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# Checking on Checking Accounts

Financial records, so rich in their meticulous detail, are gold mines of information about any citizen, business or group—the sources and amounts of income, credit practices, memberships, subscriptions, contributions made and received. To federal or state agents probing many alleged crimes and irregularities, from tax evasion to narcotics trafficking to the activities of political dissidents, months of surveillance or weeks of wiretapping may be less fruitful than an hour of rummaging through the files of a suspect's checking account. The average depositor no doubt assumes that such revealing records are held in the strictest confidence by his bank, but this is not always the case. For example, this spring a Californian who has contributed to radical causes since 1964 found an internal bank memo which had been inserted in one of his monthly statements by mistake. "This memo," it said, "is to authorize you to read checks to the FBI before sending the statement to the customer."

The point is that while the money in bank accounts is protected against loss, bank records are not similarly protected against loss of privacy. There is no explicit federal law to prohibit financial institutions from taking such liberties with their customers' files, perhaps out of a misplaced eagerness to cooperate with the governments which regulate banking. Most banks, moreover, seem quite reluctant to disclose their policies on disclosure. When the American Civil Liberties Union polled the nation's 100 largest banks this April, only 19 replied. Of those, 16 said specifically that they would require a court order before opening up their files to investigators; only eight responded that, as a matter of policy, they attempt to notify a customer whenever records of his account are being subpoenaed or searched.

A newly implemented law with the misleading title, "The Bank Secrecy Act," will make such incursions into bank records much easier and therefore, as such matters usually go, more widespread. The act, approved in 1970, was intended to help federal agents pierce the secrecy shielding the finances of organized crime, particularly the squirreling of funds in numbered Swiss accounts. But Congress, with little regard for the legitimate claims of privacy at stake, gave the Secretary of the Treasury wide latitude to require financial institutions to keep all records found "to have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings."

Treasury has now ruled that banks must keep microfilms or other copies of virtually all checks, bank statements and other transactions, and must report to Treasury a wide range of currency transfers over $10,000. Administration officials insist that these sweeping regulations involve no expansion of the present reach of IRS agents, the FBI and other potential probers. Indeed, it is hard to see how copies of most people's routine checks would be "highly useful" to proper crime-fighting at all. But, given all else we know about the official itch to collect files on citizens, it is also hard to believe that these new gold mines of information will never be worked.

The administration's expansive reading of the "Bank Secrecy Act" redoubles the need for legislation to protect depositors against improper disclosures of their records by banks and to buttress conscientious banks against the demands of aggressive investigators. The ACLU, Senators Mathias and Tunney, and others are preparing such legislation. Banking groups should be no less concerned than their customers, for the integrity of banks as the custodians of people's private business is at stake.