

Feds Target All-Cash Foreign Investors

By [Jennifer LeClaire](#) | Miami



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MIAMI—Acquiring **commercial real estate** assets could get tougher for **foreign investors**. Could that hurt Miami's rise on the international scene?

This week, the Financial Crimes Enforcement Network (FinCEN) issued Geographic Targeting Orders. The orders temporarily require certain US title insurance companies to identify the actual people behind companies that pay "all cash" for high-end residential real estate in Manhattan and Miami-Dade County.

Why the big move? FinCEN is concerned that people attempting to hide their assets and identity may be making all-cash purchases of residential properties through limited liability companies or other structures. The orders are part of FinCEN's risk-based approach to combating money laundering in the real estate sector.

"We are seeking to understand the risk that corrupt foreign officials, or transnational criminals, may be using premium US real estate to secretly invest millions in dirty money," says FinCEN director **Jennifer Shasky Calvery**. "Over the years, our rules have evolved to make the standard mortgage market more transparent and less hospitable to fraud and money laundering."

Calvery says cash purchases present a more complex gap that we seek to address. These GTOs, she argues, will produce valuable data that will assist law enforcement and inform our broader efforts to combat money laundering in the real estate sector.

"Using an LLC to purchase real estate is a legitimate tax structure," **Jeff Rubinger**, partner and tax attorney at **Bilzin Sumberg**, tells GlobeSt.com. "Many foreigners will think twice about investing in the US if they fear that the federal government will disclose their identity to their home country."

We also asked **Alan Lips**, a partner at South Florida accounting firm Gerson Preston, to get his take on the news. He told us the US government has always been entitled to information with respect to foreign individual and companies making investments in the US.

"Recent years has shown a heightened focus on proper disclosure of international investment whether it relates to banking, financial investments or real estate," Lips says. "This news is a continuation of this process to ensure compliance both with US laws and its international information sharing efforts."