

AMENDMENT TO H.R. 3505
OFFERED BY MR. RENZI OF ARIZONA AND MRS.
MALONEY OF NEW YORK

Strike section 701 and insert the following new section (and conform the table of contents accordingly):

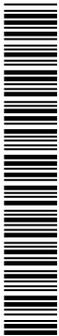
1 **SEC. 701. EXCEPTION FROM CURRENCY TRANSACTION RE-**
2 **PORTS FOR SEASONED CUSTOMERS.**

3 (a) FINDINGS.—The Congress finds as follows:

4 (1) The completion of and filing of currency
5 transaction reports under section 5313 of title 31,
6 United States Code, poses a compliance burden on
7 the financial industry.

8 (2) Due to the nature of the transactions or the
9 persons and entities conducting such transactions,
10 certain such reports as currently filed do not appear
11 to be relevant to the detection, deterrence, or inves-
12 tigation of financial crimes, including money laun-
13 dering and the financing of terrorism.

14 (3) However, the data contained in such reports
15 can provide valuable context for the analysis of other
16 data derived pursuant to subchapter II of chapter
17 53 of title 31, United States Code, as well as inves-
18 tigative data, which provides invaluable and indis-



1 pensable information supporting efforts to combat
2 money laundering and other financial crimes.

3 (4) An exemption from the reporting require-
4 ments for certain currency transactions that are of
5 little or no value to ongoing efforts of law enforce-
6 ment agencies, financial regulatory agencies, and the
7 financial services industry to investigate, detect, or
8 deter financial crimes would serve to balance the
9 burden placed on members of the financial services
10 industry with the compelling need to produce and
11 provide meaningful information to policy-makers, fi-
12 nancial regulators, law enforcement, and intelligence
13 agencies.

14 (5) The Secretary of the Treasury has by regu-
15 lation, and in accordance with section 5313 of title
16 31, United States Code, implemented a process by
17 which institutions may seek exemptions from filing
18 certain currency transaction reports based on appro-
19 priate circumstances; however, the existing exemp-
20 tion process has not adequately balanced the burden
21 on the financial industry with the Government's
22 need for data to support its efforts in combating fi-
23 nancial crime.

24 (6) The act of providing notice to the Secretary
25 of the Treasury of designations of exemption pro-



1 vides meaningful information to law enforcement of-
2 ficials on exempt customers and enables law enforce-
3 ment to obtain account information through appro-
4 priate legal process; the act of providing notice of
5 designations of exemption complements other sec-
6 tions of title 31, United States Code, whereby law
7 enforcement can locate financial institutions with
8 relevant records relating to a person of investigative
9 interest, such as information requests made pursu-
10 ant to regulations implementing section 314(a) of
11 the USA PATRIOT Act of 2001.

12 (7) A designation of exemption has no effect on
13 requirements for depository institutions to apply the
14 full range of anti-money laundering controls as set
15 forth in subchapter II of chapter 53 of title 31,
16 United States Code, including the requirement to
17 apply the customer identification program pursuant
18 to Section 5326 of subchapter II of chapter 53 of
19 title 31, United States Code, and the requirement to
20 identify, monitor, and, if appropriate, report sus-
21 picious activity in accordance with section 5318(g)
22 of title 31, United States Code.

23 (8) The Federal banking agencies and the Fi-
24 nancial Crimes Enforcement Network have recently
25 provided guidance through the Federal Financial In-



1 stitutions Examination Council Bank Secrecy Act/
2 Anti-Money Laundering Examination Manual on ap-
3 plying appropriate levels of due diligence and identi-
4 fying suspicious activity by the types of cash-inten-
5 sive businesses that generally will be subject to ex-
6 emption.

7 (b) SEASONED CUSTOMER EXEMPTION.—

8 (1) IN GENERAL.—Section 5313(e) of title 31,
9 United States Code, is amended to read as follows:
10 “(e) QUALIFIED CUSTOMER EXEMPTION.—

11 “(1) IN GENERAL.—The Secretary of the
12 Treasury shall prescribe regulations within 270 days
13 of the enactment of the Seasoned Customer CTR
14 Exemption Act of 2005 that exempt any depository
15 institution from filing a report pursuant to this sec-
16 tion in a transaction for the payment, receipt, or
17 transfer of United States coins or currency (or other
18 monetary instruments the Secretary of the Treasury
19 prescribes) with a qualified customer of the deposi-
20 tory 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, or is registered as
4 and eligible to do business within the United
5 States or a State;

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

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

12 “(3) REGULATIONS.—

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

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

24 “(C) AUTHORITY OF SECRETARY.—



1 “(i) IN GENERAL.—The Secretary
2 may suspend, reject or revoke any qualified
3 customer exemption notice, in accordance
4 with criteria prescribed by the Secretary by
5 regulation.

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

16 (c) 3-YEAR REVIEW AND REPORT.—Before the end
17 of the 3-year period beginning on the date of the enact-
18 ment of this Act, the Secretary of the Treasury, in con-
19 sultation with the Attorney General, the Secretary of the
20 Department of Homeland Security, the Federal banking
21 agencies, the banking industry, and such other persons as
22 the Secretary deems appropriate, shall evaluate the oper-
23 ations and effect of this provision and make recommenda-
24 tions to Congress as to any legislative action with respect



1 to this provision as the Secretary may determine to be ap-
2 propriate.

