Evans, Sandra E

From: Hurwitz, Evelyn S on behalf of Public Info
Sent: Wednesday, September 11, 2002 4:16 PM
To: Evans, Sandra E
Subject: FW: No. 2002 - 27 / Section 326 Bank Rule Comments

46

Hi Sandra,

I'm told that I should forward the comment letters we receive via the PublicInfo Account to you.

Thanks,

Evelyn

-----Original Message-----
From: Charles Lee [mailto:Charles.Lee@midfirst.com]
Sent: Friday, September 06, 2002 4:02 PM
To: 'public.info@ots.treas.gov'
Cc: 'regcomments@fincen.treas.gov'
Subject: No. 2002 - 27 / Section 326 Bank Rule Comments

MidFirst Bank

September 4, 2002

VIA EMAIL: public.info@ots.treas.gov

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

ATTENTION: No. 2002-27
Section 326 Bank Rule Comments

Sir or Madam,

MidFirst Bank, Oklahoma City, Oklahoma, a federal savings association, appreciates the opportunity to comment in response to the Joint Notice of Proposed Rulemaking (JNPR) relating to Section 326 of the USA PATRIOT Act of 2001, Customer Identification Programs (1), and issued by the Financial Crimes Enforcement Network (FinCEN), Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System, (Board), the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the National Credit Union Administration (NCUA), collectively the Agencies. The JNPR was published in the *Federal Register* of July 23, 2002, beginning on page 48290.

MidFirst believes discussions such as these will raise awareness to the need for prudent yet reasonable account opening procedures that will discourage terrorist financing and financial crimes. MidFirst certainly supports efforts to make our country safer and our financial system more stable. MidFirst believes that careful consideration of the comments outlined below will result in an improved final rule that not only minimizes regulatory burden and implementation costs on the part of banks but also better realizes the intended objectives of the Customer Identification Program (CIP) rule.

Although recognizing that differences exist between the proposed rule and the 1998 Know Your Customer (2) (KYC) proposal, it is probable that the public will have a widespread misconception relating to the genesis of the CIP requirements contained in the JNPR. It is critically important for FinCEN to clearly state that the proposed rule stems from an Act of Congress and that only Congress can modify or eliminate the basic CIP requirements. By doing this, the public will better understand the need for such a Program and will be more receptive to the various requirements imposed on them by financial institutions.

Also, as outlined below in relation to the specific confines of the traditional bank/savings association/credit union industry as it pertains to location and asset size, MidFirst is sensitive to the competitive advantages that would accrue to other types of financial institutions (such as broker/dealers) should the standards imposed on them be materially different than those adopted by the Agencies. MidFirst recognizes that the Department of the Treasury in conjunction with the United States Commodity Futures Trading Commission (CFTC), and the Securities and Exchange Commission (SEC) have issued substantially identical rules for a) futures commission merchants and introducing brokers, b) broker-dealers, c) mutual funds, and d) credit unions, private banks, and trust companies that do not have a federal functional regulator (3). MidFirst encourages the Agencies to work closely with the Department of the Treasury, the CFTC, and the SEC in developing a uniform rule with identical effective dates across this much broader PATRIOT Act definition of "financial institution" so as to ensure a level playing field and to prevent unintended loopholes in the CIP program.

Identification Program

Pursuant to section 103.121(b)(1) of the proposed rule, "The Program should be tailored to the bank's size, location and type of business." Section 103.121(b)(2) states the customer identification procedures "must be based on the bank's assessment of the risks presented by the various types of accounts maintained by the bank, the various methods of opening accounts provided by the bank, and the type of identifying information available." MidFirst also recognizes that the JNPR establishes minimum required information including name, date of birth, residential address, mailing address (if different), taxpayer identification number, and copy of photo identification (4).

