

CAETS Banking Relationships

CAETS Secretary/Treasurer Bill Salmon established a CAETS investment account with USAA on 11 August 2004 which held both reserve and operating funds; the USAA account policy at that time permitted both receipt of foreign wire transfers and check-writing. Due to changes in US banking regulations, USAA subsequently eliminated the direct receipt of foreign wire transfers, requiring an intermediate step via a large commercial bank in the US. Further, in approximately 2016 USAA indicated that investment accounts would no longer support check-writing.

In consultation with the Secretary/Treasurer-nominee (Ruth David), a CAETS Business Fundamentals account was established with Bank of America which supported both receipt of foreign wire transfers and check-writing. To open the account, Secretary/Treasurer Bill Salmon transferred \$306,624.04 from the USAA account to the Bank of America account on 28 April 2017; both Bill Salmon and Ruth David were named as authorized signatories on the account. A small balance was retained in the USAA account as not all CAETS 2017 dues payments had been received and the Secretary/Treasurer was concerned that some member academies might transmit their payments to the USAA account rather than the newly established Bank of America account.

When Secretary/Treasurer responsibilities transitioned from Bill Salmon to Ruth David both accounts were active. Subsequent to the death of Bill Salmon shortly thereafter, his USAA accounts (both personal and CAETS) entered the “survivor-relations” process and it became clear that while Bill’s daughter could access his personal account, no other individual was authorized to access the USAA account. After lengthy consultation with USAA legal and survivor relations staffs, the USAA account was closed and remaining funds (\$6,106.94) were transferred to the Bank of America CAETS account on 30 July 2018.

The type of account originally established with Bank of America (Business Fundamentals) levied fees on incoming wire transfers, so after consultation with a Small Business Representative at the Bank of America, the Secretary/Treasurer changed the account type (at no cost) to Business Advantage (which requires a higher funds balance) in March 2018, eliminating wire-transfer fees going forward.

As of 10 August 2018, the CAETS account balance is \$327,901.93, with liabilities of approximately \$10,000 un reimbursed expenses.

Two proposed actions are outstanding:

- 1) Establish a savings/investment account with Bank of America and transfer approximately \$225,000 into that “reserve” account, retaining the remainder in an operating account. As long as the accounts are linked CAETS will retain the Business Advantage designation which eliminates banking fees.
- 2) Authorize a second signer on the account who will be able to provide operational continuity in the event of the unexpected death or incapacitation of the Secretary/Treasurer. The proposed designee is the Director of Finance for the US National Academy of Engineering (who has previously served on the CAETS Audit Committee and is familiar with CAETS operations).

The primary motivating factor is that at present the US NAE hosts the CAETS office, which is expected to ensure operational continuity (per CAETS Bylaws Article 3, Section 3.c). Additionally, CAETS was incorporated in Washington, D.C. under the US Internal Revenue Code Section 501(c)(3) which dictates specific reporting requirements as well as maintenance of corporate registration – evidence of compliance with these requirements is required by the Bank of America, and primary responsibility must be held by a US citizen.

Note: In accordance with Article 3, Section 3.c, the Council may, at its discretion, select a different member academy to host the CAETS office; in such an event, the current corporation would be dissolved and all assets and records would be transferred to the designated member academy who would then be responsible for the operational continuity of CAETS.