

Office of Regulatory Activities

TB 6 was rescinded 10/21/91. Incorporated into Compliance Activities 400

Handbook: Compliance Activities
Subject: Bank Secrecy Act

Section: 400
TB 6

November 4, 1988

Currency Reporting Exemptions for Casinos Withdrawn

RESCINDED

Summary: The U.S. Department of the Treasury has rescinded all existing and future exemptions for casinos under the Financial Recordkeeping and Reporting of Currency Transactions Act, 31 C.F.R. 103 (also known as the Bank Secrecy Act).

For Further Information Contact:

The FHLBank of the District in which you are located, or the Compliance Programs Division of the Office of Regulatory Activities, Washington, DC.

Supplementary Information:

In the August 24, 1988 *Federal Register*, the Department of the Treasury issued a notice of withdrawal of exemptions regarding casinos. This action was taken on the basis of §§ 103.22(c) and 103.11(g)(7) of the Treasury's regulations which implement the Bank Secrecy Act. Since § 103.22(c) does not permit a member institution to exempt its transactions with nonbank financial institutions, and § 103.11(g)(7) defines casinos having gross annual gaming

revenues in excess of \$1,000,000 as nonbank financial institutions, the Treasury and the Internal Revenue Service (IRS) have decided, as a matter of policy, that no exemptions will be granted for casinos. Furthermore, Treasury and the IRS have rescinded all special exemptions previously granted for casinos, regardless of their size. These changes became effective September 30, 1988. The text of the Treasury's notice is attached for convenient reference.

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Compliance Implications:

Currency transactions between casinos and member institutions are no longer eligible for exemption from the currency reporting requirements

of the Bank Secrecy Act and future exemptions will not be granted.

Institutions should review their current exemption list and remove all casinos, and should begin reporting currency transactions greater than \$10,000 with casinos on IRS Form 4789 effective September 30, 1988.

Examiners need to be cognizant of this change when determining an institution's compliance with the Bank Secrecy Act and should assure that the institution does not have any casinos on its exemption list. Further, the examiner should determine that the institution has developed procedures to file currency transaction reports for transactions with casinos greater than \$10,000.

— Darrel Dochow, Executive Director

Thrift Bulletin

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Federal Register
Vol. 53, No. 164
Wednesday, August 24, 1988
Rules and Regulations

Department of the Treasury

Office of the Secretary

31 CFR Part 103

Banks to Begin Reporting Currency
Transactions with Casinos

Agency: Departmental Offices,
Treasury.

Action: Notice of withdrawal of
exemptions.

Summary: The Treasury Department is announcing today that it is rescinding all existing exemptions for casinos because banks must report to the Internal Revenue Service all cash transactions involving more than \$10,000 with nonbank financial institutions.

Effective Date: September 30, 1988.

For Further Information Contact:
John Zoscak of the Office of the
Assistant General Counsel (Enforce-
ment) at (202) 566-2914 or Amelia A.
Gomez, Deputy Director, Office of
Financial Enforcement at (202) 566-
8022.

Supplementary Information: Section 103.22(c) of the regulations states, in part, that

[this] section does not permit a bank to exempt its transactions with nonbank financial institutions (except for check cashing services (except by state or local governments or the postal service), nor will additional exemption authority be granted for such transactions (except transactions by other check cashers).

Section 103.11(g)(7) provides that casinos having gross annual gaming revenues in excess of \$1,000,000 are nonbank financial institutions; therefore, their transactions with banks may not be unilaterally or specially exempted. Thus, Treasury and the IRS Data Center in Detroit, Michigan, are no longer granting special exemptions for casinos having gross annual gaming revenues of more than \$1,000,000.

In addition, while the regulations do not prohibit banks from seeking additional authority from Treasury or the IRS to exempt casinos having gross annual gaming revenues of \$1,000,000 or less from the currency transaction reporting requirements, Treasury has decided, as a matter of policy, that no exemptions for those casinos will be granted by either Treasury or [sic] the IRS Data Center in Detroit.

Finally, because of the prohibition contained in Section 103.22 concerning nonbank financial institutions and Treasury's policy with respect to casinos having gross annual revenues of \$1,000,000 or less, Treasury is rescinding all special exemptions granted for all special exemptions of their size. Thus, banks must remove all casinos from their exemption lists and begin reporting transactions with them in excess of \$10,000 on IRS Form 4789, Currency Transaction Report, no later than September 30, 1988.

The September 30, 1988 effective date is being provided to enable banks to implement this requirement more easily.

Date: August 15, 1988

Gerald L. Hilsher.

Deputy Assistant Secretary (Law
Enforcement)

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