

Customer Due Diligence & Beneficial Ownership

INFORMATION YOU SHOULD KNOW

BENEFICIAL OWNERSHIP AND THE BANK SECRECY ACT (BSA)

The BSA requires financial institutions, including banks, to detect and prevent money laundering by imposing certain recordkeeping and reporting requirements related to bank transactions and customers. In May 2016, the Financial Crimes Enforcement Network (FinCEN) issued a final rule amending the BSA to strengthen due diligence requirements for financial institutions. The amendment, in part, requires financial institutions to collect and maintain record of beneficial ownership information (BOI) for legal entity customers.

WHAT ARE LEGAL ENTITY CUSTOMERS?

Legal entity customers generally include non-consumer accounts that require the filing of a public document with a secretary of state of similar office, for example:

- Corporation
- Limited Liability Company
- Limited Partnership
- Business or Statutory Trusts
- Any similar entity formed under the laws of a foreign jurisdiction

Legal entity customers do not include Sole Proprietorships, Unincorporated Associations, or Trusts. Certain other legal entities, such as financial institutions, government agencies, and publicly traded companies, are also excluded from the definition.

WHAT IS REQUIRED OF FINANCIAL INSTITUTIONS?

Under the amended BSA, all financial institutions are required to identify, verify and maintain records of beneficial owners of legal entity clients as part of their Anti-Money Laundering Program. These requirements are enforced by government banking regulators including the Office of the Comptroller of the Currency (OCC) which regulates national banks including ZB, N.A.

WHO ARE BENEFICIAL OWNERS & WHAT IS BOI CERTIFICATION?

According to the amended BSA, the individual opening an account on behalf of a legal entity must provide identifying information for all beneficial owners, defined as the natural person(s) if any, who either directly or indirectly, own 25% or more of the equity interest in the entity (in certain situations, a bank may ask for identifying information below 25%). Identifying information on a controlling person, such as an executive officer or senior manager (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, Treasurer) or another individual who regularly performs similar functions, must also be provided. The individual opening the account must also certify that, to the best of their knowledge, the information is accurate.

WHAT INFORMATION IS REQUIRED?

The following is required to be collected for each beneficial owner:

- Name
- Date of birth
- Physical address
 - Residential or business street address or,
 - For individuals who do not have a physical address, an Army Post Office (APO) or Fleet Post Office (FPO) box number, or the residential or business address of next of kin or of another contact
- Taxpayer Identification Number
 - For a U.S. persons, this will be their Social Security Number (SSN)
 - For non-U.S. persons, a passport number with country of issuance, or number and country of issuance of another government-issued identification evidencing nationality and bearing a photograph or similar safeguard
- Verification of each beneficial owner's identity through documentary (e.g. driver's license, passport – copies accepted) or non-documentary means.

