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**Subject:** EGRPRA

We appreciate the opportunity to respond to the request for comments on how to help you eliminate outdated, unnecessary, or unduly burdensome regulatory requirements relating to Money Laundering, Safety and Soundness and/or Securities.

## **Money Laundering**

### Reporting thresholds

The current reporting limits are burdensome to the financial institutions and result in excessive reporting that diminishes the purpose of the laws. Therefore we recommend the following changes:

- Increase the Currency Transaction Report (CTR) threshold from \$10,000.00 to \$25,000.00. There are many businesses that have legitimate cash transactions as a normal part of their operations. Increasing the CTR threshold would result in fewer unnecessary CTRs and would allow the financial institutions to focus their time and effort on more necessary BSA activities.
- Increase the amount of the Monetary Instrument Sales (MIS) transaction threshold to \$10,000.00. As stated above, there are many businesses that have legitimate cash transactions as a normal part of their operations. This would allow the financial institutions to focus their time and effort on more necessary BSA activities.
- Increase the Suspicious Activity Report (SAR) threshold of \$5000.00 to \$25,000.00. From conversations with law enforcement agencies, it appears that they are very interested in SARs where the financial institution has incurred losses of at least \$100,000.00 or SARs of a more significant amount than \$5,000.00.

### Interagency Guidance

The recent Interagency Guidelines issued for Money Service Business Accounts was helpful and should be used as an example of the type of guidance the agencies should issue concerning other BSA requirements for the financial institutions. The guidance as far as risk assessments that was issued in the Guidance for Money Service Business was also very helpful and should also be used as an example of guidance that should be issued in the areas of risk assessment for areas such as CIP and the risk rating of accounts. Further guidance is requested as to whether all accounts should be rated or only those accounts that you have determined to be of higher risk.

### SAR Guidelines

The SAR Reviews issued as guidance are very helpful. I do believe further guidance concerning SAR filing should be issued to ensure consistency and understanding. There are far too many interpretations out there not only among financial institutions, but regulators as well. We would like to see SAR guidance concerning the following:

- Once suspicious activity is found, how far back must you research the account for similar activity? We would recommend 1 to 3 months.
- Whether to report only the suspicious cash amount(s) or all cash transactions, such as in the case of structuring. For example, if you have someone who is withdrawing an amount just under the current CTR threshold, do you then need to report all the withdrawals? We recommend reporting only those amounts that are suspicious. However, this is still an interpretation as to what amounts are suspicious. It would be nice for the agencies to agree on an amount that they feel is indicative of structuring.

- What to report to the Board of Directors of the Financial Institution and the Audit Committee. There seems to be differing opinions; one is that the Board needs to be fully aware of all the customer information, including related accounts, in addition to the detailed SAR activity; the other opinion is that the Board only needs to have reasons SARs were filed and the amount of SARs for each reason. We recommend the reason and number of SARs.

#### MSB Accounts

The threshold for the MSB category of “check cashers” should be expanded to reduce the regulatory burden on the independent “mom and pop” grocery stores, especially those that have limited check cashing services as an ancillary component to their primary business. For example a mom and pop grocery store cashes one payroll check once a month for one customer that is slightly over \$1,000.00 and cashes no other checks singly or in aggregate over \$1000.00. This mom and pop store would have to comply with the full range of BSA requirements. They should not have to comply with the requirement to have a full blown compliance program. They should still be required to comply with the CTR and SAR reporting.

#### CTR Exemptions

The time period of 12 months to establish a relationship for purposes of CTR exemption should be **set at** 3 to 6 months. In many cases, 3 months is sufficient to create a relationship and understand the account activity. In all cases 6 months is ample time to accomplish this and would save on excessive CTR filing.

The biennial renewal is unnecessary. The financial institutions are required to do an annual review to determine that the exempt customer remains eligible for exemption. As long as the requirement for the annual review exists, the financial institution should only be required to notify for the initial exemption and then to revoke the exemption should it be warranted based on their annual review or at any time that they determine the customer is no longer eligible.

#### Burden on Small Insured Institutions

With the current regulatory requirements, the small community banks are being forced to pay for high priced BSA software in addition to hiring additional staff to analyze the reports created. We talk a lot about privacy however delving as far into the customer’s transactions as we are now required to do is an invasion of their privacy. When an account has suspicious activity we are not allowed to go merely on the apparent activity, we have to dig deeper and look at all the customer’s transactions, which includes looking at and recording who they are writing checks to. We end up finding out more than is our business to know. This type of investigation should be left up to the law enforcement agencies to do at such time that the information we have provided warrants further investigation. The requirements of just how far an investigation should go and exactly what kind of information you expect the financial institutions to provide should be made much clearer, so that we do not spend needless amounts of money time and resources looking into information that is not going to be used and is unnecessary and for the protection of the customer’s privacy. Additionally the need to question our customers constantly has a negative impact on customers and has caused some of those customers to turn to the Money Service Businesses for financial services.

#### USA PATRIOT Act

The USA PATRIOT Act has worthwhile intentions however it has placed the bank in the position of having to act like a law enforcement agency. We are asked to invade our customer’s privacy, yet we are not allowed to inform the customer. We recommend that at the least a disclosure should be made to the public informing them of the investigative requirements placed on the financial institutions.

Thank You

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