

# Account verification during Keap Pay underwriting<sup>Ⓢ</sup>

This article applies to:

1. [Beneficial Owners Data Requirements](#)
2. [Validating Bank Accounts](#)

When onboarding with Keap Pay, we ask for information that is essential to the onboarding and underwriting process. Some of the information is legally required and other information is for operational purposes. Here are two of these verification areas:

1. Validate the identity of the business owner (aka the “Beneficial Owner”)
2. Validate the banking information for deposits

When questions arise during this process you may be asked to provide additional documentation.

## Beneficial Owners Data Requirements

### **Why do merchants have to provide personal information to process payments with Keap Pay?**

When a merchant opens any financial account, including a payment processing account at Keap Pay, they are required to provide personal information. This is because financial institutions and their partners are required by law to identify and verify the identity of their customers in order to prevent financial crimes such as money laundering and terrorism financing.

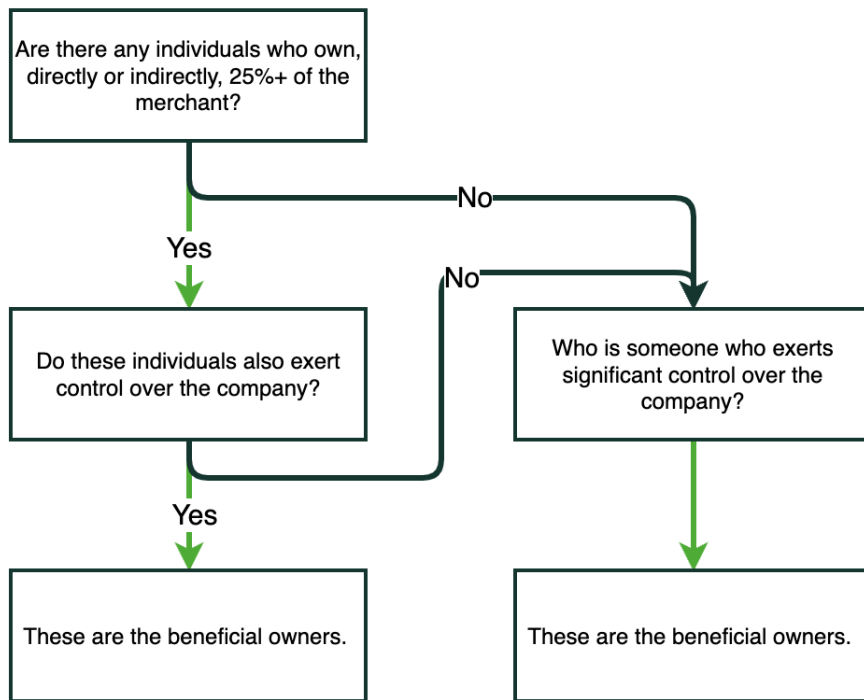
The Financial Crimes Enforcement Network (FinCEN) is the regulatory agency responsible for enforcing the Bank Secrecy Act (BSA) which outlines the requirements for customer identification and verification. Under the BSA, financial institutions and their partners, such as Keap Pay, are required to establish and maintain an effective Customer Identification Program (CIP) that includes verifying the identity of the beneficial owners and controlling members of a merchant.

### **Whose identity needs to be verified?**

All beneficial owners of a merchant need to be verified.

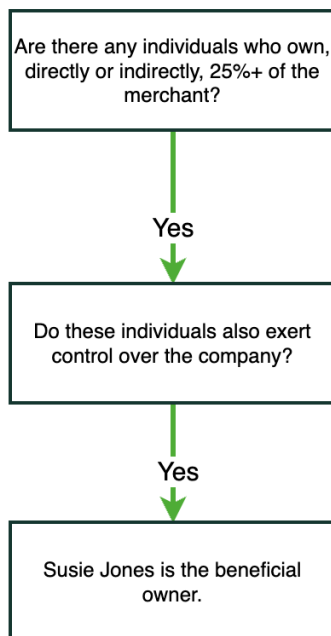
The U.S. government defines a beneficial owner as any individual (1) who directly or indirectly owns or controls 25% or more of the company, and (2) who directly or indirectly exercises “substantial control” over the reporting company.

To determine who the beneficial owners of a company are, you can think of this like a series of questions.