MidFirst requests confirmation that by obtaining the listed minimum required identification documents as outlined in the regulation, institutions will satisfy the documentation requirements for the vast majority of customers and product types. As more clearly outlined below, MidFirst requests that institutions obtaining and verifying the items in the minimum documentation list be afforded a safe harbor from other regulatory violations (5). To do otherwise would hinder the efficiency of the CIP concept since the required CIP information would otherwise need to be shielded from certain financial institution personnel or quarantined in a manner to minimize ECOA and other regulatory litigation and violation risks; however, by segregating this information and restricting the opportunity for analysis, the institution will be limiting fraud and terrorist detection capabilities. MidFirst also requests specific guidance on conveying account denial or account closing decisions, either via the Adverse Action Notice (6) or otherwise, to the customer when such action is based the institution's inability to form a reasonable belief regarding the customer's identity. For example, Form C-1 in the Regulation B (ECOA) Appendix contains a list of principal reasons for credit denial of which the most appropriate in relation to the CIP would be "Other" with the lender adding language such as "Patriot" or "Unable to verify identity". MidFirst believes such guidance would ensure consistent application by all institutions, would better implement the government's intent in relation to potential customer's with inadequate identification, would result in better information provided to denied customers that present their true identity but are unable to corroborate the identity with documentation, and would afford institutions protection from unwarranted accusations of unfair practices.

MidFirst supports a flexible program that allows an institution to develop specific requirements in relation to its unique operations. However, MidFirst encourages the Agencies to minimize any variance between institutions based on asset size and location. Should exemptions or carve outs based on size or location be granted, terrorists and criminals will identify and target institutions using those exemptions. As a result, the flow of illegal funds will not have been stemmed, yet the majority of the industry will have incurred significant costs in implementing CIP processes. In particular, if the JNPR is adopted substantially as introduced, familial or social relationships between institution employees and customers should not be an alternative to the tangible minimum identification requirements as outlined in the proposal.

Definition of Customer

MidFirst requests clarification regarding the term "customer" as defined in the JNPR in proposed 103.121(a)(3). As currently defined, customer would include both an account owner and an authorized signer and would extend to all such individuals associated with a particular account. Although the list is clearly not all-inclusive, MidFirst requests specific guidance on the following situations:

- Trust account grantors and beneficiaries,
- Beneficiaries of payable on death ("POD") accounts,
- Loan guarantors,

- Individuals signing collateral security agreements but not note documents,
- Accounts owned by minors,
- Brokered deposits, and
- Accounts serviced by an institution.

In many cases, trust grantors or trustees do not wish the beneficiary to know that they have been named as such. Loan guarantors, at least at the time of origination, will not have "ongoing services, dealings, or other financial transactions" (definition of account in 103.121(a)(1)) with the institution. Spouses often own assets jointly yet may request individual credit; such situations may dictate that one spouse sign collateral security documents but not the note obligation. MidFirst questions whether such collateral security agreements result in the second spouse being a "signatory". MidFirst opines that acquiring brokered deposits and servicing of assets is substantially similar to the concept of purchasing assets and therefore should fall outside the scope of section 326; MidFirst requests the Agencies to state that brokered deposits and servicing are indeed outside the scope of 326.

While the Know Your Customer (KYC) rule as proposed in the December 8, 1998, *Federal Register* does not fully mirror the JNPR, similarities do exist. MidFirst points out that direct and indirect beneficiaries of an account, a beneficial owner of an account, a trust beneficiary, an investment fund, a controlling shareholder of a closely held corporation, and the grantor of a trust were all included in the KYC definition of customer (7). Such a definition would clearly be burdensome for the industry and would impair commerce. Without specific comment by the Agencies, it is likely that the proposed definition of customer in the KYC proposal will serve to establish some precedent and guidance for how a customer is defined in this rule. Because of this, the actual usage of the term "customer" may be far beyond what the Agencies are currently contemplating; the Agencies can address this situation by offering specific guidance in the final rule and related commentary.

Broad definitions of either customer or signatory such as those contained in the KYC rule jeopardize efficient operations. Should "customer" include principal shareholders, all authorized signers of a corporation, all senior officers of a corporation, etc. and not just the single individual or few corporate officials requesting the account and signing the documents, delays in account opening will occur as the identity verification process is pursued. Corporate customers with a large number of employees (8) and in particular those with large numbers of senior officers, directors, and/or shareholders that are potentially subject to identification process under the rule will be unduly burdened since the rule does not differentiate between the customer's corporate authority to enter into a transaction with a financial institution and those employees of the customer specifically tied to an individual account via signature cards, signatures on loan documents, resolution of the customer's board, etc. Without clear-cut guidance and without limiting these definitions in a prudent manner that balances the goals of the JNPR with the operational issues, the time between account application and account commitment will expand to allow for the CIP process, additional financial institution resources will be required to process the additional volume, and storage and retrieval systems will become more complicated. This in turn will impair commerce as customer accounts will not be opened as timely and customers will be motivated to remain at a single institution rather than to shop once the identification process is complete so as to minimize additional CIP processes.

