Monitoring Law-Abiding Americans

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Hiding behind the unprecedented headlines of the last few weeks, "Big Brother" government has been steadily expanding its encroachments on our personal privacy. What we thought was one of the most benign and beloved of federal agencies, the Federal Deposit Insurance Corporation (FDIC), proposed a revolutionary regulation called "Know Your Customer."

The proposed FDIC regulation would require each bank to do the following: determine the identity of all its customers, determine each customer's sources of funds; determine each customer's normal and expected bank transactions; monitor the activity of each account, looking for deposits and withdrawals that are inconsistent with the expected pattern of financial transactions; and report any transactions that someone might call "suspicious."

Wow! Did you think that freedom in America includes the freedom to manage your own money without the government looking over your shoulder? Well, think again.

"Know Your Customer" will enter a profile of all your financial transactions on the bank's database. The bank will maintain a computer record of the amounts you normally deposit each month and the sources of the money (e.g., your weekly paycheck, your Social Security, your stock dividends) and the amounts you normally withdraw each month (e.g., rent or mortgage, automobile payment, food, utilities, credit card payment, cash for pocket money).

Then, if you deviate significantly from this pattern (such as by earning some extra money or buying or selling a car), your once-friendly bank will report the "inconsistent" transactions to a federal database.

The bureaucracy's moniker for Know Your Customer is the Minimum Security Devices and Procedures and Bank Secrecy Act Compliance Program. The proposed regulations will authorize federal agents to inspect "all information and documentation" of accounts.

Some banks have already created a Know Your Customer policy. The Terre Haute Savings Bank publishes a long list of banking "activities that are suspicious in nature," including: "Customer is reluctant to provide any information requested for proper identification. . . . Traffic patterns of a customer change in the safe-deposit area. . . . Increased wire activity when previously there has been no regular wire activity. . . . Borrower pays down a large problem loan suddenly, with no reasonable explanation of the source of funds."

The government pretends that this extraordinary surveillance is necessary to detect money laundering by drug kingpins. In fact, the government averages less than 100 money laundering convictions per year, few of which even involve drug kingpins.

When this regulation was announced during the second week of December, it attracted almost 3,000 complaints in the first three days. A spokesman for the California Bankers Association, John Stafford, charged that it is both intrusive and cumbersome, and that Know Your Customer really means "Invade your customers' privacy."

John Ehrensperger of Atlanta's Sun Trust Bank commented, "It turns us into surveillance agents for the government." Most banks, however, haven't spoken out because they will just pass the costs along to their depositors, and they are comfortable with the federal law that immunizes them from liability when disclosing allegedly suspicious customer activities to the government.

Current law already requires banks to report to the government cash transactions exceeding $10,000. The bank must complete a five-page report that includes the customer's name, address, Social Security number, driver's license or passport number, date of birth, and information about the transaction.

The banks send this information to the Suspicious Activity Reporting System, a huge searchable database that went on line in Detroit in April 1996 and is jointly administered by the IRS and FinCEN. This database shares its secrets with more than a dozen agencies, including the FBI, IRS, Secret Service, bank regulators, and state law enforcement.

Federal Government surveillance is also curtailing personal privacy on another front. The Federal Communications Commission (FCC) is trying to turn all wireless phones into personal tracking devices so that, if you use a cell phone, the government will always know where you are.

When Congress passed the Communications Assistance for Law Enforcement Act (CALEA) in 1994, it

was clearly understood, and FBI Director Louis Freeh confirmed in his testimony, that the statute does not include any power to "disclose the general location of a mobile facility or service." The FCC is now trying to rewrite the statute by a regulation, issued October 22, that would require cellular and other wireless phone companies to track the location of their customers, identifying the cell site at the beginning and end of every call.

Fifty million Americans now carry cellular phones and have made them part of their daily lives. If this FCC regulation is allowed to go into effect, the federal busybodies will have the power to monitor our movements, our associations, and our activities.

This is one more tentacle of the Clinton Administration's plan to monitor the daily business of law-abiding private citizens and treat us all as if we are criminals. It's completely phony for the Clintonites to complain about the "poisonous politics" of spying on public officials' misbehavior when the Administration has a comprehensive plan to spy on private citizens' whereabouts and money.