



Main Office, Vandalia (618) 283-1141  
8<sup>th</sup> Street Branch, Vandalia (618) 283-2663  
Financial Center, Vandalia (618) 283-9860  
Ramsey (618) 423-2396 Patoka (618) 432-7233  
Mulberry Grove (618) 326-8314 Greenville (618) 664-0300

## Dear Valued Customer:

You are receiving this letter to explain the new Financial Crimes Enforcement Network ( FinCEN ) final rules under the Bank Secrecy Act regarding opening a new account for a legal entity ( business ) on or after May 11, 2018. As you might be aware, new laws have recently gone into effect that require **all financial institutions** to now **identify** and **verify** the individuals ( also known as beneficial owners ) who own or control the bank's legal entity customers when opening new accounts ( deposits, loans, and safe deposit boxes ). This means that all of our legal entity customers, as defined by the rule, will be impacted when they open a new account with us. FinCEN also considers loan renewals and certificate of deposit ( CD ) renewals as new accounts.

The rule defines a "legal entity customer" as a corporation, a limited liability company, other entity created by the filing of a public document with a Secretary of State or similar office, a general partnership, and any similar entity formed under the laws of a foreign jurisdiction that opens an account. The definition also includes limited partnerships, business trusts that are created by filing with a state office, and any other entity created in this manner.

A legal entity customer does **not** include sole proprietorships, unincorporated associations, or natural persons opening accounts on their own behalf.

Please keep in mind that this law is required of **all** financial institutions and is not something that we are unreasonably requiring.

## Overview of the Rule

A "beneficial owner" is defined as having two prongs: 1) the ownership prong; and 2) the control prong. The ownership prong includes each individual, if any, who directly or indirectly owns 25 percent of the equity interests of a legal entity customer while the control prong includes a single individual with significant responsibility to control, manage, or direct a legal entity customer, including an executive officer or senior manager or any other individual who regularly performs similar functions. ( See the Certification Form on the Bank's website for more information ).

To **identify** ultimate beneficial owners, our bank has provided a fillable "Certification Form" on the bank's website for the individual opening your business account to complete, print, and sign prior to coming to the bank to open the new account. In completing the Certification Form,



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the individual representing your business will provide us with the names of the ultimate beneficial owners (as defined on the Certification Form) of the business.

Once identified, we must then **verify** the identity of each beneficial owner by requiring the same elements from them that we require from an individual opening a new account. We do not have to get this information directly from the beneficial owner, but are permitted to get it directly from the individual opening the new account, renewing a loan, or renewing a CD on behalf of your business. All verifying information for each beneficial owner must be received **before** we can open a new account, renew a loan, or renew a certificate of deposit.

## What We Need

To comply with the new laws for legal entity customers, we will need the following items from your business and applicable beneficial owners:

1. A completed **Certification of Beneficial Owner(s)** form, completed by the individual opening the account on behalf of the business.
2. For each Beneficial Owner:
  - a. A copy of an **unexpired Government issued ID** with a current *physical* address  
Note: This document contains most of the information needed to complete the Certification Form such as the beneficial owner's name, date of birth, and physical address.
  - b. A **social security number** from each beneficial owner is required on the Certification Form.  
Note: Non-U.S. persons will need to provide a different ID number.
  - c. Any other documentation requested by the bank.  
Note: In a few cases, the bank may need additional documentation on your business or beneficial owners. If that is the case, we will let you know prior to opening the account. Please note that the Certification Form and photocopies of ID documents for beneficial owners do not replace the other legal documents that are normally required by CIP for opening a business account (i.e., Articles of Incorporation, Corporate Resolution, etc.).

## Summary

We understand that these new rules may not be something you have experienced before. Unfortunately, there is nothing we can do about this, as this is a new law with which we are required to comply. Going forward, these requirements will be needed for each new account



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you open. Therefore, having this information available to us at the time of account opening will help to ensure a smooth process.

If you have any questions regarding these requirements, please contact us at The First National Bank branch with which you do business. Phone numbers may be found at the top of the page.

Thank you again for choosing us for your banking needs. We really value our partnership.