

# The USA Patriot Act & Records Management

Several new regulations, including Check 21, Gramm-Leach-Bliley and the USA Patriot Act, have emerged over the past few years and directly affect the document management processes of financial institutions. These regulations among others have increased the need for document management technologies to aid in compliance.

For Financial Institutions, including persons involved in real estate settlements and closings, one leading compliance regulation that must be addressed is the USA Patriot Act.

Understanding the rules and regulations surrounding the USA PATRIOT Act is a necessary component of any compliance program.

## **What is the USA Patriot Act?**

The USA PATRIOT Act stands for Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism. The act was signed into law by President Bush on October 26, 2001. It grants the government broad, new powers in the war on money laundering and the financing of terrorist activity.

The Patriot Act requires that all financial institutions implement a customer identification program (CIP), as well as a money laundering program. The Act is designed to implement requirements regarding the reporting of potential money laundering transactions to proper authorities, to deter and punish the use of the U.S. financial system by terrorists in the United State or abroad, and to provide guidance to U.S. financial institutions in the form of appropriate regulation and the integrity of their employee population. The Act also ensures the forfeiture of assets in connection with the government's anti-terrorist efforts post 9/11.

## **The USA Patriot Act & Records Management**

With the passage of the Patriot Act, the importance of proper document management and record keeping needs to be a top priority with businesses. The Patriot Act reinforces the reality that any paper or electronic data management program should garner top priority for corporate leadership and corporate governance.

The Patriot Act requires the Secretary of the Treasury to prescribe regulations "setting forth the minimum standards for financial institutions and their customers regarding the identity of the customer that shall apply in connection with the opening of an account at a financial institution." The CIP must include procedures for making and maintaining a record of all information obtained.

Requirements involve the development of a compliance program with accompanying internal policies and procedures, including ongoing training and support for personnel. Organizations

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may be subject to independent or random reviews by multiple regulatory agencies, it is important to establish a comprehensive program.

**What are the record-keeping requirements under the USA Patriot Act and what are the regulations?**

The Act and the regulations require a financial institution to maintain a record of the following:

- a) required identifying information provided by the customer,
- b) a description of any documents they used to identify the customer,
- c) information on any non-documentary methods to identify the customer if such methods were used,
- d) information on additional verification methods used for customers in which standard methods were unable to verify the customer's identity ("additional methods"), and
- e) information regarding how the financial institution resolved any discrepancies found in the information obtained from its customers.

The required identifying information must be maintained for five years after the date the account is closed (or dormant or closed for credit card accounts). The information in sections "b" through "e" above must be maintained for five years after the record is made. And financial institutions are permitted to use electronic records to satisfy these requirements. This record-keeping requirement generally reflects usual and customary business practices. Financial institutions already must keep similar records to comply with existing requirements in 31 CFR Part 103.

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**Question: How does docSTAR assist in meeting record retention requirements?**

**Answer: With docSTAR, businesses can implement a secure document management strategy that helps them meet statutory obligations while reducing day-to-day operations.**

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**docSTAR offers the following key features:**

**File Protection** - docSTAR protects against loss due to disasters, while critical information can still be kept on-site, guaranteeing that records are retained for the five year minimum requirement.



**Authenticity** - Verify authenticity of documents (including emails, letters, memos, faxes, etc.) with docSTAR's AuthentiDate™ Image Marking technology along with the United States Postal Service Electronic Post Mark (USPS® EPM®). Both eliminate any possibility of altering documents stored in the system without detection, ensuring undisputed authenticity of records. AuthentiDate and USPS EPM technology broadens an organization's records retention strategy to include tamper-proof document authenticity and provide reliable legal content in accordance with the Patriot Act.

**Instant information access** - documents such as trade confirmations and financial plans can be located in seconds and never get lost.

**Advanced Audit Trail** - reduce your risk and increase workplace efficiency with Advanced Audit Trail. Advanced Audit Trail from docSTAR allows users to quickly and accurately track a wide range of user activities performed with docSTAR. docSTAR saves each customer identity verification, which can be easily viewed and retrieved.

Plus, Audit Trail:

Automatically keeps track of every time someone creates, files, annotates, prints, deletes or views documents and files

Informs you when a document or file was accessed, what was done and who did it

Dramatically reduces your risk

Quickly and easily generate a complete, paperless "paper trail" of evidence for legal and regulatory purchases

Helps to facilitate compliance

### **The Risk of Non-Compliance**

Non-compliance with the USA PATRIOT Act is a serious offense. An oversight by even one employee can jeopardize your organization, both financially and professionally. Not complying is not an option because regulatory agencies take compliance seriously.

Given these consequences, finding a means by which to comply quickly and cost-effectively is in most companies' best interest. Document management solutions can help improve information management within your organization and are a requirement within the financial services area.

Document management solutions help to improve information management by supporting the basic requirements of compliance: data integrity, confidentiality and accessibility.

Implementing a document management solution can help your organization maintain



compliance.

Document management solutions are required within the financial services area in order to address internal controls, initiate a records management program, improve accounts payable and receivable processes, operational efficiency, and address compliance issues.

Facing mandates from numerous legislative acts, businesses need cost-effective ways to comply with multiple regulatory requirements simultaneously. docSTAR understands the compliance issues organizations face and offers solutions you can leverage as part of your overall compliance initiative.

For more information on the USA Patriot Act:

<http://www.realtor.org/GAPublic.nsf/pages/patactfactsh?OpenDocument>

