
The USA PATRIOT Act and Finance: The Hidden Threat

BY GARY D. BARNETT

After 18 years in the investment business, a time I might add that has been rewarding in many ways, I am now truly questioning whether I should stay in this profession. It just isn't fun anymore. When it actually stopped being fun is hard to pinpoint, but why it stopped is not. Although we in this industry have always been regulated, or shall I say controlled, by Big Brother (Department of the Treasury, IRS, NASD, and SEC), we got along okay most of the time. But since September 11, 2001, things have changed dramatically, and not for the better; not better for the brokers and certainly not better for our clients, those hard-working individuals who save and invest and drive this country forward.

Although the USA PATRIOT Act is the tool being used, I don't want to give the impression that this single piece of legislation is the only problem. The attacks in 2001 enabled the government to expedite plans for more power, something it continually seeks just by its very nature, but can

never acquire fast enough to suit its desires. Our founders warned us of this time and again. James Madison, in a letter to Thomas Jefferson on May 13, 1798, said, "Perhaps it is a universal truth that the loss of Liberty at home is to be charged to provision against danger, real or pretended, from abroad."

That statement has never been more true than it is today.

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if you will, called the AML Officer, or Anti-Money-Laundering Officer. We are to report anything deemed suspicious directly to him, and he in turn will decide whether or not to turn this information over to the government for further investigation. These reports are called Suspicious Activity Reports (SARs); they are filed directly with the U.S. Treasury and made available to law enforcement and federal securities regulators. We are also required to verify the identity of and do a background check on any client opening a new account. This program is called the Customer Identification Program (CIP). An outside database is used to verify information supplied by the client. This is done every night by the firm, and results are received by the credit department the following morning. If a discrepancy arises—an address hasn't been updated, a digit is missed in the Social Security number, or the client's name happens to match one on a watch list—we are required to get additional identifying documents, such as a driver's license or passport, and to enter identifying numbers in the firm's database. This database, I might add, is open to the Treasury.

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tution as almost anything. The list includes everything from convenience stores to travel agencies to auto dealers to insurance and investment companies. Even jewelry stores qualify. This unwarranted invasion will affect just about everyone at one time or another. Many will be affected regularly, and this will happen for the most part without their consent or knowledge. Are you beginning to get the picture?

Also, every account opened with our firm is checked against the Office of Foreign Asset Control (OFAC) list of countries and individuals “suspected” of being involved in money laundering, and even existing accounts are automatically checked against this list. Any branch disbursement check requested for any third-party recipient must be checked against the OFAC list. In addition, all disbursements made from the home office are checked, regardless of payee or recipient. This is now standard procedure and the law.

As brokers we not only have to watch our clients, we are also liable if we fail to report anything deemed suspicious and could face loss of license, fines, and/or imprisonment. “Suspicious” for our purposes could include:

- anyone wanting to do business who resides in a country deemed uncooperative by the government;
- anyone attempting to wire funds from his own account for no apparent reason;
- anyone opening an account and not investing right away; and
- anyone who makes multiple deposits.

We are also to be watchful for “high-risk” customers, such as offshore corporations, any charitable organizations, and all nonbank business, such as money-services businesses that provide check-cashing services. Also included are currency dealers, convenience stores, parking garages, restaurants, and others. “Others” is not

explained, but I take it that we should be suspicious of everyone, or else. Our list of “suspicious activity” could include any account from a young first-time investor to a 90-year-old grandmother.

I have worked many years to build a good business and to build trust with my clients. What do I tell them now? Oh, by the way, I am now not only your broker but also a government spy. Don’t worry though, you will never know when you and/or your accounts are being checked or investigated. It’s a secret! This is beyond anything I could have imagined just a few years ago. I am now an unpaid, but threatened agent of the government. How absurd.

Does It Protect?

Why are so many in this country in favor of the PATRIOT Act? Do they actually believe this will protect them from all harm? Why are modern-day conservatives insistent that any and all power should be handed to this government in the name of safety? Given the financial aspects alone, why wouldn’t conservatives and everyone else abandon their support for this invasion of our rights? If our entire financial business is constantly being watched and investigated without cause by government, what else is going on through the sweeping powers granted in the PATRIOT Act? Is this administration and the rest of the government really only wiretapping suspected terrorists, or is it much more far-reaching? These questions must be answered if we are to have any chance to regain and sustain our liberty.

No politician can change this course we’re on. Only we as a people have the power to control our own destiny. If we do nothing, as seems to be the current plan, our God-given rights to life and liberty will continually be threatened. If left unchecked, government will continue to grow and in time will consume all. 