

these CTRs were on recurring customer transactions that were eligible for exemption for filing under existing rules.

Unfortunately, the current process by which a financial institution can exempt seasoned customers is rarely invoked because it is difficult to understand, needlessly cumbersome, and subject to redundant renewals.

The filing of these superfluous forms imposes an unnecessary cost on both the financial services industry and the law enforcement community.

With respect to the financial services industry, according to data released last year the number of CTRs filed on an annual basis now tops 13.1 million. Even FinCEN's conservative estimate of around 25 minutes per report for filing and recordkeeping indicates the banking industry as a whole devoted about 5.5 million staff hours to handling CTRs in 2005.

Based on a survey by the American Bankers Association, the industry paid around \$187 million in wages for this staff time.

A typical bank with \$2 billion of assets filed 1,400 CTRs in 2005. These filings took 583 staff-hours, with 438 of the staffhours simply to report on long-standing customers.

With respect to the law enforcement community, not only do these superfluous reports add nothing to its efforts, they actually make it more difficult for the law enforcement community to track suspicious activity by requiring it to wade through millions of pages of unnecessary paperwork.

The Government Accountability Office, GAO, the Internal Revenue Service, IRS, and FinCEN have all recommended that the number of CTRs be reduced by 30 to 40 percent by simply exempting large well-established customers or so-called seasoned customers.

In 1994, the GAO published a report which concluded, based upon an extensive analysis of CTRs, that the volume of reports could be substantially reduced without jeopardizing law enforcement priorities. According to that report, in 1993 the IRS, which administers the CTR program, stated that 30 to 40 percent of these reports of routine deposits by large, well-established retail businesses have no likelihood of identifying potential money laundering or other currency violations.

William Fox, who headed up FinCEN from 2003 to 2006, testified as follows before our Committee:

We know that some of the currency transaction reports filed by financial institutions are of little relevance in the investigation of financial crimes. We also know that depository institutions, especially our community banks, identify the time and expense of filing CTRs as the number one regulatory expense. It is clear that our efforts to encourage the exemption of routine filings on certain customers has not brought about the reductions of filings that were sought.

H.R. 323 will reduce the number of CTRs by clarifying the exemption process, thereby freeing financial institutions from having to file CTRs for routine cash transactions with their long-time customers, i.e. supermarkets, fast food restaurants or warehouse stores. This will enable law enforcement to target its resources on CTRs where criminal or terrorist activity is suspected. Moreover, under the legislation, banks will still be required to report suspicious transactions engaged in by exempted businesses pursuant to the Suspicious Activity Reporting regime administered by FinCEN.

Let me close by thanking Chairman FRANK, Congressman HENSARLING, Congressman

MOORE, Congressman RENZI, Congresswoman HOOLEY, and Congresswoman MALONEY for all of their work on this legislation. Since this is the first bill that the gentleman from Massachusetts has brought to the floor in his capacity as Chairman of the Financial Services Committee, I want to congratulate him on his appointment, and tell him that I look forward to working with him to build on the record of bipartisan legislative accomplishments that our Committee has compiled over the past several Congresses.

Finally, let me also thank Former FinCEN Director Fox, who deserves a lot of credit for his work on this issue. I look forward to working with the Senate and the new FinCEN Director to ensure that this important legislation is signed into law.

Ms. HIRONO. Madam Speaker, I rise in strong support of H.R. 323, the Seasoned Customer CTR Exemption Act. This bill eliminates a no-longer-necessary regulatory requirement which increases the costs of doing business for hundreds of financial institutions and their customers who ultimately bear the cost of this regulation.

H.R. 323 provides long overdue relief for our financial institutions from the requirement of keeping records and filing reports called Currency Transaction Reports (CTRs) to the Treasury Department for any financial transaction valued in excess of \$10,000.00.

While the original purpose of the regulation, to identify suspected money laundering activities, was a commendable tool for Federal prosecutors, its utility has been adequately replaced since 1996 by the filing of Suspicious Activity Reports required by Treasury Department's Financial Crimes Enforcement Network. The CTRs are no longer the primary tool to identify suspected money laundering activities but banks must still file these reports, unless an exemption is given by the Department to certain "qualified business customers." The exemption procedures, however, have been found to be difficult to understand, cumbersome and still required the banks to obtain annual renewals.

This legislation will allow by statute the Treasury Department to issue regulations that would permit depository institutions to apply for an exemption from the requirement to file CTRs on a "qualified customer." The bill defines a qualified customer as any business organized or incorporated under state or federal law that has maintained a deposit account with the institution for at least twelve months and engaged in multiple currency transactions otherwise subject to the reporting requirement.

An estimated 30 percent of the 12 million CTRs received by the Treasury Department were filed on recurring customer transactions that were eligible for exemption under the current law. This bill will relieve financial institutions of the costly and unnecessary requirement to file CTRs in those instances and allow them to file a one-time notice of exemption for each qualified customer.

The Department will still be permitted where justified to suspend, reject or revoke such exemption notices to assure that it performs its legal duties. It also requires the department to report back within 3 years of enactment on the effects of the bill.

This bill is an example of Congress taking appropriate action after reviewing a regulatory requirement that made sense when first enacted but which no longer is needed. Too

often, these burdensome requirements continue on the books to the detriment of our business community. Congress should continue to work with our business community to identify other instances of unnecessary regulations and requirements so that appropriate action can be taken.

Mr. BACHUS. Madam Speaker, I yield back the balance of my time.

Mr. FRANK of Massachusetts. Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts (Mr. FRANK) that the House suspend the rules and pass the bill, H.R. 323.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 65

Mr. TANNER. Madam Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 65.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

DISTRICT OF COLUMBIA AND UNITED STATES TERRITORIES CIRCULATING QUARTER DOLLAR PROGRAM ACT

Mr. GUTIERREZ. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 392) to provide for a circulating quarter dollar program to honor the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, and for other purposes.

The Clerk read as follows:

H.R. 392

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "District of Columbia and United States Territories Circulating Quarter Dollar Program Act".

SEC. 2. ISSUANCE OF REDESIGNED QUARTER DOLLARS HONORING THE DISTRICT OF COLUMBIA AND EACH OF THE TERRITORIES.

Section 5112 of title 31, United States Code, is amended by adding at the end the following new subsection:

"(r) REDESIGN AND ISSUANCE OF CIRCULATING QUARTER DOLLAR HONORING THE DISTRICT OF COLUMBIA AND EACH OF THE TERRITORIES.—

"(1) REDESIGN IN 2009.—

"(A) IN GENERAL.—Notwithstanding the fourth sentence of subsection (d)(1) and subsection (d)(2) and subject to paragraph (6)(B), quarter dollar coins issued during 2009, shall have designs on the reverse side selected in accordance with this subsection which are emblematic of the District of Columbia and the territories.

"(B) FLEXIBILITY WITH REGARD TO PLACEMENT OF INSCRIPTIONS.—Notwithstanding