



AML ALERT: FinCEN Permits Banks to Use Alternative Collection Method for Obtaining TIN

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued an [order](#) permitting banks to collect Tax Identification Number (TIN) information from a third party rather than from the bank's customer. FinCEN issued this order in coordination with the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA) (collectively, "the Agencies"). The order permits *a bank subject to the jurisdiction of the Agencies* to use an alternative collection method to obtain TIN information from a third-party rather than from the customer, provided that the bank otherwise complies with the Customer Identification Program (CIP) Rule. The TIN may be a Social Security Number (SSN), individual taxpayer identification number (ITIN), or employer identification number (EIN).

The CIP Rule requires written procedures that: (1) enable the bank to obtain TIN information prior to opening an account; (2) are based on the bank's assessment of the relevant risks; and (3) are risk-based for the purpose of verifying the identity of each customer to the extent reasonable and practicable, enabling the bank to form a reasonable belief that it knows the true identity of each customer. The use of this exemption by banks is optional, and they are not required to use an alternative collection method for TIN information.

In practice, this means that banks may collect name, address, and date of birth (when applicable) from the customer, and use that information to obtain the TIN from a reliable third party prior to opening an account; however, FinCEN and the Agencies clarify that, while banks may use this exemption, banks are still responsible for complying with all aspects of the CIP Rule, must make a determination based on their risk profile, and form a reasonable belief that they know the true identity of each customer.

Banks taking advantage of this exemption must continue to comply with all other regulatory requirements pursuant to the Bank Secrecy Act (BSA).