

To Our Clients and Friends

Memorandum

May 3, 2021

FinCEN Again Renews Geographic Targeting Orders for Residential Real Estate Deals

On April 29, 2021, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) [announced the 6-month renewal](#) of the existing Geographic Targeting Orders (GTOs) relating to money laundering concerns in connection with all-cash purchases of high-end residential real estate properties. The GTOs were originally issued in [July 2016](#) and have been reissued several times, most recently in [November 2020](#). They require U.S. title insurance companies to identify and report the ultimate beneficial owners behind legal entities making certain all-cash real estate purchases. The renewed GTOs are identical to the November 2020 GTOs, which covered major metropolitan areas in nine states, continued the lower monetary threshold of \$300,000 for all jurisdictions, and included virtual currency as a targeted payment method.

These orders remain significantly expanded from the [initial January 2016 GTOs](#) that targeted only two real estate markets – New York and Miami. The renewed GTOs require U.S. title insurance companies to identify the natural persons who are the ultimate beneficial owners of limited liability companies, partnerships, and other legal entities involved in all-cash residential real estate sales in the following locations:

- Bexar, Tarrant, and Dallas counties in Texas;
- Miami-Dade, Broward, and Palm Beach counties in Florida;
- The five boroughs of New York City;
- San Diego, Los Angeles, San Francisco, San Mateo, and Santa Clara counties in California;
- The city and county of Honolulu in Hawaii;
- Clark County in Nevada;
- King County in Washington;
- Suffolk and Middlesex counties in Massachusetts; and
- Cook County in Illinois.

The purchase price threshold of the current GTOs remains at \$300,000. FinCEN apparently finds value in setting this threshold at a relatively low amount across the board, given that the geographical scope includes some of the most expensive real estate markets in the country. The previous versions of the GTOs had varying jurisdictional thresholds as high as \$3,000,000. FinCEN has provided a [sample GTO](#) and [Frequently Asked Questions](#) about the GTOs.

This marks the first renewal of the program under the Biden administration. Given the program's renewal and largely unchanged nature, we believe that FinCEN is likely to continue the GTO program for the foreseeable future, and may potentially expand the orders further to cover other geographic areas suspected of being high-risk for money laundering through luxury real estate. We do not expect FinCEN regulation to change materially under the Biden administration. Depending on the results of the GTOs, FinCEN may also implement further anti-money laundering compliance requirements in the real estate sector. Though there is little publicly available information showing the effects or specific results of the GTOs, based on their continued expansion and renewal, FinCEN clearly finds them to be a valuable part of its toolkit to combat money laundering in the real estate sector.

The renewed and expanded GTOs will take effect on May 5, 2021, and will be in effect for 180 days (through October 31, 2021).

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This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its contents. If you have any questions about the contents of this memorandum, please call your regular Fried Frank contact or an attorney listed below:

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