



## CIP Training Scenarios

by Mary Beth Guard, BOL Guru

In order to familiarize your employees with the wide variety of circumstances to which they will need to apply your CIP, we've constructed two dozen sample scenarios. These are ideal for discussing in the context of a training session. Another option would be to send memos to your staff, spread out over a period of time, with one scenario per memo. After the employees have been given a few days to mull over the facts, follow up with a memo that discusses how the situation should be handled. In each instance, the employee should be looking at issues like these:

- What information should we request from this customer?
- How will we verify this information?
- What possible problems or issues are presented by this situation?
- Would this account opening present more than a normal degree of risk?
- Should we open this account?
- Are there any special precautions (such as transaction limitations) we should take?

**Scenario One:** Karen Smith comes in to open a joint account for her and her mother, Imogene Farrell. Her mother is currently in a nursing home. Karen is able to supply name, address, date of birth, and social security numbers both for herself and for her mother, and Karen presents her own driver's license, voter registration card, and her company's employee I.D. Imogene is currently recuperating from a broken hip and will be unable to come to the bank.

**Scenario two:** David Belton comes by the bank to get a loan application for a farm loan. The next day, he brings the completed application back. It shows his information, as well as his wife's. You check and see that the required four elements of information are there for both of them. He provides you with his identification documents and asks if he can take the promissory note and the mortgage home for his wife to sign that evening.

**Scenario Three:** Rhonda Harvey wants to rent a safe deposit box. When you ask for identification, her driver's license and all of her other identification show a different address and a different last name. She says she just got married and moved.

**Scenario Four:** Mary Jones stops by the bank to open four savings accounts. Each account will be styled with Mary and one of her four children as co-owners. One lives in California, one in France, one is in the Marines and the other is in a Federal prison serving a life term.

**Scenario Five:** Tom Childers, a local minister, brings in Sam Greene to open an account. Sam is homeless and has been staying at the church mission. Tom has given Sam a job on the condition

that Sam establish a savings account. Sam says he has been homeless for five years. He has no photo identification and can't remember his social security number.

**Scenario Six:** James Holloway says he has just moved to town and wants to open an account and make application for a home loan. He is currently living in a local motel and has just noticed that his out of state driver's license expired last year. He points out that the date of birth on the license is wrong. It shows he is 65 instead of 45. He just never took the time to have it corrected. He has some credit cards, but they list his old out of state address. He wants to open the account with an out of state check issued to J. R. Holloway.

**Scenario Seven:** Sally Fourth wants to open a checking account. She says she has no identification with her photograph because her faith does not allow her to have her photograph taken. She has no government issued identification because she feels that the government does not have the right to have her information. She does have a receipt from the telephone and gas companies showing that she has paid her utility bills and a local library card.

**Scenario Eight:** Donnie Wolfe comes in to add his name as a co-owner on his father's checking and savings account, plus be added as a co-renter on a safe deposit box. He says he lives in New York City and is in town to look after his father, who has suffered a stroke and is totally incapacitated. Donnie has a power of attorney handwritten by his father. He says his father told him if anything happened to him that Donny was to take the document to the bank and make the changes. Donnie does not have a driver's license or state ID, but has credit cards and a discount club card with his photograph.

**Scenario Nine:** Betty Harris comes to open a new account. She has no driver's license. She states she is only 16 but has been admitted to a freshman honors student program at a local university. Her parents have recently moved to Switzerland and her father wants her to open an account to receive wired funds for her college expenses. She has a letter from the President of the university welcoming her to the honors program and a university ID with her photograph.

**Scenario Ten:** Michael Bradley wants to open a business account for his new company. He plans to incorporate, but has not completed the process. He has not applied for a company TIN. He currently operates the company out of his home, but will be moving to an office within thirty days.

**Scenario Eleven:** Rita Deal has just been elected Treasurer of her investment club. She needs to open an account immediately and deposit checks made payable to the "On The Rise Investment Club". The club is not incorporated and minutes are not kept of meetings. Twist: What if it is a Class Reunion Committee, rather than an investment club?

