

TransUnion Storage Security

The USA PATRIOT Act and the Self-Storage Industry

Does the PATRIOT Act apply to the self-storage industry?

While the PATRIOT Act does not directly address the self-storage industry at this time, it is not unrealistic that it will in the near future.

How could the PATRIOT Act be extended to the self-storage industry?

The PATRIOT Act was written to have broad application, making it possible for Congress to regulate industries that it believes could be used by terrorists to further their unlawful activity. There are several provisions in the PATRIOT Act that make an expansion into the self-storage facilities a foreseeable event:

- The PATRIOT Act's current definition of industries governed by its screening and reporting obligations includes any business "*whose cash transactions have a high degree of usefulness in criminal, tax, or regulatory matters.*" Self-storage facilities have already been singled out for their potential criminal usage.
- The PATRIOT Act currently applies to "real estate closings and settlements." Couple that fact with this clause: "...any business or activity which engages in any activity which the Secretary of the Treasury determines, by regulation, to be an activity which is similar to, related to, or a substitute for any activity in which any business described in this paragraph is authorized to engage..." and it is not unreasonable to see how the definition could be broadened to include a real estate rental, which is indeed similar to, related to, and a substitute for a sale of real estate.
- The federal government has already focused attention to the self-storage industry. In August 2004, the Federal Bureau of Investigation released a "Potential Terrorist Use of Self Storage Facilities Notice." This could very well be just the start of attention being paid to self-storage.

Given these facts, what actions can be taken now?

Self-regulation is the best way the industry can protect itself. The PATRIOT Act requires an increased level of due diligence, as well as "the development of internal policies, procedures, and controls." With regard to customer identity verification, the PATRIOT act calls for reasonable procedures for:

- "Verifying the identity of any person"
- "Maintaining records of the information used to verify a person's identity"
- "Consulting lists of known or suspected terrorists...to determine whether an (applicant) appears on any such list"

Why not just wait until we are told we have to do this?

There are several convincing reasons for the industry to pursue a policy of self-regulation:

- Government regulations often follow the lead of the best practices in a given industry. In other words, by proactively taking the lead in self-regulation, the storage industry can help determine what requirements will be imposed upon them in the future.
- The practices that would be required by the PATRIOT Act also make good business sense. Screening applicants protects you and your facilities from exposure to liability arising from crime at your properties. It also makes your business a better insurance risk.

- As public awareness of security issues increases, you will find that potential renters will actively seek out facilities that guard against theft and property damage in this fashion.

How can we best do this at our facilities?

TransUnion Storage Security has created a screening product that is designed to meet the specific issues outlined above, as well as identifying applicants that pose other threats to your facilities and your customers. Best of all, the product is designed to be both easy-to-use and very affordable.