



# COMPLIANCE COMPANION FOR BUSINESS ACCOUNTS

	Sole Proprietor	Corporation	Partnership
<b>General</b>	A business account owned by an individual business owner. If doing business under a name that doesn't include the owner's legal name, the owner must obtain a certificate of assumed name from the Secretary of State. The bank should keep a copy of the certificate.	A business account owned by a corporation. A for-profit corporation may maintain any type of account except a NOW account. Non-profit corporations established for religious, charitable, philanthropic, political or educational purposes may maintain NOW accounts. If using a trade name, the corporation should have registered the trade name with the Secretary of State. The bank should verify the trade name registration.	Held by members of a legal partnership. A partnership may not maintain a NOW account. A partnership may have a partnership agreement, or it may be a de facto partnership that conducts business without a formal partnership agreement. If there is a formal partnership agreement, the bank should obtain a copy for its file and verify that the agreement authorizes the opening of the account in the manner requested. If the partnership resists providing a copy, then the bank should insist on a partnership resolution signed by all partners. If there is no partnership agreement, the bank should obtain certification from the persons opening the account to that effect.
<b>Access to Funds</b>	If persons other than the individual sole proprietor are authorized signers, the account owner should sign an authorization and the signatures of those other persons should be obtained.	A corporate resolution should name the bank as the depository and specify authorized signers on the account. The account is administered by the appointed officers of the corporation. The corporate resolution should be clear that the corporation must notify the bank in writing when there is a change in authorized signers and provide a new corporate resolution in order for a change in authorized signers to be effective. Corporate officers may not access or use corporate funds for personal purposes.	A partnership resolution will name the bank as a depository and establish who may access the account. Without authorization in a resolution, an individual partner has no right to access or use partnership funds in the account for personal purposes. If no resolution, then technically any general partner could withdraw funds. For that reason, banks should require a partnership resolution signed by all partners and designating (with specimen signatures) those partners and others who may withdraw funds from the account. If more than one signature is required, this should be stated in the resolution.
<b>Customer Identification Program</b>	Require identifying information prior to opening an account including: Customer's legal name; date of birth; address (residential or business street address); and tax identification number (TIN) or employer identification number (EIN). Verify the identity of the customer using the information obtained.	Require identifying information prior to opening an account including: Legal name; address of principal place of business; local office, or other physical location; and TIN. Verify the identity of the Corporation using the information obtained. CIP does not apply to guarantors. Banks may choose to identify signers, especially if unable to verify corporation.	Require identifying information prior to opening an account including: Legal name; address of principal place of business; local office, or other physical location; and TIN. Verify the identity of the partnership using the information obtained.
<b>Titling</b>	Account should be in the name of the individual, e.g., John Smith; or the individual and the assumed name, e.g., Mary Jones dba Mary Jones Tiling; or the assumed name alone, e.g., Mary's Tiling.	The account always should be in the name of the corporation or one of its assumed names, e.g., ABC Corporation; XYZ Builders, Inc.; Western Stores Corp.	The account should be in the name of the partnership, e.g., ABC Partnership; DEF Limited Partnership.
<b>TIN</b>	The account should use the business owner's TIN, unless the business pays wages to one or more employees, then the business must obtain an EIN.	Bank should obtain a TIN for BSA purposes, as well as identification purposes in the event of a levy on the account. For tax reporting purposes, always use the corporation's TIN—never the social security number of an individual authorized signer.	The bank should use the partnership's tax identification number rather than an individual partner's social security number.
<b>Creditors</b>	There is no legal difference between the business and the individual. All funds in the account are reachable whether the garnishment is against the individual or the trade name.	A corporate account is subject to garnishment, execution, levy and the bank's own right of setoff, but only if the legal proceedings are against the corporation or the setoff involves the corporation's obligation.	As to garnishment, execution, levy and setoff, the partnership is treated the same as a corporation. The bank may not set off the debt of an individual partner against the partnership, nor may it set off the debt of the partnership against the account of an individual partner.
<b>Documentation</b>	Application, account agreement, signature cards, social security card or employer identification number; driver's license, credit application, credit report, certificate of assumed name (if applicable).	Application, account agreement, signature cards, TIN, credit application, credit report, certified articles of incorporation and by-laws; certificate of good standing, certificate of assumed name (if applicable), corporate resolution.	Application, account agreement, signature cards, tax identification number, credit application, credit report, certified copy of partnership agreement, certificate of assumed name (if applicable), certificate of good standing from Secretary of State, partnership resolution. Unless the name of the partnership has the full names of all partners, it should file a certificate of assumed name with the Minnesota Secretary of State. A partnership may also want to do business under more than one name, and therefore may desire accounts under different names. If so, the partnership should have filed a certificate of assumed name for each name with the Secretary of State.