MidFirst requests the Agencies to provide specific guidance on situations in which the institution utilizes an agent or other third party to open an account as in the case of indirect auto paper or a loan broker closing a purchase money mortgage. While the institution performs the underwriting and books the loan, it may not have face-to-face contact with the customer thereby precluding direct verification of photo identification. In these cases, the lender relies upon the third party to complete the final loan documents and to verify identity. These closing agents should bear some responsibility in complying with identity verification procedures, and the liability for an agent's poorly designed identification program or errors in program implementation should not transfer in full from the closing agent to the lender. MidFirst would suggest that this situation is akin to purchasing an asset which, the Agencies have opined in the JNPR on page 48292 of the *Federal Register*, falls outside the scope of section 326. MidFirst asks the Agencies to specifically comment on these situations.

The Agencies have inadequately identified methods of customer identification in nontraditional account opening situations. These could include mail, telephone, and on line account openings, or could involve customers without a government picture identification card such as the young or the elderly. MidFirst acknowledges that the Agencies intend for institutions to have flexibility in this regard, yet MidFirst believes additional guidance is prudent and would not significantly reduce the intended flexibility. In short, if an institution is to be held accountable for "reasonably identifying" the "true identity" of an individual, institutions should be provided with adequate guidance to avoid regulatory criticism and to accomplish the intended objective. MidFirst also encourages the Agencies to consider that these nontraditional opening processes are just now evolving and would discourage any regulatory burden that might restrict commerce in this regard.

MidFirst also requests the Agencies to specifically address situations in which an institution might introduce its customers, or others, to a third party offering products in an office of the institution as in the case of nondeposit

investment products. While the nondeposit provider will be subjected to certain Section 326 requirements, MidFirst requests guidance on what obligations will be imposed on a financial institution to ensure the nondeposit provider complies with these provisions. In such cases, the financial institution's involvement with the sale of nondeposit products is limited to a brief customer introduction to the nondeposit provider and a lessor of office space and in no way will involve obtaining customer information (9).

MidFirst requests the Agencies to affirm that the identification and verification requirements outlined in the JNPR will not be applicable to individuals performing a transaction on behalf of a third party customer of the institution as in the case of a noncustomer completing a deposit on behalf of the customer and into the customer's account. This is a common occurrence in the industry and the impact of the rule and the risk of such situations should be considered. MidFirst suggests that because the individual performing the transaction is not seeking to open an account and is not a signatory on the account (10), then the identification requirements would not apply.

Proposed 103.121(b)(2) states identity verification procedures must allow for customer identification "to the extent reasonable and practicable" and "must enable the bank to form a reasonable belief that it knows the true identity of the customer." MidFirst is concerned with the subjective nature of the words "reasonable", "practical", "reasonable belief", and "true identity". While the general intent of these words may be understood, it is near certain that what one individual deems "true identity" or "reasonable" would fall short of a second individual's threshold for these terms; this would be particularly true when the second individual has the benefit of 20-20 hindsight or of additional information coming to light regarding the customer. MidFirst believes the current language in the JNPR does not afford an institution protection from an alleged, perhaps inadvertent, error - actual or merely perceived - stemming from differences in opinion, judgment, or information availability despite a well implemented CIP. This will also create inconsistent application of the rules among financial institutions and inconsistent enforcement of the rules by regulators whereby the system can be circumvented.

MidFirst recommends that the Agencies provide guidance as to appropriate methods of training employees regarding quality of photo identification cards. With recent episodes of blank drivers licenses being stolen from South Carolina and the theft of blank birth certificates from Colorado, as well as the advancement of technology capable of generating fraudulent identification cards and monetary instruments (11), it is becoming increasingly difficult to verify the legitimacy of these documents. MidFirst suggests institutions should not bear liability under this statute and regulation for failing to identify high quality fraudulent documents and identification cards.

MidFirst suggests that the Agencies specifically identify the government lists that are to be used in comparing customer names. Without such a specific and finite listing, institutions may be subjected to arbitrary application and enforcement of the rule. MidFirst also suggests the language in proposed 103.121(b)(4) (12) is too broad and should be modified since it requires a bank to determine whether a customer is on <u>any</u> list of terrorists provided to the bank by <u>any</u> federal government agency. Specifically, MidFirst requests the Agencies to delete the two instances of the word "any" from this section.

