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## Trapped

By Richard W. Rahn

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Assume you are a legal political refugee in the United States from a communist country. You are not well educated and have limited skill with the English language, but you are a master stonemason -- a real artist in stone.

Because of your skill, you have no trouble getting jobs, but by their very nature your jobs are limited and transitory. In the warm months, you most often work in the Northern states, and in the winter in the Southern states. You do not have one regular employer because you go from specialized job to specialized job and often are paid in cash.

You occasionally want to send money to your elderly parents who still live in the old country, but you cannot use a bank because you do not have a bank account. The reason you do not have a bank account is are required by domestic and international financial regulatory bodies to "know their customers." Your lack of a permanent address, a regular employer and close family in the United States means you do not meet the banks' "know your customer" tests. This even though you have a good yearly income, are hardworking, constructive, and law abiding.

Not having a bank account means you must go to check cashing services that charge a substantial premium over what a bank would charge, and you cannot get a credit or debit card. Not having a credit or debit card means you cannot rent a car, and find it increasingly difficult to stay in a good hotel or obtain an airline ticket. In addition, you are at increased personal danger by keeping large amounts of cash on hand. The situation just described is not unique. Millions of U.S. citizens and legal residents are now excluded from getting bank accounts -- they are trapped.

Not having a bank account means you have to go to a "money transfer company" to send your parents money. However, the banks are increasingly shutting down the accounts of "money transfer companies" because they do not "know" the customers of these businesses and, hence, feel increasingly at risk from the financial regulators.

Not only banks are rejecting customers because of the "know your customer" rules and other financial regulations. Now brokerage firms, pawnbrokers, real estate companies and even auto dealers are subject to some of these rules, which means they often decline to deal with totally honest, responsible people who lack bank accounts and must deal in cash.

The banks, other financial institutions and many businesses are losing customers and are at greater risk of being indicted for not following complicated, costly and often vague and unclear regulations -- they are trapped.

Many of the regulators at Treasury's Financial Crimes Enforcement Network (FinCEN) have both publicly and privately admitted these regulations do not meet reasonable cost-benefit tests and hurt the poor, the young, the disadvantaged and legal immigrants. But these regulators feel forced to continue on this destructive path by politicians frightened that if there is another major terrorist incident (or just ongoing drug and financial crime) they will be blamed, even if the "solutions" they enact hurt the innocent and destroy personal liberties and do almost nothing to prevent terrorism. The regulators, like the innocent workers and business people, are trapped.

Most politicians who have honestly looked at the mess they have created know it is destructive and becoming more so. Republicans are afraid the left-wing press and the Democrats will call them soft on business, and, hence, are immobilized from taking corrective action. The Democrats are afraid of being called soft on crime or terrorism, so they are immobilized from taking a principled, corrective stand.

The result is more and more people are driven out of not only the banking system but from owning stocks and bonds and buying many travel services, as well as many other goods and services. These are most often the people in greatest need. Honest business people are put at increased risk by demands for information about their customers and the sources of their money that business people cannot possibly know.

We are driving people into the high-cost and high-risk cash economy where criminals have easy pickings while, in fact, good public policy should be directed toward making it easy for everybody to get into the digital economy using digital money.

The solution is for the government to stop delegating its crime-fighting responsibilities to businesses. The purpose of business is provide goods and services to satisfy the wants, needs and desires of consumers. Government's purpose is to protect person and property. History teaches that every attempt to commingle these functions ends in disaster.

Are there no political leaders with the courage to get us out of the trap we have created before disaster befalls us?

*Richard W. Rahn is a senior fellow of the Discovery Institute and an adjunct scholar of the Cato Institute.*