<b>Termination</b>	Upon the death of the sole proprietor, the funds become part of his or her estate and the power of any other person to sign on the account is terminated.	When the bank receives notice that the corporation has either dissolved or merged into a new corporation, the authorized signers no longer have authority to sign on the account unless a current resolution in proper form is delivered to the bank.	Upon the death of one of the account's authorized signers, any other account signer may have access to the account. However, if one of the general partners dies, the funds in the account will be distributed by the surviving partner(s) according to the provisions established in the original partnership agreement. The bank has no responsibility for distributing the funds and may continue to allow transactions by authorized signers until it receives notice of the dissolution of the partnership.

	Non-Business Organization	Limited Liability Company	Limited Liability Partnership/Limited Liability Limited Partnership
<b>General</b>	An account in the name of a religious, charitable or educational organization or in the name of an association, club or tax-exempt organization is generally set up in the same manner as a corporate or partnership account. An organization that is not organized for business purposes is eligible for any type of account, including a NOW account.	LLCs have a board of governors and at least one manager. The LLCs governing documents will consist of articles of organization and may also include an operating agreement and a member control agreement. These documents serve the same function as a corporation's articles of incorporation, bylaws and shareholder control agreements. An LLC may maintain any type of account except a NOW account.	An LLP/LLLP is a general partnership whose partners are ordinarily not liable for the debts or obligations of the partnership. An LLP/LLLP may maintain any type of an account except a NOW account. The LLP/LLLP should have filed a registration with the Secretary of State. If the LLP/LLLP has a formal partnership agreement, then the bank should verify that the agreement authorizes the opening of the account. If the LLP/LLLP resists providing a copy, then the bank should insist on an LLP/LLLP resolution signed by all the partners. If there is no partnership agreement, the bank should obtain certification from the persons opening the account to that effect. Unless the name of the LLP/LLLP has the full names of all partners, it should file a certificate of assumed name with the Secretary of State.
<b>Access to Funds</b>	There should be an organization or association resolution, as with corporations and partnerships, naming the bank as the depository and designating the account signers.	The bank should receive a resolution naming the bank as the depository and specifying authorized signers on the account. The account is administered by the managers of the LLC. When new managers are appointed, it is the responsibility of the LLC to execute a new resolution. A bank must maintain the account according to the resolution, and may not permit access to the account by anyone other than those authorized by the resolution.	As with a general partnership, an LLP/LLLP resolution will name the bank as a depository and establish who is authorized to access the account. Without authorization in a resolution, an individual partner has no right to access or use partnership funds in the account for personal purposes.
<b>Customer Identification Program</b>	Require identifying information prior to opening an account including: name of organization; address of principal place of business, local office, or other physical location; and TIN. Verify the identity of the organization using the information obtained or through non-documentary procedures.	Require identifying information prior to opening an account including: legal name; address of principal place of business, local office, or other physical location; and tax identification number. Verify the identity of the LLC using the information obtained.	Require identifying information prior to opening an account including: legal name; address (residential or business street address), and tax identification number. Verify the identity of the partnership using the information obtained. CIP does not apply to guarantors.
<b>Titling</b>	The account should be in the name of the association, e.g., Widget Producers Association.	The account always should be in the name of the LLC or one of its assumed names, e.g., ABC Limited Liability Company, XYZ Builders, LLC, or for a professional limited liability company, ABC Accountants, Professional Limited Liability Company; Scrooge and Marley, PLLC.	The account should be in the name of the LLP/LLLP, e.g., ABC Partnership, LLP; DEF Limited Liability Partnership.
<b>TIN</b>	The tax identification number on the account should be the organization's, not that of an individual officer or member of the organization.	The bank should use the LLC's tax identification number. A single member LLC may choose to use the owner's social security number.	The bank should use the LLP/LLLP's tax identification number rather than an individual partner's social security number.
<b>Creditors</b>	Association accounts are subject to garnishment, execution, levy and set-off, provided that the action is against the association and not a member thereof.	An LLC account is subject to garnishment, execution, levy and the bank's own right of setoff, but only if the legal proceedings are against the LLC or the setoff involves the LLC's obligation. Individual members are not accountable for any obligations of the LLC.	As to garnishment, execution, levy and setoff, the LLP/LLLP is treated the same as a corporation. The bank may not set off the debt of an individual partner against the LLP/LLLP, nor may it set off the debt of the LLP/LLLP against the account of an individual partner.
