

Purchase and Sale of Monetary Instruments Recordkeeping — Overview

Objective. *Assess the bank's compliance with statutory and regulatory requirements for the recording of information required for the purchase and sale of monetary instruments for currency in amounts between \$3,000 and \$10,000, inclusive. This section covers the regulatory requirements as set forth by the BSA. Refer to the expanded sections of this manual for additional discussions and procedures on specific money laundering risks for purchase and sale of monetary instruments activities.*

Banks sell a variety of monetary instruments (e.g., bank checks or drafts, including foreign drafts, money orders, cashier's checks, and traveler's checks) in exchange for currency. Purchasing these instruments in amounts of less than \$10,000 is a common method used by money launderers to evade large currency transaction reporting requirements. Once converted from currency, criminals typically deposit these instruments in accounts with other banks to facilitate the movement of funds through the payment system. In many cases, the persons involved do not have an account with the bank from which the instruments are purchased.

Purchaser Verification

Under 31 CFR 1010.415 banks are required to verify the identity of persons purchasing monetary instruments for currency in amounts between \$3,000 and \$10,000, inclusive, and to maintain records of all such sales.

Banks may either verify that the purchaser of monetary instruments is a deposit account holder with identifying information on record with the bank, or a bank may verify the identity of the purchaser by viewing a form of identification that contains the customer's name and address and that the financial community accepts as a means of identification when cashing checks for noncustomers. The bank must obtain additional information for purchasers who do not have deposit accounts. The method used to verify the identity of the purchaser must be recorded.

Acceptable Identification

The U.S. Treasury's Administrative Ruling 92-1 provides guidance on how a bank can verify the identity of an elderly or disabled customer who does not possess the normally acceptable forms of identification. A bank may accept a Social Security, Medicare, or Medicaid card along with another form of documentation bearing the customer's name and address. Additional forms of documentation include a utility bill, a tax bill, or a voter registration card. The forms of alternate identification a bank decides to accept should be included in its formal policies, procedures, and processes.

Contemporaneous Purchases

Contemporaneous purchases of the same or different types of instruments totaling \$3,000 or more must be treated as one purchase. Multiple purchases during one business day totaling \$3,000 or more must be aggregated and treated as one purchase if the bank has knowledge that the purchases have occurred.

Indirect Currency Purchases of Monetary Instruments

Banks may implement a policy requiring customers who are deposit accountholders and who want to purchase monetary instruments in amounts between \$3,000 and \$10,000 with currency to first deposit the currency into their deposit accounts. Nothing within the BSA or its implementing regulations prohibits a bank from instituting such a policy.

However, FinCEN takes the position¹⁰⁸ that when a customer purchases a monetary instrument in amounts between \$3,000 and \$10,000 using currency that the customer first deposits into the customer's account, the transaction is still subject to the recordkeeping requirements of 31 CFR 1010.415. This requirement applies whether the transaction is conducted in accordance with a bank's established policy or at the request of the customer. Generally, when a bank sells monetary instruments to deposit accountholders, the bank already maintains most of the information required by 31 CFR 1010.415 in the normal course of its business.

Recordkeeping and Retention Requirements

Under 31 CFR 1010.415, a bank's records of sales must contain, at a minimum, the following information:

- If the purchaser **has a deposit account** with the bank:
 - Name of the purchaser.
 - Date of purchase.
 - Types of instruments purchased.
 - Serial numbers of each of the instruments purchased.
 - Dollar amounts of each of the instruments purchased in currency.
 - Specific identifying information, if applicable.¹⁰⁹
- If the purchaser does not have a deposit account with the bank:
 - Name and address of the purchaser.
 - Social Security or alien identification number of the purchaser.
 - Date of birth of the purchaser.
 - Date of purchase.

¹⁰⁸ FinCEN's [Guidance on Interpreting Financial Institution Policies in Relation to Recordkeeping Requirements under 31 CFR 103.29](#), November 2002.

¹⁰⁹ The bank must verify that the person is a deposit accountholder or must verify the person's identity. Verification may be either through a signature card or other file or record at the bank, provided the deposit accountholder's name and address were verified previously and that information was recorded on the signature card or other file or record, or by examination of a document that is normally acceptable within the banking community and that contains the name and address of the purchaser. If the deposit accountholder's identity has not been verified previously, the bank shall record the specific identifying information (e.g., state of issuance and number of driver's license) of the document examined.

- Types of instruments purchased.
- Serial numbers of each of the instruments purchased.
- Dollar amounts of each of the instruments purchased.
- Specific identifying information for verifying the purchaser’s identity (e.g., state of issuance and number on driver’s license).

If the purchaser cannot provide the required information at the time of the transaction or through the bank’s own previously verified records, the transaction should be refused. The records of monetary instrument sales must be retained for five years and be available to the appropriate agencies upon request.