



**State of Wisconsin**  
*Department of Financial Institutions*

---

Jim Doyle, Governor

July 9, 2003

**LETTER 1-03**  
**USA PATRIOT ACT**

TO ALL CREDIT UNIONS:

**USA PATRIOT ACT SECTION 326 CUSTOMER IDENTIFICATION**

The Department of the Treasury, the Financial Crimes Enforcement Network (FinCEN), and the federal financial regulators finalized the rules implementing customer identification and verification requirements under Section 326 of the USA Patriot Act on June 9, 2003. These new rules will provide another tool to protect the U.S. financial system from money laundering, terrorist financing, identify theft, and other forms of fraud. The deadline for compliance is October 1, 2003.

The rules require financial institutions, including credit unions, to develop a Customer Identification Program (CIP) and include it as part of their Bank Secrecy Act (BSA) anti-money laundering program. Your CIP should implement reasonable procedures to:

- Collect identifying information about any person opening an account.
- Verify that the person is who they say they are.
- Maintain records of the information used to verify their identity.
- Determine whether the person appears on any list of suspected terrorists or terrorist organizations.

At a minimum your program should include the following:

- *Procedures for obtaining and verifying identity information for new members.*

The identifying information will likely be the same information currently obtained by most credit unions including the member's name, address, date of birth, and an identification number (for U.S. persons, typically a social security number and for non-U.S. persons, a similar number from a government-issued document).

Verification procedures must occur within a reasonable period of time and may include examining driver's licenses, passports, credit reports, and other similar means.

- *Procedures that describe non-documentary methods that will be used to verify identity and when these methods will be used in addition to, or instead of, relying on documents.*



---

*Office of Credit Unions*

Mail: PO Box 14137 Madison, WI 53708-0137

Courier: 345 W. Washington Ave. 3<sup>rd</sup> Floor Madison WI 53703

Voice: (608) 261-9543

Fax: (608) 267-0479

TTY: (608) 266-8818

Internet: [www.wdfi.org](http://www.wdfi.org)

Non-documentary methods may include: contacting a member/customer; independently verifying the member's/customer's identity by comparing information provided by the member/customer with information obtained from a consumer reporting agency, public database, or other source; checking references with other financial institutions; and obtaining a financial statement.

- *Procedures for providing members/customers with adequate notice that you will be requesting information to verify their identity.*

The final rule states that notice is adequate if the institution generally describes the identification requirements of the final rule and provides notice in a manner reasonably designed to ensure that a member/customer views the notice or is otherwise given notice, before opening an account.

- *Procedures for responding to circumstances in which you cannot form a reasonable belief that the true identity of a member/customer is known.*

These procedures should describe when you would not open an account; the terms under which a member may use an account while you attempt to verify the member's identity; when the account should be closed after attempt to verify identity have failed; and when you should file a Suspicious Activity Report in accordance with applicable law and regulation.

- *Procedures for keeping records of the information used to verify the member's identity and for determining if the member appears on any list of known or suspected terrorists or terrorist organizations designated by Treasury.*

At a minimum, the record must include all identifying information about a member/customer, a description of any document that was relied on, a description of the methods and the results of any measures undertaken to verify the identity of the member/customer, and a description of the resolution of any substantive discrepancy discovered when verifying the identifying information obtained. The identifying information obtained about a member/customer must be retained for five years after the date the account is closed. Other records made regarding the information used to verify a member's/customer's identity must be retained for five years after the record is made.

The rule defines "customer" to mean a person and other entities such as corporations, partnerships, and trusts that open a new account. Each person named on a joint account is considered a "customer." Existing account holders are excluded from the definition of "customer" provided you have a reasonable belief that you know the true identity of the person. Verification is not required in those cases.

### **USA PATRIOT ACT SECTION 314(a) INFORMATION REQUESTS**

The Financial Crimes Enforcement Network (FinCEN) reinstated information requests associated with section 314(a) of the USA Patriot Act on February 17, 2003. An information request process was established and guidance for financial institutions was developed. Credit unions are required to comply with the information requests. Failure to do so is a violation of the Bank Secrecy Act (31CFR 103.100).

Beginning with the March 31, 2003 Call Report, all credit unions must provide a specific contact's e-mail address or fax number in order to receive the requests and comply with required searches.

July 9, 2003

-3-

Letter 1-03

- 314(a) requests from FinCEN will be batched and issued every two weeks, unless otherwise indicated in the request.
- After receiving a 314(a) request, you will have two weeks to complete a search and respond with any matches.
- Searches will be limited to specific records and, unless otherwise noted, will be a one-time search.
- If you identify a match for a named subject, you need only respond to FinCEN that you have a match and provide point-of-contact information for the requesting law enforcement agency to follow-up directly with you.

If you have questions about compliance with either of the above sections of the USA Patriot Act, please contact our office.

Sincerely,

A handwritten signature in cursive script that reads "Ginger Larson".

Ginger Larson  
OFFICE OF CREDIT UNIONS

GL:cm