Cullen | Dykman

FinCEN Issues Updated CTR Filing Instructions on Transactions Involving Sole Proprietorships and Legal Entities

February 24, 2020

Effective April 6, 2020 (September 1, 2020 for e-filing batch filers), financial institutions and other persons making a currency transaction report ("CTR") filing must follow new requirements when reporting currency transactions involving sole proprietorships and legal entities operating under a "doing business as" ("DBA") name. FinCEN issued a new Administrative Ruling **[1]** on CTR filings to help make filings using CTR FinCEN Form 112 more efficient, complete and accurate. The ruling addresses questions such as whether the information about an individual owner of a sole proprietorship should be submitted; and what information should be submitted when an individual owner is doing business under his or her own name, or under one or multiple DBA name(s). The ruling also addresses similar issues when filing a CTR for a legal entity.

The key updates to FinCEN CTR Form 112 are summarized below.

Sole proprietorships [2]

Each of the following items relates to an item entry in Part I "Person Involved in Transaction" of the CTR filing and should be completed for all transactions involving a sole proprietorship.

- Items 4 through 7 and item 17 (name, gender and date of birth of the individual owner).
- If the individual owner does business in his/her own name, the rest of Part I should reflect the personal information about such individual owner.
- If the business is operating under an assumed name or DBA, such name should appear in item 8 "Alternate name", and the rest of Part I (other than items 4-6, 7 and 17) should be completed with reference to the DBA name.
- If there are multiple DBAs, a separate Part I should be completed for each DBA involved in the transactions. The 'Cash In' and 'Cash Out' amounts and account number(s) in Items 21 or 22 will be the amounts and account number(s) associated with the specific location for the reported transaction.

Legal entities [3]

The following items relate to Part I where the "Person Involved in Transaction" is a legal entity.

- The Part I section of the filing should reflect the home office/headquarters data (address, phone number, ID number, etc.) of the legal entity.
- If multiple entity locations are involved in an aggregated CTR, a separate Part I should be prepared for each location involved. Each additional Part I should include the entity's legal name in item 4 and alternative name, if any, in item 8. Each of the additional Part I sections must identify the address of the location along with other entity data applicable to that location. The amounts and account number(s) entered in Item 21 "Cash in amount…" or Item 22 "Cash out amount…" will be the amounts and account number(s) associated with the specific location.
- The initial Part I section about the entity home office/headquarters must show the total amount of all transactions and all account numbers involved in item 21 or 22.
- If multiple DBAs are involved, Item 8 "Alternate name" should be left blank in the entity home office Part I section. When the entity home office address is the same as the transaction location, only a home office Part I section should be prepared.

More Information

The latest FinCEN Currency Transaction Report Electronic Filing Requirements are available here. If you have any questions regarding this advisory or BSA/AML questions in general, please feel free to contact Joseph D. Simon at (516) 357-3710 or via email at jsimon@cullenllp.com, Elizabeth A. Murphy at (516) 296-9154, or via email at emurphy@cullenllp.com, or Mandy Xu at (516) 357-3850 or via email at mxu@cullenllp.com.

Footnotes

[1] This new ruling FIN-2020-R001 replaces and rescinds two prior rulings: FIN-2006-R003 and FIN-2008-R001.

[2] A sole proprietorship is a business in which one person, operating in his or her own personal capacity, owns all of the business's assets and is responsible for all of the business's liabilities.

[3] An entity, such as a partnership, incorporated business, or limited liability company, where the entity owns the assets of the business and is responsible for its liabilities.

Practices

- Financial Institutions and Lending

Attorneys

- Joseph D. Simon
- Elizabeth A. Murphy