

USA Patriot Act

This act significantly expanded the powers of federal law enforcement officials with respect to terrorist activities.

The Act places new or additional requirements on financial institutions and is taken very seriously by title and escrow companies. Among the requirements:

- Having appropriate controls reasonably designed to detect and report instances of money laundering
- Ensuring that US correspondent accounts for foreign banks are not used to indirectly provide banking service to foreign "shell" banks that have no physical presence in any country.
- Identifying accounts maintained by senior foreign political figures, their immediate families or close associates. Establishing procedures for identifying customers opening accounts, including procedures to verify customer identity and maintain records of information used to verify identity.
- Designating a compliance officer, conducting ongoing employee training and establishing an independent auditing function to test the anti-money laundering programs in place.