

addition, the developed procedures must address situations in which the CFI cannot form a reasonable belief that it knows the true identity of the beneficial owner(s) of the customer following the required procedures.

- 3. A CFI may rely on the information supplied by the legal entity customer regarding the identity of its beneficial owner or owners, provided that it has no knowledge of facts that would reasonably call into question the reliability of such information. However, financial institution staff who know, suspect, or have reason to suspect that the customer's equity holders are attempting to avoid the reporting threshold may, depending on the circumstances, be required to file a SAR.

NOTE: The term covered financial institution (CFI) means an insured bank, a commercial bank, an agency or branch of a foreign bank in the United States, a federally insured credit union, a savings association, et al.

NOTE: The term account means a formal banking relationship established to provide or engage in services, dealings, or other financial transactions including a deposit account, a transaction or asset account, a credit account, or other extension of credit. Account also includes a relationship established to provide a safety deposit box or other safekeeping services, or cash management, and custodian services. (The term account does not include an account opened for the purpose of participating in an employee benefit plan established under the Employee Retirement Income Security Act of 1974, as these types of accounts are of extremely low money laundering risk).

NOTE: The term "New Account" means each account opened at a CFI by a legal entity on or after the applicability date. FinCEN has concluded that while it is not requiring periodic updating of the beneficial ownership information of all legal entity customers at specified intervals, the opening of a new account (even for an existing customer) is a relatively convenient and otherwise appropriate occasion to obtain current information regarding an existing customer's beneficial owners.

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NO GRANDFATHERING

[@IP THEM ALL OVER AGAIN]

- 4. Beneficial Owner is defined using two "prongs":

~ OWNERSHIP PRONG
25%

- a. Each individual, if any, who directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, owns 25 percent or more of the equity interests of a legal entity customer (Ownership Prong); AND (INTERNATIONAL IS AT 10%)
- b. A single individual with significant responsibility to control, manage, or direct a legal entity customer, including an executive officer or senior manager (E.g. CEO, CFO, COO, Managing Member, General Partner, President, Vice President or Treasurer) or any other individual who regularly performs similar functions (Control Prong).

~ CONTROL PRONG

NOTE: The term "equity interests" should be interpreted broadly to apply to a variety of different legal structures and ownership situations. In short, "equity interests" refers to an ownership interest in a business entity. Examples of "equity interests" includes shares of stock in a corporation, membership interests in a limited liability company, and other similar ownership interests in a legal entity.