

From: "Ellen Mills" <emills@bankofthebluegrass.com> on 04/28/2005 04:00:53 PM

Subject: EGRPRA

Thank you for the opportunity to respond regarding regulatory burden relief.

My name is Ellen Jett Mills. I am Compliance Officer, OFAC Officer, Privacy Manager, BSA Officer and Secretary of the Board of Directors of Bank of the Bluegrass & Trust Co. in Lexington, Kentucky. I have just been through a BSA Examination, and I believe I can offer some suggestions on the burden of Bank Secrecy/anti-money laundering regulations facing community banks.

Despite very public statements that bank regulators are not operating with a zero tolerance policy and despite claims that regulators are not treating all institutions like mega banks, the examiners in the field have stated that they do not have the leeway to operate except under a zero tolerance environment. This environment can not possibly take into consideration the less formalized risk assessments of community banks.

Requiring Banks to continuing filing for exempt status for transactions between banks is an unnecessary burden. If currency transactions with Federal Reserve Institutions are already exempt, why not exempt currency transactions between all FDIC insured institutions? Treating the exemption/revocation of exemption of banks as a violation merely raises banks regulatory burden, along with the number of violations cited. There can be no added benefit of these extra forms and the citing of these violations.

Requiring CTRs to be filed within 15 days is an unnecessary burden when the forms are not being reviewed immediately upon government receipt. A 30 day limit would not substantially increase the time the government must wait for the information, but it would give community banks with limited staffs the ability to comply with the law with less violations.

13 Million CTRs filed a year is overwhelming and so the bulk these forms are not reviewed by government officials. Increasing the thresh hold amount for filing a CTR would reduce both the burden and number of CTRs. Increasing the \$10,000 threshold to \$15,000 would decrease our CTR filings by an estimated 75% and would not substantially increase the likelihood of someone using our facility in an attempt to launder money.

BSA/Anti-money Laundering procedures are forcing banks to serve as uncompensated law enforcement. Given this reality, it would be helpful if community banks weren't hammered for good faith efforts to comply with the laws.

Sincerely,

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