



## IMPORTANT INFORMATION FOR LEGAL ENTITY CUSTOMERS

Effective May 11, 2018, new rules under the Bank Secrecy Act will aid the government in the fight against crimes to evade financial measures designed to combat terrorism and other national security threats.

EACH time a deposit account, loan account, or safe deposit box is opened for a covered Legal Entity, we are required to ask you for identifying information (name, address, date of birth, social security number and identification documents) for:

- Each individual that has Beneficial Ownership (25% or more); and,
- One individual that has significant managerial control of the Legal Entity.

If you are opening an account on behalf of a Legal Entity, you will be required to provide the appropriate documentation and to certify that this information is true and accurate to the best of your knowledge.

There may be other triggering events that will require collection of Beneficial Ownership information for new or existing clients.

A covered Legal Entity includes corporations, limited liability companies, partnerships and other entities created by filing a public document with the Secretary of State or similar office and any similar entity formed in the United States or a foreign country. Covered Legal Entity does not include, sole proprietorships, unincorporated associations, estates, family trusts or natural persons opening accounts on their own behalf.

## QUESTIONS | ANSWERS

### ***What is the purpose of the new rules?***

*The Financial Crimes Enforcement Network (FinCEN) is issuing these rules to amend existing regulations in order to clarify and strengthen customer due diligence requirements (CDD) for certain financial institutions. The CDD rules outline explicit customer due diligence requirements and impose new requirements for these financial institutions to identify and verify the identity of Beneficial Owners of Legal Entity customers, subject to certain exclusions and exemptions.*

### **Who do the new rules apply to and are there exemptions?**

*Any corporations, limited liability companies, partnerships and other entities created by filing a public document with the Secretary of State or similar office and any similar entity formed in the United States or a foreign country.*

*Exemptions include sole proprietorships, unincorporated associations, estates, family trusts or natural persons opening accounts on their own behalf.*

### **Can you define “Beneficial Owner”?**

*The rules define Beneficial Owners as follows:*

- *Each individual, if any, who, directly or indirectly, owns 25% or more of the equity interests of a Legal Entity customer; and*
- *A single individual with significant responsibility to control, manage, or direct a Legal Entity customer, including an executive officer or senior manager (i.e. a Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, or Treasurer); or any other individual who regularly performs similar functions. This list of positions is illustrative, not exclusive, as there is significant diversity in how Legal Entities are structured.*

### **What Beneficial Ownership information will be collected from covered Legal Entities?**

*Information such as name, date of birth, address, social security number or other government identification number (passport number or other similar information in the case of foreign persons) for individuals who own 25% or more of the equity interest of the Legal Entity (if any), and an individual with significant responsibility to control/manage the Legal Entity at the time a new account (i.e., loan, certificate of deposit, deposit account, safe deposit box) is opened and/or maintained.*

*Century Bank will require a copy of identification for each Beneficial Owner and one individual that has significant managerial control of the Legal Entity.*

### **Do the new rules apply to existing Legal Entity clients of Century Bank?**

*The new rules will not impact existing accounts unless there are modifications or other triggering events to the account(s) including changing signers, changing ownership or changing terms on an account. In addition, each time a new deposit account, loan account, or safe deposit box is opened for a covered Legal Entity, we are required to ask for identifying information for:*

- *Each individual that has Beneficial Ownership (25% or more); and,*
- *One individual that has significant managerial control of the Legal Entity.*

### ***When does the Beneficial Ownership information need to be provided?***

*It must be provided **prior** to opening all new deposit accounts, loan accounts and safe deposit accounts for both new and existing Legal Entity customers.*

*There are also certain triggering events for existing accounts that require the collection of Beneficial Ownership data.*

### ***Who can provide the Beneficial Ownership information on behalf of a Legal Entity?***

*The rules require financial institutions to obtain information about the Beneficial Owners of a Legal Entity from the individual seeking to open a new account at the financial institution on behalf of the Legal Entity customer. This individual could, but does not necessarily have to be a Beneficial Owner. However, the individual providing the information is responsible for certifying the form.*

### ***What if the Beneficial Owner(s) are not customers of Century Bank? Does information still need to be provided?***

*Yes. Information about the ultimate Beneficial Owners and control person of the Legal Entity establishing the account with Century Bank must be provided in order to comply with the regulation.*

*Century Bank will require a copy of identification for each Beneficial Owner and one individual that has significant managerial control of the Legal Entity.*

## **OTHER RESOURCES**

- [www.fincen.gov](http://www.fincen.gov)
- [Frequently Asked Questions Regarding Customer Due Diligence Requirements for Financial Institutions \(FIN-2018-G001\)](#)

Should you have further questions about this requirement, contact a local Century Bank representative or loan officer at 505.995.1200. You may also stop by any of our locations.

Century Bank | PO Box 1507 | Santa Fe, NM 87504  
505.995.1200  
**MyCenturyBank.com**

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