

March 2017

## High-End, Cash-Only Real Estate Sales in Six Major Metropolitan Areas Remain Subject to Mandatory AML Reporting Requirements

On Feb. 23, 2017, the Financial Crimes Enforcement Network of the U.S. Department of the Treasury (FinCEN) extended by an additional six months its existing [Geographic Targeting Orders \(GTOs\)](#) that require U.S. title insurance companies, their subsidiaries and agents (collectively, the Title Insurance Companies) to identify the natural persons behind shell companies used to pay “all cash” for high-end residential real estate in six major metropolitan areas.

FinCEN found that about 30 percent of the transactions covered by the existing GTOs involved a beneficial owner or purchaser representative who was also the subject of a previous suspicious activity report. FinCEN’s acting director has stated that the “GTOs are producing valuable data that is assisting law enforcement and is serving to inform [FinCEN’s] future efforts to address money laundering in the real estate sector.” Accordingly, FinCEN has renewed the existing GTOs that cover the following major U.S. geographic areas: (1) all boroughs of New York City; (2) Miami-Dade, Broward, and Palm Beach Counties; (3) Los Angeles County; (4) San Francisco, San Mateo, and Santa Clara Counties; (5) San Diego County; and (6) Bexar County in Texas.

### ***Reports Required to be Filed Pursuant to the GTOs:***

Title Insurance Companies must report “Covered Transactions” (as defined below) by filing FinCEN Form 8300 within 30 days of the closing of the Covered Transaction. For purposes of the GTO, a “Covered Transaction” is a transaction in which:

- (i) a legal entity (*i.e.*, 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);

- (ii) purchases residential real property for a total purchase price of:
  - a. \$3 million or more in the Manhattan borough;
  - b. \$1.5 million or more in the boroughs of Brooklyn, Queens, the Bronx, or Staten Island;
  - c. \$2 million or more in San Francisco, Los Angeles, San Diego, San Mateo, or Santa Clara counties;
  - d. \$1 million or more in Miami-Dade, Broward, or Palm Beach counties; or
  - e. \$500,000 or more in Bexar county, Texas; and
- (iii) such purchase is made without a bank loan or other similar form of external financing; and
- (iv) such purchase is 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, or a money order in any form.

***Effective Period***

The effectiveness of the GTO is extended from Feb. 24, 2017 until Aug. 22, 2017.

This *GT Alert* was prepared by **Carl A. Fornaris**, **Danielle N. Garno**, and **Marina Olman-Pal**. Questions about this information can be directed to:

- > [Carl A. Fornaris](mailto:fornarisc@gtlaw.com) | +1 305.579.0626 | [fornarisc@gtlaw.com](mailto:fornarisc@gtlaw.com)
- > [Danielle N. Garno](mailto:garnod@gtlaw.com) | +1 305.579.0735 | [garnod@gtlaw.com](mailto:garnod@gtlaw.com)
- > [Marina Olman-Pal](mailto:olmanm@gtlaw.com) | +1 305.579.0779 | [olmanm@gtlaw.com](mailto:olmanm@gtlaw.com)
- > Or your [Greenberg Traurig](#) attorney

<b>Amsterdam</b> + 31 20 301 7300	<b>Denver</b> +1 303.572.6500	<b>Northern Virginia</b> +1 703.749.1300	<b>Tallahassee</b> +1 850.222.6891
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<b>Boca Raton</b> +1 561.955.7600	<b>Los Angeles</b> +1 310.586.7700	<b>Sacramento</b> +1 916.442.1111	<b>Washington, D.C.</b> +1 202.331.3100
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<b>Dallas</b> +1 214.665.3600	<b>New Jersey</b> +1 973.360.7900	<b>Shanghai</b> +86 (0) 21.6391.6633	

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