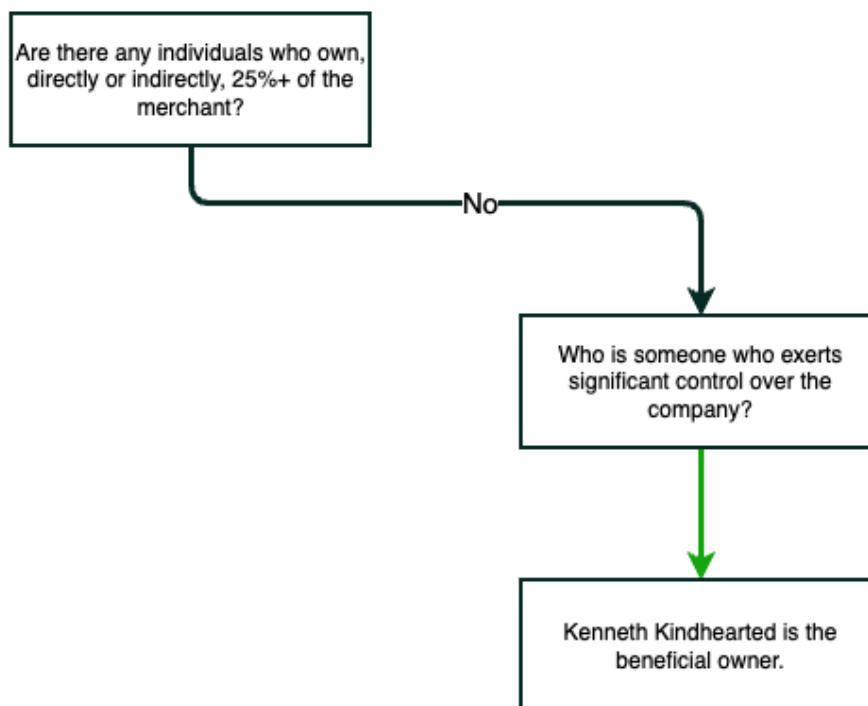


Whether an individual has “substantial control” over a company depends on the power they may exercise over a reporting company. For example, the CEO or another senior officer of a company is considered to have substantial control over a company.

As an example, let's consider a sole proprietorship owned by Susie Jones. The series of questions would look like this:



What happens if there is a non-profit entity that doesn't have any "owners," but does have a founder (named Kenneth Kindhearted) who actively runs the non-profit? The question flow may look like this:



### **How does Keap Pay verify the identity of the merchant's beneficial owners?**

To comply with these requirements, Keap Pay will typically ask for and verify personal information such as the beneficial owner's name, address, date of birth, and social security number. We may also ask for additional information depending on the nature of the legal entity or the result of verification.

It is important to note that failure to provide accurate and complete information can result in Keap Pay's inability to open an account for a merchant. Additionally, the USA PATRIOT Act of 2001 imposes penalties for individuals who knowingly provide false or fraudulent information when opening a financial account.

### **Summary**

When opening any financial account, including a merchant account with Keap Pay, a merchant can expect to provide personal information as part of the customer identification and verification process. This is a legal requirement under the BSA, and failure to comply can result in penalties for both the financial institution or payment provider, as well as the individual. By providing accurate and complete information, merchants can help ensure a smooth account opening process and comply with relevant laws and regulations.

For more information on FinCEN and the Bank Secrecy Act, you can visit the FinCEN website at [www.fincen.gov](http://www.fincen.gov) and <https://www.fdic.gov/news/financial-institution-letters/2021/fil21012b.pdf>.

## **Validating Bank Accounts**

When validating banking for merchant deposits we are checking for two things:

1. Ensure that the banking data provided is accurate and links to an open bank account

2. Ensure that the bank account is owned by the merchant

We use data providers to confirm the information sent during merchant onboarding. If the data provider is unable to validate the bank account it may mean that the bank doesn't participate in data sharing with the specific data providers, or that the information provided is inaccurate or otherwise does not match. In these cases, we may ask for additional information to manually validate the bank account.

### **What happens when we're unable to validate bank account**

Step 1: Verify the information is correct

Verify the information provided is accurate and that the merchant is the legal owner of the bank account submitted. If these are inaccurate, update the merchant application data and we will rerun the third-party data validation checks.

Step 2: Provide banking verification documents

If the information submitted is accurate, and we are unable to validate the information with our third-party data providers, we will ask you to provide supporting documentation for the bank account which includes either a voided check or bank confirmation letter.

Supporting documentation must meet these requirements:

#### **Bank Confirmation Letter**

1. The letter is on bank letterhead
2. The letter includes:
  1. Merchant legal name
  2. Bank routing number
  3. Account number
3. The bank letter cannot be a deposit slip or direct deposit form

#### **Voided Check**

1. Cannot be a "Starter Check"
  2. The voided check includes:
    1. Merchant legal name and address
    2. Bank name and address
    3. Bank routing number
    4. Account number
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