IRS-CI

CI-FIRST

FINTAX KNOWLEDGE EXCHANGE ALERT

CURRENCY TRANSACTION REPORTS (CTRs):

A cornerstone for IRS Criminal Investigation (IRS-CI) and a critical tool for following the money

CTRs provide law enforcement standardized, threshold-based transaction data that is essential for identifying patterns, trends, and criminal networks. Unlike Suspicious Activity Reports (SARs), which are subjective, risk-based assessments of financial and behavioral activity, CTRs deliver consistent, verifiable records of cash transactions across financial institutions and jurisdictions.

THE VALUE OF CTRs

CTRs play a critical role in safeguarding the U.S. financial system from illicit activity. Each CTR provides data that helps IRS-CI and other agencies:

- Identify emerging financial threats and other trends.
- Gain early visibility into cash-based criminal activity.
- Receive concrete, standardized data to disrupt fraud and money laundering organizations.
- Identify networks and patterns of related subjects using multiple transactions, accounts, or institutions.
- Validate or challenge narratives and support case integrity during criminal investigations by providing verifiable, time-stamped transaction data.

WHO ARE THE PRIMARY USERS OF CTRS?

- Law Enforcement Agencies
- National Security Agencies
- Financial Crimes Enforcement Network (FinCEN)
- Prosecutors
- Office of Foreign Assets Control (OFAC)
- Regulatory Agencies
- IRS Civil Divisions
- Department of Treasury

HOW CTRs ARE USED IN CRIMINAL INVESTIGATIONS

- Identify investigative leads and scope.
- Establish timelines and patterns of behavior.
- Reconstruct financial and proceeds analysis.
- Identify income streams that are not reflected on financial statements.
- Corroborate evidence like witness statements, surveillance, undercover activity, communications, and financial records.
- Establish knowledge and willfulness, demonstrate concealment and/or intent.
- Prove elements of tax evasion or false statements.
- Strengthen search warrants, seizures, charging decisions, forfeitures, and sentences.
- Uncover subjects, ghost transactions, link co-conspirators and networks.
- Support structuring, unreported income, failure-to-file, and conspiracy charges.

CTR FILING

LEAD GENERATION

CRIMINAL INVESTIGATION

CRIMINAL CHARGES

COURT PROCEEDINGS

CURRENCY TRANSACTION REPORTS (CTRs)

A Closer Look at CTRs Driving Investigative Outcomes:

Case Example:

A couple was sentenced to 10 years for laundering drug proceeds via virtual currency. Investigators researched and analyzed numerous CTRs filed by financial institutions and a virtual currency exchanger. CTRs helped identify multiple money mules, co-conspirators, and witnesses, along with $33 million laundered during a 21-month period.

Case Example:

A Chinese Money Laundering Organization funneled over $92 million in drug trafficking proceeds across the country. The cash was then deposited into shell company bank accounts. Investigators heavily relied on CTRs to track activity, use of fraudulent identities, and entrance of proceeds into the financial system.

Case Example:

Over 50 CTRs were filed–several on the same day–on a subject who willingly served as a money mule for a romance scam organization. Following the initial CTR filings, special agents interviewed the subject, who agreed to immediately stop the illegal activity. However, due to the reporting threshold and the speed of the CTR filings, IRS-CI quickly detected that the mule activity continued, mere hours after the initial interview ended. The rapid filing of CTRs served as essential evidence when IRS-CI conducted a follow up interview with the subject about the transactions. The individual admitted to participating in a fraudulent scheme targeting elderly and disabled victims, resulting in losses totaling $10 million.

CTRs PLAY A CRITICAL ROLE IN IDENTIFYING:

- **Terrorist financing and transnational criminal networks**
- **Professional money laundering networks**
- **Tax evasion, structuring, and Bank Secrecy Act (BSA) violations**
- **Human smuggling and trafficking**
- **Trade-based money laundering and sanction evasion.**
- **Corruption, bribery, and public integrity crimes**
- **Illegal gambling and government benefit fraud/abuse**
- **Fraud schemes targeting vulnerable individuals**

BSA Reporting Tools with Distinct Roles: Different Data, Different Value.

CTRs (Transaction-Based)

- **Objective Reporting**
- **Capture threshold-based cash transaction activity**
- **Support tracing and used as evidence**

SARs (Judgment-Based)

- **Flag potential suspicious activity**
- **Provide context and behavioral red flags**
- **Steer investigative development**

Combating illicit financial activity requires collaboration between the private and public sectors.

If you have filed a SAR or CTR related to a financial threat, please contact CI-FIRST at cifirst@ci.irs.gov with the BSA ID number. ***All SAR information is confidential.***
For training opportunities or to learn more about IRS-CI and emerging threats, email cifirst@ci.irs.gov.