Bachus Reintroduces "Seasoned Customer Exemption Act"

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Today, Congressman Spencer Bachus, Ranking Member of the House Financial Services Committee, joined with House Financial Services Chairman Barney Frank (D-4th, MA) in reintroducing legislation to relieve financial institutions from having to file Currency Transaction Reports (CTRs) for so-called "seasoned customers."

Under current federal law, financial institutions are required to file CTRs for currency transactions in excess of $10,000 as a means of identifying activity indicative of money laundering. While Suspicious Activity Reports (SARs) have largely replaced CTRs as a law enforcement tool, the filing of CTRs is still required.

"CTRs still have a role to play, but the current system lends itself to excessive cost, duplication, and outright waste" stated Congressman Bachus.

"I believe that cutting back on unnecessary regulation strengthens our ability to achieve our legislative goals," stated Chairman Barney Frank, who is among the bill's 21 bipartisan cosponsors. "This bill is a good example of this."

According to a survey conducted by the Treasury Department, in 2005 over 30 percent of CTRs filed were to report the transactions of recurring customers eligible for exemption under current reporting requirements. Further, according to a study by the American Bankers Association, of the estimated 583 hours in staff time spent by a typical bank on CTR filings, approximately 438 hours were devoted to reporting on longstanding customers.

"Not only do these superfluous reports add nothing to law enforcement's efforts, they actually make it more difficult for the law enforcement community to track suspicious activity by requiring it to have to cope with millions of pages of unnecessary paperwork," stated Congressman Bachus.

Bachus' bill, the "Seasoned Customer Exemption (CTR) Act of 2007" (H. R. 323), creates a mechanism by which financial institutions may be exempted from filing CTRs for its "seasoned customers" - those that routinely deal with large volumes of cash, but whose business dealings are well-enough understood to rule out the possibility of money laundering or the financing of terror.

Congressman Bachus first introduced this legislation during the 109th Congress. A similar provision was included in the regulatory relief bill passed by the House by a margin of 415-2, yet was not included in the Senate's version of the bill.

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