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## **Customer Due Diligence: The Beneficial Ownership Component**

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Customer identification is nothing new to credit unions. In fact, thorough customer due diligence is required by the Bank Secrecy Act (BSA) of 1970.

Recently, FinCEN issued a new rule (a Beneficial Ownership component to the Customer Due Diligence Rule) under the BSA that now requires financial institutions to provide additional identification and verification of their **legal entity/beneficial members** in an effort to reduce money laundering and other criminal acts.

While the new Beneficial Ownership component to the Customer Due Diligence rule was made effective in July of this year, financial institutions **MUST** enforce and comply with these changes by May 11, 2018.

So what do you need to know about the most recent Customer Due Diligence rule?

### **The Impact**

There may be some procedural and operational changes that need to be made within your credit union to ensure compliance with the Beneficial Ownership component of the Customer Due Diligence rule. Consider taking these actions:

- Update your procedures to include required information.
  - Contact your third party vendors to be sure any forms or systems include the newly required information.
  - Develop a certification form to be used by your staff that is compliant with the new rule.
  - Develop protocols on how to address resistance with your members.
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### **The Benefits**

Yes, we know what you are thinking – another regulation to comply with. But think about the benefits that the Beneficial Ownership information could have for your credit union and beyond:

- Provides assistance to law enforcement during financial investigations.
- Advances counterterrorism and broadens national security interests.
- Improves financial institutions' abilities to assess and mitigate risk.
- Facilitates tax compliance.
- Promotes clear and consistent expectations and practices.
- Advances the Treasury's broad strategy to enhance financial transparency of legal entities.

To learn more about the final Customer Due Diligence Rule and the Beneficial Ownership component, please [click here](#).

Remember, your credit union must be in compliance with this rule by May 11, 2018. If you have questions or need assistance with these efforts, Sollievo can help!

#### ***About Cindy Hagan***

Ms. Hagan has over 15 years in retail banking where she spent several years managing the BSA/AML and Fraud area. Ms. Hagan administers and coordinates the bank secrecy act/anti-money laundering program to ensure compliance with federal regulations, NCUA, and the industry standards of the FFIEC's BSA/anti-money laundering examination manual.

#### ***About Sollievo***

Sollievo Group, LLC is a wholly owned CUSO of Mid-Atlantic Corporate Federal Credit Union located in Middletown, PA. Sollievo (pronunciation: sol'ljevo), an Italian word that means relief, offers a comprehensive collection of risk-management products and services to credit unions. Sollievo's mission is to provide peace of mind and help meet compliance obligations and improve the overall risk posture of credit unions. Services include enterprise risk management, information security services, training, business continuity services, and more. For more information, please visit [www.sollievo.com](http://www.sollievo.com).

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