

Why Churches Should Incorporate Continued

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Recently the presbytery closed a bank account at one bank and then opened a new account at our "home" bank... the bank the Presbytery has banked with for ages, and even has its offices in one of its branches. When Rachel and I went to meet with the banker to open the account we were told we would need our social security cards, state or federal issued identification, and the first page of our tax return. We also had to show proof that the Presbytery was a registered corporation with the State of Wisconsin. Three years ago, I opened a business account at my personal bank and all I had to do was show my driver's license. So, what has changed?

Nothing truly new. Rather the banking regulations have become more detailed under the USA PATRIOT Act. The official title of the USA PATRIOT Act is "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001." The area of the Act is Section 326 on Verification of Identification. The federal law prescribes regulations establishing minimum standards for financial institutions and their customers regarding the identity of a customer that shall apply with the opening of an account at the financial institution. In April 2018 the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) issued a guidance on Section 326 which included obtaining "certified beneficial ownership information of the legal entity customers" (FIN-2016-G003).

The purpose of the USA PATRIOT Act is to deter and punish terrorist acts in the United States and around the world, to enhance law enforcement investigatory tools, and other purposes, some of which include:

- To strengthen U.S. measures to prevent, detect and prosecute international money laundering and financing of terrorism;
- To subject to special scrutiny foreign jurisdictions, foreign financial institutions, and classes of international transactions or types of accounts that are susceptible to criminal abuse;
- To require all appropriate elements of the financial services industry to report potential money laundering;
- To strengthen measures to prevent use of the U.S. financial system for personal gain by corrupt foreign officials and facilitate repatriation of stolen assets to the citizens of countries to whom such assets belong.

Nonprofits, like churches and other religious organizations, have become key areas of focus because they are prime shells to fund terrorist activities (for instance, Christian neo-Nazis/white nationalists). Banks are not the only ones cracking down on verifying nonprofits and charitable organizations. In order to be considered for a Facebook donation button or fundraising campaign, nonprofits must show they are legal entities and have been incorporated. Amazon Smile also scrutinizes its applicants, and even requires they be registered and active in the with GuidStar database, which is linked to the IRS.

For a congregation to incorporate provides the certification needed by banks to be compliant with the U.S. Treasury and the PATRIOT Act, as well as provides congregations more potential avenues for fundraising. The cost to incorporate, \$35. And it can be done online if this is the first time (<https://www.wdfi.org/apps/gofr/Form/Index/5>).