

AUGUST 3, 2016

FinCen Extends Required Disclosures of High-End Real Estate Transactions to New Jurisdictions

Authors: [Harry G. Heching](#) and [Peter Glicklich](#)

In an e-communication dated February 4, 2016 ([New Disclosures Required in High-End Residential Real Estate Transactions in Manhattan and Miami](#)), we reported that the Financial Crimes Enforcement Network (FinCen) of the U.S. Treasury Department had established a temporary program that requires new disclosures by title insurance companies. The program is part of FinCen's effort to gather data that will assist law enforcement agencies in combatting money laundering in cities where high-end real estate acquisitions have become increasingly common. Under this program, title insurance companies must disclose the identities of the individuals behind shell companies (including limited liability companies, corporations and partnerships) that buy high-end residential properties (1 to 4 family dwellings, condominium units or cooperative units) in Manhattan and Miami-Dade County without lender financing. This program was effective March 1, 2016 and was scheduled to expire on August 27, 2016.

In addition to the reporting currently required in Manhattan and Miami-Dade County, on July 22, 2016, FinCen extended the scope of this program to require such reporting for transactions in the Boroughs of Brooklyn, Queens, the Bronx and Staten Island in New York City; San Francisco, San Diego, San Mateo and Santa Clara counties in California; San Antonio, Texas; Broward and Palm Beach counties in Florida.

The extended program is effective on August 28, 2016 and, unless further extended, expires on February 23, 2017.

As noted in the e-communication referred to above, the program requires the reporting of the identities of the ultimate beneficial owners of 25% or more of the direct or indirect equity or beneficial interests in the purchasing entities in "all cash" sales of more than US\$3 million in Manhattan. In Miami-Dade County, the identities of the beneficial owners must be reported on all-cash sales of more than US\$1 million. Different reporting thresholds apply to each of the newly covered jurisdictions. Note that only transactions that do not involve any bank financing are covered. Furthermore, this reporting requirement applies only when a portion of the purchase price is paid by currency or monetary instrument, which includes cashier's check, certified check, traveler's check or money order. The reporting requirement does not apply if the purchase price is paid entirely by wire transfer or if no title insurance company is involved.

As noted in the previous e-communication, although the information regarding beneficial owners being reported to FinCen will be available to the federal government, it will not appear in any public records or databases.

Please note that we may not continue to announce these changes, but we will continue to monitor these developments.

Key Contacts: [Harry G. Heching](#), [Peter Glicklich](#) and [Chaim Zelinger](#)

This information and comments herein are for the general information of the reader and are not intended as advice or opinions to be relied upon in relation to any particular circumstances. For particular applications of the law to specific situations the reader should seek professional advice.