MidFirst suggests that one option that should be considered in easing any regulatory burden would be to consider an exemption process similar to existing Currency Transaction Report (CTR) exemptions. Since Section 326 of the Act modifies the BSA and BSA establishes the CTR exemptions, it is a natural extension that would be easily recognized and implemented by the industry.

<u>Implementation Date</u>

MidFirst requests that the Agencies allow for an implementation period of some nature so that effective procedures can be developed that accomplish the intended objective. MidFirst recognizes the intent of Section 326 part (6) that requires final regulations to become effective before the end of the one-year period of enactment of the Act or by October 26, 2002. However, given that the JNPR was not released until July and the final rule will not be available until, at the earliest, late September or October, it is not reasonable to hold institutions to the standards imposed by the final rule without adequate time to interpret the final rule, train personnel, modify procedures, make system changes, etc.

The Agencies state on page 48293 of the JNPR, under the section addressing Section 103.121(b)(2)(i) Information Required, that "The basic information that banks would be required to obtain under this proposed regulation reflects the type of information (13) that financial institutions currently obtain in the account-opening process . . ." MidFirst questions if this is indeed standard industry practice and opines that there are many accounts and many customers, as both are defined in the JNPR, in which the industry does not obtain the minimum required identification information. For the Agencies to base the requirements in the JNPR on such an assumption is onerous and burdensome; actual results will fall short of accomplishing the results that are desired - namely reduced threat of terrorism and financial crime. MidFirst requests that the Agencies reconsider this statement and any impact it has had on the specific requirements in the JNPR.

To further clarify this issue, MidFirst references *Federal* Register page 67537 of the December 8, 1998, issue in which

the proposed KYC rule was published:

> "OTS intends to allow savings associations sufficient time after publication of the final rule to establish Know Your Customer programs. OTS proposes to make the final Know Your Customer rule effective on April 1, 2000. In this way, savings associations will have a sufficient period to establish and implement their Know Your Customer programs."

Had the KYC rule been adopted, likely in the spring of 1999, this would have provided institutions with roughly 12 months to prepare for the added identification, verification, and monitoring requirements imposed by KYC. The purposes of the KYC and the JNPR are similar enough that the OTS's December 8, 1998, comment listed above is appropriate to the implementation of the final CIP rule; the OTS's 1998 comment is also counter to the Agencies' presumption that institutions currently collect all required information outlined in the CIP.

MidFirst again acknowledges the effective date established in the Act, but requests that options be considered to phase in these requirements in some manner or to extend the effective date to the extent possible so that the requirements of a final rule can be thoughtfully and thoroughly implemented by the industry so as to maximize the effectiveness of these programs.

Conflict with the Equal Credit Opportunity Act

MidFirst requests clarification with respect to the conflicts the JNPR creates with the Equal Credit Opportunity Act and its implementing regulation (individually or collectively referred to herein as ECOA). ECOA states in part at 12 CFR 202.6 that "a creditor may consider any information obtained, so long as the information is not used to discriminate against an applicant on a prohibited basis." Prohibited basis is defined in 12 CFR 202.2(z) to include "race, color, religion, national origin, sex, marital status, or age . . ." A copy of a photo ID poses the possibility that a customer's race, color, religion, national origin, sex, and age could be ascertained, or at a minimum, an institution would have difficulty refuting any employee knowledge or assumptions about these characteristics if ever challenged in court.

As mentioned in the Definition of Customer section above, institutions may encounter potential ECOA conflicts in situations involving individual credit to one member of a husband-wife combination that is secured by collateral owned jointly by both spouses (14). Requiring the "nonborrowing" spouse to sign security documents may be necessary to perfect the lien on the collateral, yet because the loan is individual credit, that spouse cannot be required to sign the note pursuant to ECOA. This situation involving the "nonborrowing" spouse does not seem to meet the JNPR's threshold of "signatory" or definition of "customer", yet no clear indication has been provided by the Agencies. If the Agencies conclude that the "nonborrowing" spouse's identity must be verified pursuant to the proposed rule, then conflicts with ECOA will exist if that identity cannot be verified and the loan must be denied. Similar issues can result in situations involving guarantor's identity. MidFirst requests clarification on this issue and asks that a safe harbor provision be afforded lenders for compliance with the conflicting ECOA and CIP requirements.

