

Commercial BSA Risk Rating Form Instructions

Complete the form to determine the customer's risk rating. Each section has various risk factors that represent more or less BSA/AML risk. Select EACH factor that is applicable to your customer and record the risk value in the *RISK* column on the far right of the form. You may have more than one factor in a section. Please contact the bank's BSA/AML Officer for assistance.

1. Document full legal name of customer and determine how long we have maintained a relationship with the business entity. You can generally validate the accuracy of the legal name during your verification to the State's Secretary of State Web Site.
2. Document taxpayer identification number.
3. Document physical street address of customer or headquarters, if applicable. Determine whether customer is located in [High Intensity Drug Trafficking Area](#) (HIDTA) or [High Intensity Financial Crimes Area](#) (HIFCA) as described in the U.S. Treasury's annual *National Money Laundering Strategy* reports. These areas represent a higher risk due to history of money laundering activity in the designated areas.
4. Document risk associated with physical address of business locations. You may attach separate listing and document the number of locations on the form for large companies. Verify the location(s) you are banking is on the customer's Internet location list, if applicable.
5. Document company principals. We must determine the ultimate owners of each commercial entity. What is a PEP? A *politically exposed person* (PEP) is an individual that holds a government position or senior military position in a foreign country (also includes a close family member or close associate of such person). **KNOW YOUR CUSTOMER.**

NOTE: It is not within the bank's risk tolerance to establish accounts for entities owned in the form of bearer certificates or bearer shares.

6. Document type of business. Be sure to document higher risk activities such as MSB activities along with other activities. Determine whether the customer's primary business line is cash intensive or high risk business (such as a convenience store, restaurant, etc. List is shown on Page 2.) Cash intensive businesses afford money launderers a greater opportunity to place "dirty" money into the banking system by commingling money from illegal sources with legitimate business funds.

Establish the appropriate NAICS code for the business based on the primary line of business. NAICS code chart is located on ANB Intranet Compliance site or you may use [NAICS Web Site SEARCH](#) tool.

Determining Exemption Status: Refer to the Bank's BSA/AML Compliance Manual for detailed exemption information.

Phase I exemptible entities - Other domestic banks, government departments and agencies, companies listed on the NASDAQ and NYSE and subsidiaries of listed entities.

Phase II exempt customers – Consult the BSA Department or review the Bank's current *CTR Exemption List* to determine whether the customer is exempted under BSA's Phase II exemption rules.

7. Determine deposit volumes for your customer. For existing customers, you may review account history. For new customers you may utilize information provided by the customer (such as prior bank account statements and/or internal accounting reports). Specifically document wire transfer activity (repetitive wires vs. walk in wires; domestic vs. foreign wires). Does the wire activity noted or anticipated have a legitimate business purpose?
8. Determine debit volumes for your customer. For existing customers, you may review account history. For new customers you may utilize information provided by the customer (such as prior bank account statements and/or internal accounting reports). Specifically document wire transfer activity (repetitive wires vs. walk in wires; domestic vs. foreign wires). Does the wire activity noted or anticipated have a legitimate business purpose?

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TOTAL THE RISK FACTORS TO DETERMINE THE CUSTOMER'S RISK RATING.

The following risk factors have been designed to identify each customer's BSA/AML risk:

- **Extreme Risk (Requires Management Approval)** – This could include accounts for politically exposed persons (PEPs such as diplomats from foreign countries); money service businesses owned by aliens; foreign correspondent accounts; etc.
- **High Risk** – Could include accounts such as those for non-resident aliens; accounts with high currency activity or high wire activity (particularly foreign wires); high-risk nature of business such as money service business (MSB), travel agency, pawnbroker or real estate agency; concentration and brokered deposit accounts.
- **Moderate Risk** – Could include limited private banking or trust services; established multi-faceted business that also provide limited MSB services; new customer relationships with limited higher risk services (such as wires) or higher risk nature of business (such as cash intensive restaurant, jewelry store, pawnbroker, etc.).
- **Low Risk** – Would include known customers; customers with history of stable account activity such as checking account, CDs, secured loans; few if any higher risk services.

If the customer is rated as high or extreme risk or if they offer any type of money service business, complete Page 2.

If you feel the risk rating score for your customer does not properly reflect the risk associated with the customer, contact the bank's BSA/AML Officer for assistance.

9. **High Risk Entity** - If the customer is high or extreme risk, document your review of the customer's licensing requirements. A public record search tool is located on the Compliance Intranet site to assist with your review.
10. **Check Cashing Services** - Determine whether the customer offers check cashing services and, if so, can amount ever exceed \$1,000 on any one business day for any one customer. If so, the customer must be registered with FinCEN. Verify customer is listed on [MSB registration list](#) or obtain copy of customer's MSB application. If customer indicates they do not plan to register, contact BSA/AML Officer immediately for assistance.
11. **Money Orders, Travelers Checks and Stored Value Services** – Verify agent status through issuer's Web Site, telephone call, etc. If customer is a principal issuer with agents, such as Western Union, call the BSA/AML Officer for assistance.
12. **Funds Transfer Services** – Verify agent status and obtain copy of customer's BSA/AML program for BSA Dept review.
13. **Money Service Business Services** – Determine customer's principal business line. If more than 50% of customer's gross income is from MSB services, obtain copy of BSA/AML program, including name and contact information for individual responsible for compliance and name of individual or company conducting independent audit of the AML program.

SIGN FORM, UPDATE JHA CIF FILE IF NEEDED AND ROUTE TO THE BANK'S BSA DEPARTMENT FOR REVIEW.