemption notice and
24 such notice shall include information sufficient

1 to identify the qualified customer and the ac-
2 counts of the customer.

3 “(C) AUTHORITY OF SECRETARY.—

4 “(i) IN GENERAL.—The Secretary
5 may suspend, reject, or revoke any quali-
6 fied customer exemption notice, in accord-
7 ance with criteria prescribed by the Sec-
8 retary by regulation.

9 “(ii) CONDITIONS.—The Secretary
10 may establish conditions, in accordance
11 with criteria prescribed by regulation,
12 under which exempt qualified customers of
13 an insured depository institution that is
14 merged with or acquired by another in-
15 sured depository institution will continue
16 to be treated as designated exempt quali-
17 fied customers of the surviving or acquir-
18 ing institution.”.

19 (b) 3-YEAR REVIEW AND REPORT.—Before the end
20 of the 3-year period beginning on the date of the enact-
21 ment of this Act, the Secretary of the Treasury, in con-
22 sultation with the Attorney General, the Secretary of
23 Homeland Security, the Federal banking agencies, the
24 banking industry, and such other persons as the Secretary
25 deems appropriate, shall evaluate the operations and effect

1 of the provisions of the amendment made by subsection
2 (a) and make recommendations to the Congress as to any
3 legislative action with respect to such provision as the Sec-
4 retary may determine to be appropriate.

5 **SEC. 6. IDENTIFYING SUSPICIOUS ACTIVITY.**

6 Subsection 5318(g) of title 31, United States Code,
7 is amended by adding at the end the following new para-
8 graph:

9 “(5) GUIDANCE ON WHEN TO FILE A RE-
10 PORT.—Before the end of the 270-day period begin-
11 ning on the date of the enactment of the CTR Mod-
12 ernization Act, the Secretary of the Treasury shall
13 prescribe regulations that provide guidance on exam-
14 ples of transactions that—

15 “(A) involved funds derived from illegal ac-
16 tivities;

17 “(B) were designed to evade any require-
18 ments under this subchapter, chapter 2 of title
19 I of Public Law 91–508, or the Internal Rev-
20 enue Code of 1986; and

21 “(C) have no business or apparent lawful
22 purpose.”.

1 **SEC. 7. PROVIDING GENERAL INFORMATION REGARDING**
2 **SUSPICIOUS ACTIVITY REPORT REQUIRE-**
3 **MENTS.**

4 Subsection 5318(g) of title 31, United States Code,
5 is amended by inserting after paragraph (5) (as added by
6 section 6 of this Act) the following new paragraph:

7 “(6) GENERAL NOTIFICATION TO CUS-
8 TOMERS.—

9 “(A) IN GENERAL.—Before the end of the
10 270-day period beginning on the date of the en-
11 actment of the CTR Modernization Act, the
12 Secretary of the Treasury shall prescribe regu-
13 lations that create a list of information that
14 may be disclosed to customers prior to the re-
15 porting of suspicious activity.

16 “(B) RULE OF CONSTRUCTION.—Subpara-
17 graph (A) of this paragraph shall not be con-
18 strued as creating any immunity from the noti-
19 fication prohibition under paragraph (2).”.

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