

USA Patriot Act

SEC. 312. SPECIAL DUE DILIGENCE FOR CORRESPONDENT ACCOUNTS AND PRIVATE BANKING ACCOUNTS.

(a) IN GENERAL- Section 5318 of title 31, United States Code, is amended by adding at the end the following:

^ (i) DUE DILIGENCE FOR UNITED STATES PRIVATE BANKING AND CORRESPONDENT BANK ACCOUNTS INVOLVING FOREIGN PERSONS-

^ (1) IN GENERAL- Each financial institution that establishes, maintains, administers, or manages a private banking account or a correspondent account in the United States for a non-United States person, including a foreign individual visiting the United States, or a representative of a non-United States person shall establish appropriate, specific, and, where necessary, enhanced, due diligence policies, procedures, and controls that are reasonably designed to detect and report instances of money laundering through those accounts.

^ (2) ADDITIONAL STANDARDS FOR CERTAIN CORRESPONDENT ACCOUNTS-

^ (A) IN GENERAL- Subparagraph (B) shall apply if a correspondent account is requested or maintained by, or on behalf of, a foreign bank operating--

^ (i) under an offshore banking license; or

^ (ii) under a banking license issued by a foreign country that has been designated--

^ (I) as noncooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization of which the United States is a member, with which designation the United States representative to the group or organization concurs; or

^ (II) by the Secretary of the Treasury as warranting special measures due to money laundering concerns.

^ (B) POLICIES, PROCEDURES, AND CONTROLS- The enhanced due diligence policies, procedures, and controls required under paragraph (1) shall, at a minimum, ensure that the financial institution in the United States takes reasonable steps--

` (i) to ascertain for any such foreign bank, the shares of which are not publicly traded, the identity of each of the owners of the foreign bank, and the nature and extent of the ownership interest of each such owner;

` (ii) to conduct enhanced scrutiny of such account to guard against money laundering and report any suspicious transactions under subsection (g); and

` (iii) to ascertain whether such foreign bank provides correspondent accounts to other foreign banks and, if so, the identity of those foreign banks and related due diligence information, as appropriate under paragraph (1).

` (3) MINIMUM STANDARDS FOR PRIVATE BANKING ACCOUNTS- If a private banking account is requested or maintained by, or on behalf of, a non-United States person, then the due diligence policies, procedures, and controls required under paragraph (1) shall, at a minimum, ensure that the financial institution takes reasonable steps--

` (A) to ascertain the identity of the nominal and beneficial owners of, and the source of funds deposited into, such account as needed to guard against money laundering and report any suspicious transactions under subsection (g); and

` (B) to conduct enhanced scrutiny of any such account that is requested or maintained by, or on behalf of, a senior foreign political figure, or any immediate family member or close associate of a senior foreign political figure that is reasonably designed to detect and report transactions that may involve the proceeds of foreign corruption.

` (4) DEFINITION- For purposes of this subsection, the following definitions shall apply:

` (A) OFFSHORE BANKING LICENSE- The term `offshore banking license' means a license to conduct banking activities which, as a condition of the license, prohibits the licensed entity from conducting banking activities with the citizens of, or with the local currency of, the country which issued the license.'

` (B) PRIVATE BANKING ACCOUNT- The term `private banking account' means an account (or any combination of accounts) that--

` (i) requires a minimum aggregate deposits of funds or other assets of not less than \$1,000,000;

` (ii) is established on behalf of 1 or more individuals who have a direct or beneficial ownership interest in the account; and

` (iii) is assigned to, or is administered or managed by, in whole or in part, an officer, employee, or agent of a financial institution acting as a liaison between the financial institution and the direct or beneficial owner of the account.'

(b) REGULATORY AUTHORITY AND EFFECTIVE DATE-

(1) REGULATORY AUTHORITY- Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with the appropriate Federal functional regulators (as defined in section 509 of the Gramm-Leach-Bliley Act) of the affected financial institutions, shall further delineate, by regulation, the due diligence policies, procedures, and controls required under section 5318(i)(1) of title 31, United States Code, as added by this section.

(2) EFFECTIVE DATE- Section 5318(i) of title 31, United States Code, as added by this section, shall take effect 270 days after the date of enactment of this Act, whether or not final regulations are issued under paragraph (1), and the failure to issue such regulations shall in no way affect the enforceability of this section or the amendments made by this section. Section 5318(i) of title 31, United States Code, as added by this section, shall apply with respect to accounts covered by that section 5318(i), that are opened before, on, or after the date of enactment of this Act.