

FinCEN Chief Digs Into Cash Real Estate Targeting Orders

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Financial Crimes Enforcement Network Director Jennifer Shasky Calvery today shed light on FinCEN's [recently issued](#) Geographic Targeting Orders aimed at high-end, all cash real estate transactions in Manhattan, N.Y., and Miami-Dade County, Fla. While the first reports under the orders — which require title insurers to identify the individuals behind corporate entities used to make these purchases — are just beginning to come in, she said the additional reporting is already “helping to provide greater clarity” on suspicious activity in these markets.

Shasky Calvery noted in her [speech](#) to the Association of Certified Anti-Money Laundering Specialists that wealthy foreign individuals, including corrupt politicians and organized crime ringleaders, have long used shell companies to purchase luxury U.S. real estate. Over the years, FinCEN has expanded its AML program to cover both banks and the nonbank mortgage sector, and she said that “our current regulatory structure covers approximately 78 percent of real estate purchases nationwide.”

The remainder represents the all-cash market. While “there is nothing wrong with buying a home with cash,” she said, “if a real estate transaction takes place without a mortgage issued by a bank or a mortgage broker, then none of the parties involved in the transaction are subject to AML program requirements. And frankly, in this area we need to catch up.”

The New York and Miami orders, which are in effect until Aug. 27, are “not a crackdown” but rather a “pilot effort” to expand FinCEN's ability to track money laundering activity, focusing on jurisdictions that have a disproportionately high volume of all-cash purchases by foreign buyers of new, luxury construction, Shasky Calvery said. “We have worked hard at FinCEN over the years to level the playing field in the AML space. That means ensuring that banks, credit unions, money services businesses, casinos, card clubs, and many others all have appropriate AML protections.”