



FINANCIAL CRIMES ENFORCEMENT NETWORK REVISES GEOGRAPHIC TARGETING ORDERS; LOWERING DOLLAR THRESHOLD AND INCLUDING ADDITIONAL GEOGRAPHIC LOCATIONS

On November 15, 2018, the Financial Crimes Enforcement Network of the U.S. Treasury Department (“FinCEN”) announced that it had revised its existing “Geographic Targeting Orders” (“GTOs”) to expand the included geographic areas, significantly lower the applicable dollar threshold, make said threshold consistent across all geographic areas, and include purchases made using virtual currency.

In an effort to provide greater transparency in real estate transactions, FinCEN issued the initial GTOs in January 2016, requiring title insurance companies to obtain and report information identifying the underlying owners of corporate entities that make all-cash purchases of residential real estate in specific geographic areas. Since that time, FinCEN has extended and significantly expanded the geographic scope of the GTOs.

Transactions covered by the most recent iteration of the GTOs (“Covered Transactions”) are those where residential real estate is purchased by a “Legal Entity” (defined as a “corporation, limited liability company, partnership or other similar business entity, whether formed under the laws of a state, or of the United States, or a foreign jurisdiction”) in the amount of \$300,000 or more in the following specific geographic areas:

1. New York City Boroughs of Brooklyn, Queens, Bronx, Staten Island and Manhattan;
2. Florida counties of Miami-Dade, Broward and Palm Beach;
3. Massachusetts counties of Suffolk and Middlesex;
4. California counties of San Diego, Los Angeles, San Francisco, San Mateo and Santa Clara;
5. Hawaiian city and county of Honolulu;
6. Nevada county of Clark;
7. Washington county of King;
8. Texas counties of Bexar, Tarrant, and Dallas; and Illinois county of Cook.


The GTOs require title companies involved in the transaction to obtain and report to FinCEN a significant amount of personal information regarding the identities of the “beneficial owners” of those Legal Entities. Identifying information includes names, addresses, Social Security Numbers, passport numbers, and copies of passports and driver’s licenses for “each individual who directly or indirectly, owns 25% or more of the equity interests of the Legal Entity purchasing real property in the Covered Transaction.”

CUMMINGS & LOCKWOOD LLC

Covered Transactions are limited to those real estate purchases made without a bank loan or “similar form of external financing,” and made, at least in part using “currency or a cashier’s check, a certified check, a traveler’s check, a personal check, a business check, a money order in any form, a funds transfer, or virtual currency.”

Historically, only purchases in specified areas that exceeded certain dollar thresholds (which varied by location from \$500,000 to \$3,000,000), were subject to the requirements of the GTOs. This most recent revision sets a purchase price threshold of \$300,000 across ALL covered geographic areas. With this considerably lower dollar threshold, FinCEN casts a wider net and will certainly capture information for a substantially larger number of transactions in these areas.

This revised order was effective as of November 17, 2018 and expires on May 15, 2019. As they have in the past, there is every reason to expect that FinCEN will extend the GTOs again at that time.

For further information, please contact Kathleen M. Merrigan, Esq. at (203) 863-6505  or kmerrigan@cl-law.com.