

NATIONAL CREDIT UNION ADMINISTRATION
WASHINGTON, D.C. 20456
LETTER TO CREDIT UNIONS

NCUA LETTER NO. 78

DATE: March 28, 1985

TO: THE BOARD OF DIRECTORS OF THE FEDERAL CREDIT UNION ADDRESSED:

Federal law requires that credit unions as well as other financial institutions file reports to the United States Treasury for certain currency transactions made and that they keep and retain records, of certain financial transactions. The Currency and Foreign Transaction Reporting Act (31 U.S.C. Section 5311 et. seq.) and the regulations implementing it (31 C.F.R. Part 103) set out the requirements. The National Credit Union Administration has the responsibility for assuring Federal credit union compliance with the regulation. Recently, major financial institutions have been cited for their failure to follow the requirements set forth in the regulation. This letter is written as a reminder to Federal credit unions that they must comply with the regulation, or be subject to its penalties. A general summary of the law follows:

- Credit unions must file a report (Internal Revenue Form 4689) for each deposit, withdrawal, exchange of currency or other payment or transfer by, through or to them, which involves a transaction in currency of more than \$10,000. Multiple transactions totaling more than \$10,000 if they occur within 24 hours are subject to the requirement. The report must be filed with the IRS within fifteen days following the day the transaction occurred.
- Credit unions must file a report (Customs Form 4790) if they transport, mail or ship currency or other monetary instruments exceeding \$10,000 out of the U.S. or into the U.S. from outside its borders. The report is not required if the postal service or a common carrier is used for transport. The report must be filed with the U.S. Customs Service at the time of transport.
- A credit union must file a report (Customs Form 4790) if it receives currency or other monetary instruments exceeding \$10,000 which have been transported, mailed or shipped from outside of the U.S. The report must be filed with the U.S. Customs Service within thirty days of receipt of the currency or instrument.
- A credit union must make and retain certain records including (i) records of extensions of credit in an amount in excess of \$5,000 (ii) a record of any instruction made or received which results in a transfer of more than \$10,000 outside of the U.S., and (iii) records of each share account that is opened including a taxpayer identification number. These are generally records that are kept in the normal course of business. Certain information on foreign transactions must also be kept. Generally, records must be retained for five years. An original, reproduction, microfilm or other copy is acceptable.
- The law provides for both civil and criminal penalties for violations, ranging from \$10,000 to \$500,000 or the amount of the transaction and up to five years imprisonment.
- The Treasury Department's regulation contains various definitions, exceptions, exemptions and other rules which are not outlined in this letter. Internal Revenue Service Publication 1148 further explains some of the requirements. The report forms and publication may be acquired from any Internal Revenue Office. The regulation is located at Part 103 of Title 31 of the Code of Federal Regulations.

- The NCUA advises all Federal credit unions to consult the regulation and private counsel concerning compliance.

Sincerely

E. F. CALLAHAN
Chairman