

FinCEN Renews GTO

On November 13, 2018 the **Financial Crimes Enforcement Network (FinCEN)** issued a **Geographic Targeting Order (GTO)** which requires title companies to collect and report information about those involved in certain real estate transactions. Purchases of residential property by entities for \$300,000 or more are subject to the reporting.

WHEN ARE THE EFFECTIVE DATES?

The GTO is effective November 17, 2018 to May 15, 2019.

WHAT IS A GEOGRAPHIC TARGETING ORDER?

Under the Bank Secrecy Act (BSA), the director of FinCEN can issue orders which require additional recordkeeping and reporting requirements on domestic financial institutions in a specific geographic areas ("Covered Transactions") that involve transactions using certain amounts of United States currency or monetary instruments. Orders such as these can be in effect for up to 180 days. See 31 USC § 5326(a); CFR § 1010.370.

THE REPORT MUST INCLUDE:

- Information about the buyer and the identity of the individual primarily responsible for representing the buyer. In addition it must include information about the identity of any beneficial owners with a 25% or more interest in the purchasing entity. The title company must obtain and keep a copy of those individual's driver's license, passport or other similar identification
- Date of closing of the covered transaction
- Total purchase price of the covered transaction
- Address of real property involved

TARGET AREAS

CALIFORNIA	
Los Angeles	San Mateo
San Diego	Santa Clara
San Francisco	
FLORIDA	
Broward	Palm Beach
Miami-Dade	
HAWAII	
City & County of Honolulu	
ILLINOIS	
Cook County	
MASSACHUSETTS	
Suffolk	Middlesex
NEVADA	
Clark County	
NEW YORK	
Brooklyn	Bronx
Manhattan	Queens
Staten Island	
TEXAS	
Bexar	Tarrant
Dallas	
WASHINGTON	
King County	

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FinCEN Renews Money Laundering GTOS

WHAT ARE THE PENALTIES FOR VIOLATING THE GTO?

Violation of the GTO may subject a Covered Business to the following criminal and civil penalties:

CRIMINAL	
Type of Violation	Penalty
Willful Violation	Up to \$250,000 fine and 5 years in prison
Willful Violation while violating another law of the US	Up to \$500,000 fine and 10 years in prison
Structuring or assisting in structuring a transaction to avoid the currency transaction reporting	Fine and up to five years in prison

CIVIL PENALTIES	
Type of Violation	Penalty
Willful violation (a separate violation occurs for each day the violation continues and each location a violation occurs)	Greater of the amount involved (up to \$100,000) or \$25,000
Failure to file a report, material misstatement or omission	Not to exceed the amount involved in the transaction
Structuring or assisting in structuring a transaction to avoid the currency transaction reporting	Not to exceed the amount involved in the transaction
Negligence	Not to exceed \$500 or \$50,000 if a pattern of negligence is found

Contact your Chicago Title Representative for more information.



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