<b>Documentation</b>	Application, account agreement, signature cards, tax identification number, credit application, credit report, certified copies of articles of incorporation for incorporated associations, copy of by-laws, association resolution. In addition, the organization must show proof of its tax-exempt status, if applicable.	Application, account agreement, signature cards, TIN, credit application, credit report, certified copy of partnership agreement, certificate of registration as LLP/LLLP, partnership resolution, certificate of good standing from Secretary of State. The bank may consider getting personal guarantees from the partners or a limited liability partnership for debts arising out of the account (overdraft charges and NSF checks), since the partners of an LLP/LLLP would not be personally liable for LLP/LLLP debts.	Application, account agreement, signature cards, TIN, credit application, credit report, certified copy of partnership agreement, certificate of registration as LLP/LLLP, partnership resolution, certificate of good standing from Secretary of State. The bank may consider getting personal guarantees from the partners or a limited liability partnership for debts arising out of the account (overdraft charges and NSF checks), since the partners of an LLP/LLLP would not be personally liable for LLP/LLLP debts.
<b>Termination</b>	Termination would follow the same rules as for corporation and partnership accounts.	When the bank receives notice that the LLC has dissolved, the authorized signers no longer have authority to sign on the account unless a current resolution in proper form is delivered to the bank.	Upon the death of one of the account's authorized signers, any other account signer may continue to have access to the account. If the LLP/LLLP fails to file a renewal registration or otherwise does not continue its status as an LLP/LLLP, then the LLP/LLLP becomes a general partnership and should be treated as such. Thereafter, authorized account signers may have access to the account unless one of the general partners dies. At that point the funds should be distributed by the surviving partners according to the original partnership agreement.

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# COMPLIANCE COMPANION FOR PERSONAL ACCOUNTS

	Individual	Multi-Party	Payable on Death (POD)
<b>General</b>	Owned by an individual. The owner may designate additional signers, but they have no ownership interest in the funds and may be removed by the owner at any time.	A multiparty account is any account owned by two or more individuals. Such accounts can be owned jointly with rights of survivorship or as tenants in common without rights of survivorship. Multiparty accounts are presumed to be joint accounts unless the bank receives express notice to the contrary. If the documentation is unclear and there is no evidence of a different intent, a multi-party account will generally be presumed to include rights of survivorship.	A POD account may be owned individually or jointly for the benefit of one or more persons. Such accounts are called pay-on-death (POD) accounts under the law, but were once called "littered trusts" or "in trust for" accounts. Banks should set up these accounts as POD accounts instead of using another designation. Business entities may not own POD accounts but may be POD beneficiaries.
<b>Access to Funds</b>	Unless the owner has designated additional signers, the owner is the only person who may make withdrawals from the account. Additional signers may be added through the account agreement or a power of attorney. If the additional signers are to have access to customer information, the best practice is for the bank to document the owner's express direction for that information sharing.	The funds in the account belong to the parties in proportion to the net contributions of each. A bank may pay funds in the account to any joint account holder upon request and need not inquire as to the source of funds or the purpose of the withdrawal, unless there is clear and convincing evidence of a different intent. The tax information on the account should always match the intent.	The person(s) opening the account is (are) the owner(s) of the account and the only one(s) authorized to make withdrawals, receive account information, or agree to changes in the account terms. The POD payee has no right of access to the funds or information about the account during the lifetime of any owner. Only upon the death of the owner (or all owners in the case of a multi-party POD account) does the account become the property of the POD payee. If there are multiple POD beneficiaries the bank should have the owner specify the survivorship rights or the proportion of the account which each is to receive.
<b>Customer Identification Program</b>	Require identifying information prior to opening an account, including: customer's legal name; date of birth; address; and tax identification number. Verify the identity of the customer using the information obtained. CIP rules do not apply to authorized signers.	Require identifying information prior to opening an account for each customer listed as joint owner including: customer's legal name; date of birth; address; and tax identification number. Verify the identity of each customer using the information obtained.	Require identifying information prior to opening an account of the customer, including: customer's legal name; date of birth; address; and tax identification number. Verify the identity of the customer using the information obtained. CIP rules do not apply to persons listed as a POD beneficiary.
