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## Friday Fast Facts November 30, 2018

### FinCEN Renews Money Laundering GTOs

The Financial Crimes Enforcement Network (FinCEN) announced Nov. 15 the issuance of [revised Geographic Targeting Orders](#) (GTOs) that require U.S. title insurance companies to identify the natural persons behind shell companies used in all-cash purchases of residential real estate.

The purchase amount threshold, which previously varied by city, is now set at \$300,000 for each covered metropolitan area. FinCEN is also requiring that covered purchases using virtual currencies be reported. FinCEN also is dropping the confidentiality provision and removing GTO coverage for purchases by trusts. The extended GTOs run from Nov. 17 through May 15, 2019.

Covered areas include:

- Texas: Bexar, Tarrant and Dallas counties
- Florida: Miami-Dade, Broward and Palm Beach counties
- New York: Boroughs of Brooklyn, Queens, Bronx, Staten Island and Manhattan
- California: San Diego, Los Angeles, San Francisco, San Mateo and Santa Clara counties
- Hawaii: city and county of Honolulu
- Nevada: Clark County
- Washington: King County
- Massachusetts: Suffolk and Middlesex counties
- Illinois: Cook County

FinCEN reported that previous GTOs provided valuable data on the purchase of residential real estate by persons implicated, or allegedly involved, in various illicit enterprises including foreign corruption, organized crime, fraud, narcotics trafficking and other violations. Reissuing the GTOs will further assist in tracking illicit funds and other criminal or illicit activity, as well as inform FinCEN's future regulatory efforts in this sector.

FinCEN praised the continued assistance and cooperation of the title insurance companies and ALTA in protecting the real estate markets from abuse by illicit actors.

A currency transaction report must be filed with FinCEN if these things occur:

- Location (deal occurs in one of the areas included in the GTOs)
- All-cash deal (no financing)
- Purchase price exceeds \$300,000
- There's a corporate buyer
- Purchase price paid via monetary instrument, wire transfer or virtual currencies

The report must include:

- Information about the identity of the individual primarily responsible for representing the buyer.  
The title company must obtain a record of the individual's driver's license, passport or other similar identification
- Date of closing of the covered transaction
- Total amount transferred in the form of a monetary instrument
- Total purchase price of the covered transaction
- Address of real property involved

If the purchase involved in the covered transaction is a limited liability company, the underwriter must provide the name, address and taxpayer identification number of all its members. Additionally, covered title companies must retain all records relating to compliance with the order for five years, store the records so they are accessible with a reasonable period of time and make the data available to FinCEN or other law enforcement or regulatory agency, upon request. Under the Bank Secrecy Act, covered businesses must retain all records relating to compliance with the GTOs for at least five years from the last day that the GTOs are effective (including any renewals).

If you have any questions, please feel free to contact us.

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