MidFirst references the Agencies' opinion stated on page 48294 of the Federal Register that "collection and retention of information about a customer, such as an individual's race or sex, as an ancillary part of collecting identifying information do not relieve a bank from its obligations to comply with antidiscrimination laws or regulations such as the prohibition in the Equal Credit Opportunity Act against discrimination in any aspect of a credit transaction on the basis of race, color, religion, national origin, sex or marital status, age, or other prohibited classification." MidFirst does not advocate a reduction in the importance or the requirements of ECOA, but MidFirst suggests that the conflict presented between the JNPR and ECOA will consistently subject institutions to an inordinate amount risk either from PATRIOT violations or ECOA violations. Such a conflict created by two regulations is egregious, inherently unfair, and damaging to the industry and the American public. MidFirst requests that a safe harbor be specifically adopted for institutions that take reasonable procedures to comply with both PATRIOT's identification requirements and ECOA's antidiscrimination requirements.

More problematic are situations in which an institution denies a loan application because identification information obtained during the application process cannot be corroborated or verified. For example, if a loan applicant's photo ID raises questions about the true identity of the customer, the institution must not open the loan account. To comply with other regulatory requirements, the institution must deny the application and notify the customer of the denial through an adverse action notice. Further, ECOA requires that specific reasons for denial be provided to the applicant. MidFirst firmly believes that an ECOA /fair lending safe harbor be afforded lenders for denying applicants based on requirements of proposed 31 CFR 103.121 Also see the Account Holds and Closings section below.

Records and Record Retention

MidFirst opines that the USA PATRIOT Act Section 326 does not impose a requirement for institutions to make copies of government identification cards and other identification documents. Part (2)(A) of the Act states institutions shall comply with reasonable procedures to maintain records used to verify the person's identity. Nowhere in this section is

the requirement for obtaining copies of identification cards stated. It would seem equally reasonable for institution employees to write identification data on the signature card, loan application, or other document. By adding the social security number and the driver's license number, the state of issuance and expiration to the signature card, the institution has documented the verification process and has documentation that can be used in completing CTRs and Suspicious Activity Reports (SARs) and for other law enforcement purposes. Importantly, this part of Section 326 states the requirement for "reasonable procedures" for maintaining these documents; without specific statutory language imposing the requirement to make a copy of photo identity cards, it seems equally reasonable to require institutions to document the information contained on the identity cards. For those arguing the copies are required so that a picture of the customer is retained, it is important to note that copies of photo identity cards are generally very poor quality, and copies of the pictures, in particular, will offer little additional value to law enforcement.

MidFirst references existing 31 CFR 103.34(b) which states that each bank shall retain an original or a copy of the document granting signature authority over deposit accounts along with any notations, if such are normally made, of specific identifying information such as from a drivers license. As a result, the existing BSA regulation does not mandate copies of photograph identity cards to be obtained or retained and specifically states that recording the information from those cards is permissible. Since existing regulation allows for the recordation, but not the copying, of identifying information from photo IDs, it is reasonable that the intent of Section 326 is to permit a similar procedure in verifying and documenting customer identity. Given concerns expressed elsewhere herein regarding ECOA, managing these additional records, etc., the recordation of information from a drivers license or similar document, rather than copying the document, is a better alternative.

MidFirst requests guidance on the process of verifying addresses when a customer has differing residential and mailing addresses. The photo identity card will only list one of the addresses and the institution would then need to rely on other sources for verifying the second address.

MidFirst asks the Agencies to consider the burden imposed by requiring these documents to be maintained for five years following account closing and available within 120 hours of request. The physical space requirements, privacy and security issues, document retrieval, etc. will require resources that many in the industry may not currently have.

Account Holds and Closings

MidFirst requests the Agencies to reconcile the requirements for account holds contained in the proposed rule with the Expedited Funds Availability Act and its implementing Regulation CC. While Regulation CC allows extended holds for new accounts, it does not allow for the indefinite hold permitted by the proposed rule on accounts whose owners do not supply adequate identification. Other conflicts with Regulation CC also exist including the first $100 rule and the rule on availability of electronic deposits. As with ECOA, it is not prudent for institutions to be subjected to violations of one regulation simply by complying with the requirements of a second regulation. MidFirst also requests regulatory guidance from the Agencies as to appropriate time and dollar holds for accounts opened without complete customer identification and verification as well as guidance as to after what period of time it is reasonable to close an account of which customer identification is not satisfactorily verified. MidFirst opines in some situations involving low risk accounts, it may be appropriate to permit activity during the first 30 or 45 days following account opening provided the activity does not exceed a certain regulatory provided dollar threshold. It is also appropriate for the Agencies to provide a specific time period after which accounts (15) can be closed or, alternatively, a 100 percent hold placed on funds due to outstanding identity verification issues.

