

UNITED STATES DEPARTMENT OF THE TREASURY



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FinCEN Expands Reach of Real Estate “Geographic Targeting Orders” Beyond Manhattan and Miami

U.S. Title Insurers Required to Identify High-End Cash Buyers in Six Major Metropolitan Areas

WASHINGTON—The Financial Crimes Enforcement Network (FinCEN) today announced Geographic Targeting Orders (GTO) that will temporarily require U.S. 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 remains concerned that all-cash purchases (i.e., those without bank financing) may be conducted by individuals attempting to hide their assets and identity by purchasing residential properties through limited liability companies or other opaque structures. To better understand this vulnerability, FinCEN issued similar GTOs earlier this year covering transactions in Manhattan and Miami-Dade County, Florida. The GTOs announced today will expand upon the valuable information received from the initial GTOs.

The initial GTOs are helping law enforcement identify possible illicit activity and informing future regulatory approaches. In particular, a significant portion of covered transactions have indicated possible criminal activity associated with the individuals reported to be the beneficial owners behind shell company purchasers. This corroborates FinCEN’s concerns that the transactions covered by the GTOs (i.e., all-cash luxury purchases of residential property by a legal entity) are highly vulnerable to abuse for money laundering. Federal and state law enforcement agencies have also informed FinCEN that information generated by the GTOs has provided greater insight on potential assets held by persons of investigative interest and, in some cases, has helped generate leads and identify previously unknown subjects.

“The information we have obtained from our initial GTOs suggests that we are on the right track,” said FinCEN Acting Director Jamal El-Hindi. “By expanding the GTOs to other major cities, we will learn even more about the money laundering risks in the national real estate markets, helping us determine our future regulatory course.”

To build on the useful data generated thus far, the GTOs announced today include the following major U.S. geographic areas: (1) all boroughs of New York City; (2) Miami-Dade County and the two counties immediately north (Broward and Palm Beach); (3) Los Angeles County, California; (4) three counties comprising part of the San Francisco area (San Francisco, San Mateo, and Santa Clara counties); (5) San Diego County, California; and (6) the county that includes San Antonio, Texas (Bexar County). The monetary thresholds for each geographic area can be found in this [table](#). A sample GTO, which becomes effective for 180 days beginning on August 28, 2016, is available [here](#).

FinCEN is covering title insurance companies because title insurance is a common feature in the vast majority of real estate transactions. Title insurance companies thus play a central role that can provide FinCEN with valuable information about real estate transactions of concern. The GTOs do not imply any derogatory finding by FinCEN with respect to the covered companies. To the contrary, FinCEN appreciates the continued assistance and cooperation of the title insurance companies and the American Land Title Association in protecting the real estate markets from abuse by illicit actors.

Any questions about the Orders should be directed to the FinCEN Resource Center at 800-767-2825.

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FinCEN's mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.