<b>Titling</b>	The account should be in the name of the owner, e.g., John Smith. Where the owner uses a nickname and checks are written to him in that name, e.g., "Bud" Smith, the bank should open the account as follows: "John Smith, also known as Bud Smith."	The account should be in the name of all owners, e.g., John or Mary Smith, Mary Jones or John Smith; Susan, Alice or Barbara Jones.	The account is titled in the name of the owner until the owner's death, at which time the POD payee becomes the owner of the account. The bank should contact the POD payee upon learning of the owner's death. The account should be titled "[Owner], POD [Beneficiary]," or "[Owner], POD [Beneficiary A] or [Beneficiary B] jointly with right of survivorship." If the owner wants the Beneficiaries to take as Tenants in Common, then the nature of ownership should be specified, e.g., "[Owner], POD [Beneficiary A 50%] and [Beneficiary B 40%]."
<b>TIN</b>	The account owner's SSN must be used on the account as the TIN for interest reporting purposes.	Any joint owner's tax identification number may be used for tax reporting purposes. Ideally, the first name on the account should be the one whose TIN is used.	The owner's social security number must be used for tax reporting purposes rather than that of a POD payee.
<b>Creditors</b>	A garnishment, levy, setoff or execution against the owner is valid against the funds in the account. A garnishment, levy, setoff or execution against an authorized signer is not effective against the funds in an account if the authorized signer is not the owner.	A garnishment, execution, setoff or levy against one of the joint account owners reaches all of the funds in the account, unless there is clear and convincing evidence of a different intent as to the relative contributions of each owner. However, the surviving owner of a multiparty account cannot defeat claims asserted by the estate of the deceased co-owner for amounts needed to pay debts, taxes and expenses of administration, or by a state or county agency as authorized by Minn. Stat. § 258B.15 (i.e., medical assistance). The bank will not be liable to the estate or state or county agency for making payment to the survivor unless, before payment, the personal representative or county claim, including affidavits submitted pursuant to Minn. Stat. § 52A.3-1201.	The account is subject to garnishment, execution, levy and setoff rights against the owner, but not against a POD payee. However, the surviving owner of a multiparty account cannot defeat claims asserted by the estate of the deceased co-owner for amounts needed to pay debts, taxes and expenses of administration, or by a state or county agency as authorized by Minn. Stat. § 258B.15 (i.e., medical assistance). The bank will not be liable to the estate or county agency for making payment to the survivor unless, before payment, the personal representative or county agency has served the bank with a claim. In that case, the bank should not make payment to the survivor.
<b>Documentation</b>	Application, account agreement, signature cards, social security card, driver's license, credit report, W-9 or W-9 form.	For all account owners: application, account agreement, signature cards, social security card, driver's license, credit report, W-9 or W-9 form.	In addition to the documentation normally required for an individual or multiparty account, the bank should also obtain basic information regarding the POD payee, such as name, address, and social security number.
<b>Termination</b>	Upon the death of the account owner, the funds become part of the owner's estate and the power of any other person to sign on the account is terminated.	Upon the death of one party to the joint account, the remaining sums belong to the surviving party or parties, not to the estate of the decedent, unless there is clear and convincing evidence of a different intention or a different disposition made by a valid will, specifically referring to the account. Although it may be legally permissible for one of the joint owners to remove the names of others, the preferred procedure is to have the customer close the account and open a new account.	Because the funds belong to the owner(s) during their lifetime, the owner(s) can change the POD payee at any time. Similarly, the owner(s) may close the account at any time. Upon receiving notice of the death of the last owner of the account, the bank should contact the beneficiary and arrange for payment of the proceeds. In obscuring proceeds, the bank should determine whether any backup withholding should be done. Payment to a minor is to be paid per the UTMMA.

	UTMA	Revocable Trust	Irrevocable Trust
<b>General</b>	Under the Minnesota Uniform Transfers to Minors Act (UTMA), an adult may transfer money to a minor without a complicated trust agreement. Any person may make a transfer to or power of appointment in favor of a custodian for the benefit of a minor. These transfers may be made by a living adult acting on his or her own behalf, a representative or trustee under a will or trust, or by a person who holds property of or owes a debt of a determined amount to a minor who does not have a conservator.	A revocable trust account is also known as a "Living Trust" or "Inter Vivos" trust. The grantor owns the funds, but control of the account can vary. The grantor can be the trustee and/or beneficiary. The funds in the account are held pursuant to a trust agreement and are subject to the conditions specified in the agreement. The bank should review the agreement closely for provisions regarding revocation. Some trusts provide that the grantor has the absolute power to revoke the trust, others provide that the grantor can revoke it only with the consent of the trustee. The trustee may not change the beneficiary, use the funds for his own purpose or revoke the trust.	A formal trust account is usually an irrevocable trust account. The funds are owned by the beneficiary, but the account is controlled by a trustee. The grantor of the trust may be the trustee, the beneficiary or another person. The funds in the account are held pursuant to a trust agreement and are subject to the conditions specified in the agreement. The bank should obtain a certificate of trust to verify the trustee's authority. If the trustee dies, the funds remain in the trust. The trustee may not change the beneficiary, use the funds for his or her own purposes or revoke the trust. If the beneficiary dies, the funds become part of the beneficiary's estate unless the trust agreement provides otherwise.
