

Beneficial Ownership Certification Overview

The U.S. government has amended rules to require financial institutions, like The State Bank, to collect and verify specific information from legal entities (businesses) establishing relationships with The State Bank. These new rules help fight financial crime. Because legal entities can be abused to disguise involvement in money laundering, terrorist financing, tax evasion, corruption, fraud, and other financial crimes, requiring the disclosure of key individuals who own and/or control a business helps law enforcement investigate and prosecute these crimes. The State Bank is required to collect this information, and we have provided details regarding this change in the frequently asked questions (FAQs) below.

Frequently Asked Questions (FAQs)

Why is The State Bank asking for a beneficial ownership certification from my company?

U.S. government amended rules requiring all financial institutions to obtain and verify information about the beneficial owners of their legal entity customers. These rules are meant to help the government fight financial crime. Because legal entities can be abused to disguise involvement in money laundering, terrorist financing, tax evasion, corruption, fraud, and other financial crimes, requiring the disclosure of key individuals who ultimately own and/or control a legal entity helps law enforcement investigate and prosecute these crimes.

What is the definition of a "beneficial owner"?

A beneficial owner is defined as any individual who owns—either directly or indirectly—25 percent or more equity interest in a legal entity.

What is the definition of an "individual with significant management responsibility"?

Also referred to as the individual with control, this is the person with significant responsibility for managing the legal entity. For example, a chief executive officer, chief financial officer, chief operating officer, managing member, general partner, president, vice president, or treasurer. Generally, this is the individual who has the authority to act on behalf of your legal entity to make decisions related to financial relationships.

What personal information is required for each named individual on the certification?

For each person named on the certification, we are required to obtain their legal name, physical address, date of birth, and social security number (SSN). If they are not a U.S. citizen, then a passport number may be provided in lieu of the SSN. Additionally, we will need a copy of a government-issued ID, like a driver's license or passport, for verification of each named individual.

I am already a customer of The State Bank. Do I still need to provide this information?

The beneficial ownership information is required when a new account is opened and/or a new loan is obtained. It may also be required if you request or conduct certain higher risk services, such as international wires.

What if my company is publicly traded?

There are a few exceptions to the collection of beneficial ownership information. It is not required to be collected for government agencies, publicly traded companies, sole proprietorships, or voluntary unincorporated associations (i.e., youth sports leagues or Scout troops). However, documentation of the Control or Significant Management role must still be collected for Non-profit Organizations.

Will I have to provide this information on a regular basis?

Once The State Bank has obtained a beneficial ownership certification for your legal entity, we may ask that you confirm the information when you open additional new accounts or conduct higher risk services. If nothing has changed, we may not ask for a new certification. Please let us know if there is a change in ownership or control of your company so we can obtain an up-to-date certification that reflects accurate information.

What if my company is owned by another legal entity?

Indirect ownership means your legal entity may be owned by one or more legal entities. We are required to obtain information on the individual persons behind those layered entities who ultimately have the equivalent of 25 percent or more ownership of your legal entity.

Do we need to complete a certification if there are no individuals with 25 percent or more ownership?

Yes. You would simply mark the box indicating there are no individuals with beneficial ownership and complete the section for the individual with significant management responsibility.

Who from my company should complete the certification?

The individual requesting the account be opened or the loan be granted is the person to complete the certification. This could be the same individual named as the individual with significant management responsibility, or someone who has been designated by that individual to establish bank relationships on behalf of your legal entity. Either way, the person who completes the certification will sign it indicating the information is accurate to the best of his or her knowledge.

What will The State Bank do with this information?

We are required to maintain this information as part of our records that are associated with your legal entity. We treat this information with the same high level of confidentiality and security as we do all our customer information.