

FinCEN Renews Global Targeting Order

The [Financial Crimes Enforcement Network \(FinCEN\)](#), one of the U.S. Treasury's leading agencies in the fight against money laundering and financing of terrorism, has renewed the [Global Targeting Order \(GTO\)](#) that imposes data collection and reporting requirements on title companies involved in certain high-end real estate transactions.

Set to expire on August 22, 2017, FinCEN discovered that 30 percent of the reported covered transactions in the latest GTOs were linked to possible criminal activity by the individuals revealed to be the beneficial owners of the shell company purchasers. As a result, FinCEN is extending the current GTOs until March 20, 2018, effective September 22, 2017, and may eventually consider permanent data collection requirements.

The GTOs requires certain title companies to identify natural persons with a 25 percent or greater ownership interest in a legal entity purchasing residential real property in the following geographic areas meeting specific transaction thresholds:

- **\$500k and above – Bexar County, Texas**
- **\$1m and above – Miami-Dade, Broward, and Palm Beach Counties, Florida**
- **\$1.5m and above – New York City Boroughs of Brooklyn, Queens, Bronx and Staten Island**
- **\$2m and above – San Diego, Los Angeles, San Francisco, San Mateo and Santa Clara Counties, California**
- **\$3m and above – New York City Borough of Manhattan**
- ***\$3m and above – City and County of Honolulu, Hawaii (new addition)***

In accordance with the GTOs, title companies, and their agents, must file a report with FinCEN regarding covered purchases of residential real property meeting the requirements above when such purchases are made without a bank loan or similar external financing and is paid at least in part by using currency or a cashier's check, a certified check, a traveler's check, a personal check, a business check, or a money order. Pursuant to the recently passed legislation that directed Treasury to allow investigators to obtain additional records to better target illicit Russian activity, the GTOs will now include wire funds transfers.

The GTOs do not impose any new obligations on real estate professionals. However, it is important for members to be aware of these and the potential impact on real estate sales transactions. In the event a transaction is covered by a GTO, the title company may consult with the real estate professional to obtain information necessary to report in compliance with the order. Such communications should not affect the real estate sales transaction or timeline for closing as title companies are required to report GTO covered transactions to FinCEN within 30 days of the closing.

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Additional Resources:

For information on the GTOs and FinCEN's new *Advisory to Financial Institutions and Real Estate Firms and Professionals* that provides information on money laundering risks for real estate transactions and how to detect and report these transactions, see [here](#).

For background on real estate professionals' responsibilities under the law, check out NAR's voluntary [guidelines](#) developed in collaboration with FinCEN.

To learn more about anti-money laundering and FinCEN's efforts, see [NAR's Window to the Law: New Effort to Combat Money Laundering](#).

For help recognizing suspicious money laundering activities, see this [video](#) created by NAR in partnership with U.S. Treasury Department.