



DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE



*9/1 To Bone handle
after discussing
with Levine
allow
at all
for rights!*

AUG 27 1976
REFER TO
INV. 32-01

Mr. Stanley Sporkin
Director, Division of Enforcement
Securities & Exchange Comm.
Washington, D. C. 20549

RECEIVED

AUG 30 1976

DIVISION OF ENFORCEMENT

Dear Mr. Sporkin:

As was mentioned in our conversation yesterday, a special task force to investigate currency law violations by multinational corporations has been established in this office. For approximately the last five weeks, U.S. Customs agents have been reviewing information concerning a number of corporations that have disclosed information to SEC and have concentrated on those in which further investigation has been conducted by SEC attorneys. This program was initially coordinated with Mr. Theodore Levine and the daily operations have been assisted by Stuart Allen. Authorization to review SEC files was granted pursuant to our written request.

The magnitude of information existent concerning these disclosures, however, makes the individual review of the various reports by our agents a slow process, with the resultant effect that some potentially obvious violations of the currency reporting law are not being actively investigated. In this regard, it would be greatly appreciated if a notification process could be established whereby your attorneys would notify this office of those cases under their purview which appear to have currency reporting law implications.

A process that either involves a direct phone call by the particular attorney to this office (557-9000) or through an SEC designate would be effective in providing quick information about pertinent new disclosures as well as those the task force has not yet examined. Additionally, if questions relative to violations of the currency law reporting act could be asked by your attorneys during appropriate hearings or interviews, it would greatly enhance the development of important evidence.

Stu Allen

any info you have on cases this type of activities

Don't Stu - if possible?

focus in on details since this is relevant to our agency

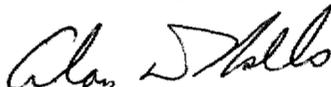
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Attached to this letter is a discussion of the Currency Reporting Act (31 USC 1101 et seq.) and a list of questions designed to elicit information about violations of it. You are assured that there will be a free exchange of information developed by agents from the Customs task force concerning SEC information.

Thank you for your assistance in this matter.

Sincerely,



ALAN D. WALLS
Special Agent in Charge

Enclosures

REPORTS OF CURRENCY AND FOREIGN TRANSACTIONS
(31 USC 1051 - 1143)

Reporting Requirements: Subchapter III of the above act (31 USC 1101 - 1105) requires that whoever (U.S. or foreign citizen) transports or causes to be transported, more than \$5,000 in monetary instruments on any one occasion in either direction across the U.S. borders, must immediately file a report (4790) to U.S. Customs.

The same report must be filed even if the monetary instruments are mailed or transported by common carrier; however, 30 days are allowed when reporting imported, mailed monetary instruments. Bonafide financial institutions are excluded from the reporting requirements.

The law became effective on 7/1/72, however, court injunctions delayed its implementation until 10/20/72.

Monetary Instruments: Examples of monetary instruments under the law are given below. Generally, any such instrument that can be negotiated by any "bearer" is required to be reported.

1. Currency - Coin and currency of the U.S. or any other country.
2. Traveler's Checks/Money Orders - Traveler's checks or money orders that have been issued and that do not bear any restrictive endorsements.
3. Investment Securities - "Bearer" bonds or registered bonds assigned in blank.
4. Stock Certificates - Stock certificates assigned in blank.
5. Cashier Checks - Those that are made out to cash with the "pay to" section blank, or unrestrictively endorsed.
6. Personal Checks - Those which are made out to cash or which are unrestrictively endorsed.

Penalties: Both civil and criminal penalties are set forth for violation of the law. Under 31 USC 1102, the monetary instruments can be seized if they are in the process of transportation. Under 31 USC 1103, the Secretary of Treasury may assess a civil penalty not to exceed the amount of the monetary instruments, if the reporting requirements are violated.

Criminal penalties accrue if, under 31 USC 1058, the law is willfully violated, and imposes a fine of \$1,000, a year imprisonment, or both.

Under 31 USC 1059, if a willful violation of the currency reporting law is committed in furtherance of the commission of any other violation of Federal law (eg. SEC or IRS violations) or as a pattern of illegal activity involving transactions exceeding \$100,000 in any 12-month period, a fine not exceeding \$500,000 or imprisonment of not more than five years, or both, may be imposed.

QUESTIONS FOR CORPORATE OFFICIALS OF MULTI-NATIONAL CORPORATIONS REGARDING CURRENCY LAW VIOLATIONS

Does (the company or a subsidiary) maintain a cash fund for the purpose of making contributions to political officials or payments to foreign governments and/or officials?

Does (the company or a subsidiary) maintain a cash fund which is not carried on the books of the company or subsidiary?

When was this "cash" fund started?

Is it still in existence? If no, when was it closed?

How is this fund carried on the books of the company?

What method was used to accumulate the money?

Where was (is) the money kept?

Who had (has) control of the fund (safe)?

How was the money transmitted to the control of Mr. _____ at the safe?

When was the last transfer of money to the safe?

Is money ever carried in "cash" to an overseas subsidiary?
If yes, for what purpose?

How often do you travel abroad? When was your last trip?
Business or pleasure?

Are you familiar with Customs declaration requirements?

Have you ever filled out a Customs declaration form?

- A. Did you itemize your foreign purchases?
- B. Have you ever had to pay customs duty or IRS tax on foreign purchases?

What other corporate officials are aware of the fund?

What type of monetary instruments were involved?

Which corporate officials caused the monetary instruments to be transported?

Who actually hand-carried or mailed the money?