MidFirst also requests the Agencies to add language providing an institution with a safe harbor for closing an account or denying a loan in situations where the account owner or signatory do not provide the minimum documentation or in situations where the information provided cannot be reasonably verified. As mentioned in the ECOA section, the loan denial situation poses particular risk to institutions merely for abiding by the Customer Identity Program requirements.

MidFirst appreciates the opportunity to have reviewed the JNPR and to have provided comments which will hopefully assist the Agencies in finalizing the rule. Should the Agencies have any additional questions regarding the thoughts expressed herein or about the JNPR, please contact the undersigned at the address or phone number provided.

Sincerely,

/s/ Charles R. Lee

Charles R. Lee
Vice President and
Director of Bank Administration
MidFirst Bank
501 NW Grand Blvd
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405 767 7000

cc: Financial Crimes Enforcement Network (FinCEN)
Section 326 Bank Rule Comments
PO Box 39
Vienna, VA 22183
Via e-mail: regcomments@fincen.treas.gov

FOOTNOTES:

1. Public Law 107-56.
2. The Office of Thrift Supervision published a Know Your Customer notice of proposed rulemaking in the December 7, 1998, *Federal Register* (Volume 63, Number 234) on pages 67563 - 67542. The FDIC, Federal Reserve, and the OCC published substantially similar proposals. Each of the proposals was subsequently withdrawn by the respective agencies in 1999 in part due to significant public opposition to the proposed rule. The OTS withdrew its proposed Know Your Customer rule on March 29, 1999, as published on pages 14845 and 14846 of the March 29, 1999, *Federal Register*.
3. Separate Notices of Proposed Rulemaking were published by the Agencies, the Securities and Exchange Commission, the Department of the Treasury, and the Commodity Futures Trading Commission for the various types of "financial institutions" in the July 23, 2002, *Federal Register* on pages 48289 through 48338.
4. Refer to 31 CFR 103.121(b)(2)(i)(A) in the proposed rule as published in 67 FR 48298.
5. For instance, Equal Credit Opportunity Act, Fair Housing Act, Expedited Funds Availability Act, and the related implementing regulations.
6. The Equal Credit Opportunity Act and the Fair Credit Reporting Act both require adverse action notices to inform the loan applicant of the action taken on the application and the reasons for the adverse action.
7. Refer to December 7, 1998, *Federal Register* page 67537 discussing the definition of customer.
8. For example, the 2001 annual reports of IBM and General Motors (both companies chosen randomly) list 54 senior officers of each entity; each company undoubtedly has many more managers with various authorization levels for financial institution transactions. While these companies are at the extreme due to their asset size, it reflects the problems that can be encountered without careful consideration of the definition of customer, and much smaller entities will still have more officers than what the rule should reasonably intend to fall within the definition of customer.
9. The February 15, 1994, Interagency Statement on Retail Sales of Nondeposit Investment Products (OTS TB 23-2) restricts the involvement of financial institutions in such situations so as to avoid customer confusion between the deposit and nondeposit nature, and related FDIC insurance coverage, of products offered at the facility.
10. Proposed 103.121(a)(3) defines a customer to be a person seeking to open a new account or any signatory on the account at the time the account is opened or subsequently added.
11. During the month of August 2002, the FDIC issued eight separate Financial Institution Letters addressing fictitious, fraudulent, or missing cashier's checks, certified checks, and money orders involving 13 separate financial institutions in 10 separate states from coast to coast and border to border; such issuances have totaled 30 year-to-date August 31, 2002, versus a total of 18 for all of 2001.
12. Proposed 103.121(b)(4) states "The Program must include procedures for determining whether the customer appears on any list of known or suspected terrorists or terrorist organizations provided to the bank by any federal government agency."
13. Name, address - both residential (business) and mailing to extent applicable - date of birth, identification number, and copy of photo ID.
14. 12 CFR 202.7(a) states "A creditor shall not refuse to grant an individual account to a creditworthy applicant on the basis of sex, marital status, or any other prohibited basis." The remainder of 12 CFR 202.7 address situations involved unsecured credit, secured credit, and additional parties which are applicable to this issue as well.
15. Such a situation might occur during the opening of a joint transaction account for a married couple but when only one spouse performs the initial account opening process. It may be appropriate to allow certain limited transactions before the receipt of the second individual's identification.