**Scenario Twelve:** Tin Wilson, the local Allcountry insurance agent, comes in to open a company account. He plans to deposit insurance premium checks made payable to the company into the account. He will be the only signer and has a copy of an insurance brochure that says agents should open accounts for each individual agency.

**Scenario Thirteen:** Millicent Powers, who has had accounts with your bank in the past, but does not currently have any, comes in to apply for a car loan. She was in such a hurry to get to the bank over her lunch hour that she didn't realize she forgot to grab her purse and she has no identification.

**Scenario Fourteen:** Tom Kellogg wants to open an account for a business in which he, Harold Thompson and Bill Brown will be equal partners. Tom has a letter signed by Harold and Bill which authorizes Tom to open the "Three Guys" account.

**Scenario Fifteen:** Sunny Clanton has submitted an application by mail for a credit card. She has signed the application and has included a copy of her birth certificate and driver's license. She

also wants to have her husband Chuck to be able to use the card.

**Scenario Sixteen:** Two local residents who thought they could fly were killed in the process of discovering they were wrong. A neighbor of the deceased individuals seeks to open an account to accept donations to pay for therapy for the children the two left behind.

**Scenario Seventeen:** Tim Nolan wants to rent a safe deposit box in the name of his mother's estate. He says he plans to keep her jewelry in the box until it is distributed to heirs. He has a copy of his mother's will which names him as executor. He also wants two keys so his wife will be able to enter the box.

**Scenario Eighteen:** Joe Thompson says he is a vice president of XYZ Company, Inc., which was incorporated 12 years ago in another state. He has a certified copy of its articles of incorporation and says XYZ plans to open an office in town. He has what appears to be a corporate resolution authorizing him to borrow funds on behalf of the corporation and sign on any deposit account established for it. He wants to go ahead and open a corporate account and apply for a loan.

**Scenario Nineteen:** Joan Vaughn has turned her knack for making gift baskets into a business. She wants to open an account for her new sole proprietorship, "Joan's Delights", and also wants to apply for cash management services and a business line of credit.

**Scenario Twenty:** Robin Starr is trustee of the James Starr Revocable Living Trust. The trust has its deposit accounts elsewhere, but your loan rates are so attractive right now that she is coming to you, on behalf of the trust, to apply for a loan to be secured by trust property.

**Scenario Twenty-One:** You just started accepting loan applications online. This morning, an application has been received over the Internet for a new car loan. The customer neglected to complete the part that requested a Taxpayer ID Number.

**Scenario Twenty-Two:** Jessica Farber is going to college in London. She's grown tired of dealing with her bank via mail, so she has submitted an online application to establish a deposit account with you because you offer Internet banking and bill pay. She is temporarily staying in a youth hostel while looking for an affordable apartment. She does not have a permanent address or a phone number at this time.

**Scenario Twenty-Three:** A local greenhouse has expanded and is currently employing a number of individuals who are not from the U.S. One of the individuals, Manuel Gonzalez, seeks to open an account. He does not have a passport, a U.S. driver's license, or a state ID. He has not lived in the U.S. the requisite 6 months to obtain a Matricula Consular card.

**Scenario Twenty-Four:** Shirley Duncan is an elder with the Horsefoot Indian tribe. The tribe is launching a casino and Shirley wants to open an account on their behalf.

How much of a change will this really be for your institution? Perhaps not much. Maybe you are already taking stringent steps to verify identity and you merely need to document and formalize the procedures into your BSA Compliance Program. If the number of comment letters filed with the regulators is indicative of the level of excitement over the CIP requirements, I'd say they're a real snoozer. According to ABA Bank Compliance, the proposal to revise HUD's Regulation X, which implements RESPA, attracted 40,000 comments. By way of contrast, the proposed Customer Identification Program regulations garnered approximately 500 in total to the Treasury and the other regulatory agencies combined!

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