

General Guide to Account Opening and Customer Identification with Financial Institutions - "Customer Due Diligence"

1. Each financial institution has developed a plan of guidance for their customer identification based on what is required by law. Customer identification is an essential element that financial institutions must have in place to guard against reputational, operational, legal and concentration risks. It is also necessary in order to comply with anti-money laundering legal requirements and a prerequisite for the identification of financial accounts related to terrorism. Each financial institutions will have their own identification guidelines and a general guide to good practice based on the principles for customer due diligence.
2. Based on the type of customer you are to the financial institutions (individual vs. entity) or (face-to-face vs. non-face-to-face) and the different levels of risk resulting from the relationship may be a higher risk transaction. When there is a higher risk transaction they may have stricter customer identification procedures and this will differ between financial institutions.

Listed below are different customer identifications based on the type of transaction: Most common accounts are Individual personal accounts that are in your own name and the other type of accounts are business accounts that are in entity names.

Natural Persons - For natural persons the following information should be obtained, where applicable:

- legal name and any other names used (such as maiden name);
- correct permanent address (the full address should be obtained; a Post Office box number is not sufficient);
- telephone number, fax number, and e-mail address;
- date and place of birth;
- nationality;
- occupation, public position held and/or name of employer;
- an official personal identification number or other unique identifier contained in an unexpired official document (e.g. passport, identification card, residence permit, social security records, driving license) that bears a photograph of the customer;
- type of account and nature of the financial institute relationship;
- signature.

The financial institute should verify this information by at least one of the following methods:

- confirming the date of birth from an official document (e.g. birth certificate, passport, identity card, social security records);
- confirming the permanent address (e.g. utility bill, tax assessment, bank statement, a letter from a public authority);
- confirming the validity of the official documentation provided through certification by an authorized person (e.g. embassy official, notary public).

LLC Entities - For LLC's, the principal guidance is to look behind the entity to identify those who have control over the business and the member's assets, including those who have ultimate control. What constitutes control for this purpose will depend on the nature of a company. For LLCs, the member or members should be identified to identify ownership control.

When the owner is another entity or trust, the objective is to undertake reasonable measures to look behind that entity and to verify the identity of the principals.

- name of LLC and Operating Agreement;
- the filing certificate
- principal place of business;
- mailing address of business;
- contact telephone, fax number and email;
- some form of official identification number, if available (e.g. EIN - tax identification number. FYI: If the LLC is a disregarded entity it will not need an EIN – use SSN.);
- nature and purpose of business and its legitimacy.

Partnership Entities - For partnerships, the principal guidance is to look behind the entity to identify those who have control over the partnership and the partnership's assets, including those who have ultimate control. What constitutes control for this purpose will depend on the nature of a company. For partnerships, each partner should be identified to identify partner's ownership control.

When a partner is another entity or trust, the objective is to undertake reasonable measures to look behind that entity and to verify the identity of the principals.

- name of Partnership and Partnership Agreement;
- the filing certificate;
- principal place of business;
- mailing address of business;
- contact telephone, fax number and email;
- some form of official identification number, if available (e.g. EIN - tax identification number. FYI: If the LLC is a disregarded entity it will not need an EIN – use SSN.);
- nature and purpose of business and its legitimacy.

Trust Documents - When opening an account for a trust, the financial institute will take reasonable steps to verify the trustee(s), the settlor(s) of the trust (including any persons settling assets into the trust) any protector(s), beneficiary(ies), and signatories. Note: Please make sure you check with Lodmell & Lodmell before you open up a trust account.

- name of Trust;
- certification of Notice of Declaration of Trust (or Trust Agreement if asked);
- some form of official identification number, if available (e.g. e.g. EIN - tax identification number);
- beneficiaries should be identified when they are defined with more than 25% of the trust.

Corporation Entities - For corporate entities (i.e. corporations), the following information should be obtained:

- name of corporation;
- principal place of business operations;
- mailing address of corporation;
- contact telephone, fax number and email;
- some form of official identification number, if available (e.g. EIN - tax identification number);
- the original or certified copy of the Certificate of Incorporation;
- the resolution of the Board of Directors to open an account and identification of those who have authority to operate the account;
- nature and purpose of business and its legitimacy.

The financial institute might also take reasonable steps to verify the identity and reputation of any agent that opens an account on behalf of a corporate customer, if that agent is not an officer of the corporate customer.