

Frequently Asked Questions Regarding New Banking Regulations and Account Requirements

The Roman Catholic Archdiocese of Los Angeles

Frequently asked questions

1. Why are banks asking for personal information when our location opens a new account or changes signatories?

In May 2018 all banks became subject to significant new regulations issued by the federal government under the title of Customer Due Diligence Requirements for Financial Institutions. These regulations dictate who may open a bank account and the information that a bank needs to have about account holders when an account is opened or when there is a change in signatories.

The new regulations cover all regular business enterprises; certain provisions cover non-profits and churches as well. Banks are required to comply and can be subject to significant penalties for non-compliance. For the Archdiocese, as a non-profit church entity, the new regulations now require banks to understand who is “controlling” the location’s bank account in question

2. What do these new regulations mean for the Archdiocese?

- The Archdiocese and its schools, parishes and other locations have to identify “control persons” who are related to the bank account in question.
- Schools, parishes and other locations need to review who are the signatories on existing accounts and decide who should be on the accounts in the future, since any change will trigger the need to provide information.
- Schools and parishes will need to designate a “control person” on existing and new accounts. The designated control person will likely need to provide personal information.
- In addition to submitting personal information, the designated control person will be required to help monitor account activity.

3. Who are “control persons” within the Archdiocese?

- For parishes, the control person will be the pastor or administrator.
- For high schools that are not part of a parish and for elementary schools administered by the Archdiocese, the control person will be the principal or president of the school.
- If the parish and its parish elementary or parish high school have different banking relationships, there will be two control persons: the pastor/administrator for the parish and the president/principal for the school.
- If the parish and the school have the same banking relationship, the pastor/administrator serves as control person for both the school and the parish unless the pastor/administrator decides to designate the principal for the school.

4. What information do banks require from the control person?

Each control person will need to provide the following:

- Name and Title
- Date of Birth
- Address, residential or business street address
- Social security number
- Current Drivers’ license with photo ID or your current US or home country passport or alien identification card

5. Will the personal information be safe?

Banks have strict requirements to protect customer information, including substantial cyber-security safeguards, and are examined annually by banking regulators. Unfortunately, breaches can and do occur.

6. When will the bank ask for the information?

Banks will require information when a new account is opened or a signatory changes. Banks are required to obtain this information for each “new formal banking relationship,” even if the entity is already an existing customer. In other words, if the parish or school wishes to open an additional account with its existing bank, it is likely that the bank will request this information. Banks will also require locations to designate a control person if the signatory on an account changes, because that is deemed to be a “new banking relationship” under the federal rules. For the present, banks are not required to “go back” and update this information for every single banking customer.

7. Why were the regulations adopted?

The regulations were adopted as Anti-Money Laundering (“AML”) laws to prevent illegal funds from crime, corruption and tax evasion being deposited or processed. While banks have long been required to have AML programs, the requirements have become more demanding for both banks and their customers, including the Archdiocese and all its locations.

Money laundering is the process of making “dirty money” from an underlying crime, such as fraud, theft, embezzlement, or profits derived from illegal activity, look clean. To prevent this dirty money from being traced back to the source of the crime, perpetrators use regular transactions such as making charitable donations, opening bank accounts at reputable institutions, or buying stocks and bonds as a way of concealing (i.e., “laundering”) their activity.

8. How do churches or charitable organizations get involved with money laundering?

Sadly, churches and other charities can be targeted by persons with improper motives. Laundering illegal funds can occur through any number of methods -- special offerings, tithes, pledges, cash deposits or general and earmarked contributions. The new regulations have been adopted, in part, to address improper motives. If you are approached about large or unusual gifts or proposals and suspect that you are being asked to engage in “suspicious transactions,” it is essential that you call the following:

- EthicsPoint confidential hotline service at 855-420-8644
- Financial Services at 213-637-7500
- General Counsel at 213-637-7511.

9. What are the obligations of control persons?

Control persons must be aware of transactions in their account and identify suspicious circumstances regarding any activity that could potentially be money laundering. If they are aware of any such suspicious circumstances, they must call the following:

- EthicsPoint confidential hotline service at 855-420-8644
- Financial Services at 213-637-7500
- General Counsel at 213-637-7511.

10. What if the bank asks for other information or raises issues that I am not able to answer?

Provide the bank with the memorandum addressed to bank officers that is available in the Administrative Handbook in [Section 6.3.3](#). In instances where you cannot find the answer or require further direction, please contact Financial Services at 213-637-7854.

11. Where can I learn more about these regulations and how to respond to banks?

The Customer Due Diligence Rule (“CDD Rule”) became effective in May 2018 and can be found in its entirety at <https://www.fincen.gov/resources/statutes-and-regulations/cdd-final-rule>. In addition, the Financial Crimes Enforcement Network or “FinCen” has published an FAQ that includes background on the rule and some information on how it applies to charitable institutions. The FAQ can be found at <https://www.fincen.gov/news/news-releases/frequently-asked-questions-regarding-customer-due-diligence-requirements>. Related guidance can be found in the Administrative Handbook at [Section 6.3.3](#). In the event you still have additional questions or require guidance concerning legal matters, please contact Financial Services at 213-637-7854 or the Legal Department at 213-637-7511.