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"Know Your Customer" regs withdrawn *Rep. Paul says action is a small victory for Americans everywhere*

WASHINGTON, DC -- Facing heated protests from more than a quarter-million Americans, federal regulators today announced they are withdrawing the proposed "Know Your Customer" regulations that would have forced banks to spy on American citizens. The agencies proposing the regulations were the Federal Reserve, the FDIC, the Office of Comptroller of the Currency, and the Office of Thrift Supervision. Leading the charge against "Know Your Customer" has been US Rep. Ron Paul (R, Texas), the only member of the House's Committee on Banking and Financial Services to oppose a blueprint of the plan the rest of the committee endorsed in 1998. "This has been a minor skirmish in the battle over privacy rights and the protection of civil liberties, but it is a victory for which many people have worked very hard," said Rep. Paul, who early this year introduced H.R. 516, to overturn the regulations if implemented. "I'm pleased so many organizations and individuals were willing to stand up against these agencies. Besides having an obvious effect on the regulators, their actions helped convince some of my colleagues to change their position and oppose this blatantly unconstitutional privacy violation." The danger facing proponents of privacy rights and limited government, said Rep. Paul, is complacency. "Just because 'Know Your Customer' has been withdrawn for now, nothing stops them from turning around in a week, a month or a year and trying this again. What needs to be challenged is power of regulators to implement these gross violations of constitutional liberty in the first place," said Rep. Paul. Rep. Paul has introduced the Bank Secrecy Sunset Act (HR518), which would require Congress to re-write the Nixon-era legislation that has allowed bank regulators to implement regulations such as "Know Your Customer." "There are many such rules and regulations already on the books, and there is no indication these agencies are changing their position on wanting to delve into minute details of every American citizen's life, regardless of inconvenient legal requirements like probable cause and search warrants." The Federal Reserve's Bank Secrecy Act compliance manual devotes a section detailing why a bank "needs" to have an effective "Know Your Customer" policy. Since bank examiners look for compliance with the manual's recommendations, there is already an informal requirement that banks follow the hated "Know Your Customer" rules. "While shameful that regulators refuse to respect the constitutional liberties of American citizens as a matter of right, I am reassured to know that when a quarter-million people speak, agencies will at least try to appear responsive," said Rep. Paul. "That 'Know Your Customer' was completely ignored by the mainstream media until very recently speaks volumes about the ability of Americans to effectively organize and communicate over the Internet in an effort to protect their rights from zealous government regulators."

