



ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

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Superintendent of Financial Institutions

Janet Napolitano
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REGULATORY ALERT

MT-08-01

DATE: September 17, 2008

TO: Department of Financial Institutions' ("DFI") Money Transmitter Licensees

FROM: Felecia Rotellini, Superintendent

RE: Customer Identification Requirements of A.R.S. § 6-1241(E) and A.R.S. § 6-1241(J)

Purpose

To remind money transmitter licensees of the requirement to record customer identification records in connection with each transaction that involves transmitting money in an amount of one thousand dollars or more whether sending or receiving, or when required by Geographical Targeting Order.

Policy

Send or receive transmissions to or from the same sender and receiver combination conducted within the same business day shall be considered a single transaction for the purposes of A.R.S. § 6-1241(E) and A.R.S. § 6-1241(J).

General Requirements

A.R.S. § 6-1241(E)

"In addition to the requirements under subsection D of this section and in connection with each transaction that involves transmitting money in an amount of one thousand dollars or more, whether sending or receiving, a licensee or, for transactions conducted through an authorized delegate, an authorized delegate shall retain a record of each of the following:

1. The name and social security or taxpayer identification number, if any, of the individual presenting the transaction and the person and the entity on whose behalf the transaction is to be effected.
2. The type and number of the customer's verified photographic identification, as described in 31 Code of Federal Regulations section 103.28.
3. The customer's current occupation.
4. The customer's current residential address.
5. The customer's signature."

A.R.S. § 6-1241(J)(1)(A)

“If the superintendent or the attorney general finds that reasonable grounds exist for requiring additional record keeping and reporting in order to carry out the purposes of this chapter and to prevent the evasion of this chapter, the superintendent or the attorney general may:

1. Issue an order requiring any group of licensees, authorized delegates or money transmitters in a geographic area to do any of the following:

(a) Obtain information regarding transactions that involve total dollar amounts or denominations of five hundred dollars or more, including the names of any persons participating in those transactions and any persons or entities on whose behalf they are to be effected.”

A.R.S. § 6-1241(P)

“The requirements of this section shall be construed to be consistent with the requirements of the currency and foreign transactions reporting act (31 United States Code sections 5311 through 5326 and federal regulations prescribed under those sections) unless the context otherwise requires.”

31 USC § 5324 (B)

“Domestic Coin and Currency Transactions Involving Nonfinancial Trades or Businesses.— No person shall, for the purpose of evading the report requirements of section 5331 or any regulation prescribed under such section—

(1) cause or attempt to cause a nonfinancial trade or business to fail to file a report required under section 5331 or any regulation prescribed under such section;

(2) cause or attempt to cause a nonfinancial trade or business to file a report required under section 5331 or any regulation prescribed under such section that contains a material omission or misstatement of fact; or

(3) structure or assist in structuring, or attempt to structure or assist in structuring, any transaction with 1 or more nonfinancial trades or businesses.”

31 USC § 5325 (A)

“Identification required to purchase certain monetary instruments

(a) IN GENERAL.--No financial institution may issue or sell a bank check, cashier's check, traveler's check, or money order to any individual in connection with a transaction or group of such contemporaneous transactions which involves United States coins or currency (or such other monetary instruments as the Secretary may prescribe) in amounts or denominations of \$3,000 or more unless--

(1) the individual has a transaction account with such financial institution and the financial institution--

(A) verifies that fact through a signature card or other information maintained by such institution in connection with the account of such individual; and

(B) records the method of verification in accordance with regulations which the Secretary of the Treasury shall prescribe; or

(2) the individual furnishes the financial institution with such forms of identification as the Secretary of the Treasury may require in regulations which the Secretary shall prescribe and the financial institution verifies and records such information in accordance with regulations which such Secretary shall prescribe.”

31 CFR § 103.29 (B)

Contemporaneous purchases of the same or different types of instruments totaling \$3,000 or more shall be treated as one purchase.

Multiple purchases during one business day totaling \$3,000 or more shall be treated as one purchase if an individual employee, director, officer, or partner of the financial institution has knowledge that these purchases have occurred.

For questions regarding this Regulatory Alert please contact Robert D. Charlton, Assistant Superintendent at (602) 255-4421.