<b>Access to Funds</b>	Only the custodian has access to the account. The custodian may be any adult person or trust company. A transfer can be made to only one minor and only one adult may serve as custodian for that minor. The custodian may expend funds out of the account as he or she sees fit, but only for the benefit of the minor. If a custodian is ineligible, dies or becomes incapacitated and no successor was designated, a minor who has reached the age of 14 may designate the successor custodian as long as the successor is an adult member of the minor's family, is the minor's court-appointed conservator or is a trust company. If the minor is not age 14 within 60 days after the custodian becomes ineligible or dies, the minor's conservator becomes the successor custodian. If there is no conservator or the custodian does not want to be the custodian, the transferor, the transferor's or custodian's legal representative, an adult member of the minor's family or any other interested person may petition the court to designate a successor custodian.	The trustees are the only ones with access to the funds, unless the grantor revokes the trust, in which case the grantor would be the only one having access to the funds.	The trustees are the only ones with access to the funds.
<b>Customer Identification Program</b>	Require identifying information prior to opening an account including: customer's (custodian's) legal name; date of birth; address; and tax identification number. Verify the identity of the customer using the information obtained.	Require identifying information prior to opening an account including: legal name of trust; address; and tax identification number. Verify the identity of the trust using the information obtained. The CIP rules do not require the identification of beneficiaries.	Require identifying information prior to opening an account including: legal name of trust; address; and tax identification number. Verify the identity of the trust using the information obtained. The CIP rules do not require the identification of beneficiaries.
<b>Titling</b>	The account should be titled "(name of minor), beneficiary; (name of custodian), custodian, under the Minnesota Uniform Transfers to Minors Act."	The account should be titled in the name of the trust.	The account should be titled in the name of the trust.
<b>TIN</b>	The transfer is irrevocable, and title is vested in the minor. Interest earned must be reported under the minor's tax identification number. Banks should advise their customers to consult their tax advisors for the tax consequences of such accounts.	The grantor's social security number is always used - not the trustee's or beneficiary's.	The trust should apply for a separate tax identification number.
<b>Creditors</b>	The account is subject to garnishment, execution, levy and setoff rights against the minor and for obligations incurred by the custodian on the minor's behalf.	If the grantor reserves for himself or herself an unlimited power of revocation, then the trust funds are reachable by creditors of the grantor. If not, the funds may not be reachable by creditors.	If the trust is established as a spendthrift trust, the interest of the beneficiary is trust property and income cannot be levied upon while the income is still in the hands of the trustee.
<b>Documentation</b>	Application, account agreement, signature cards, social security numbers for minor and custodian, identification of minor, name, address and telephone number of custodian, documents creating the custodial property.	In addition to the information required for an individual or multiparty accounts, the bank should also obtain a copy of the trust agreement and certifications from the grantor and trustee that the trust has not been revoked or amended and that the trustee's powers have not been terminated.	In addition to the information required for an individual or multiparty account, the bank should also obtain a copy of the trust agreement and certifications from the grantor and trustee that the trust has not been revoked or amended and that the trustee's powers have not been terminated.
<b>Termination</b>	For UTMA accounts established by gift, exercise of power of appointment or under specific authorization in a will or trust agreement, termination occurs on the earlier of a minor attaining the age of 21 or the minor's death. If established by voluntary transfer from a fiduciary or from an obligor, the custodianship terminates on the earlier of a minor attaining age 18 or the minor's death. Minn. Stat. § 527.40. If the minor attempts to terminate the account upon reaching the required age, the bank should be careful to verify both the individual's identity and age. If the custodianship terminates because of the minor's death, the funds belong to the minor's estate.	The grantor is the only one with the power to terminate the account. Upon the grantor's death, the funds remain in trust and only the trustee has the power to terminate the account. Upon the trustee's death, a new trustee must be named pursuant to the terms of the trust. If the beneficiary dies, the funds become part of the beneficiary's estate unless the trust agreement provides otherwise.	The trustee is the only one with the power to terminate the account. Upon the trustee's death, the funds remain in trust and a new trustee must be named pursuant to the terms of the trust. If the beneficiary dies, the funds become part of the beneficiary's estate unless the trust agreement provides otherwise.

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