

Comments received July 6, 2006

from:
Gold's Check Cashing

From: goldscc@comcast.net
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I and my brother are equal partners in our Money Service Business (primarily check cashing), that has two locations in Baltimore, Maryland, and I am acting president of the Maryland Association of Financial Service Centers. The matter of banks discontinuing or refusing accounts of MSBs is of major concern as it is possible that the banking industry could effectively put out of business a legitimate, law abiding industry by simply declining to do business with MSBs. It is imperative that the regulatory agencies not allow one industry (i.e. banking) to control the destiny of another legal industry (i.e. MSBs) by denying MSBs access to the banking system.

I have accounts with two banks in my check cashing/MSB business. The banks have required information from me to confirm the state of my business via MSB registration etc. I find nothing objectionable in either banks' requirement in exercising due diligence in doing business with me as a MSB.

Years ago my business was a very long time customer of Maryland banks that were subsequently bought by Bank of America. Several years ago when I was searching for a bank to meet my needs, I contacted Bank of America to discover that they did not allow check cashers to open accounts with them. Several other Maryland banks have recently ousted their check cashing business customers with very short notice provided for them to obtain new banking relationships.

It seems that some of the bank discontinuance of accounts of MSBs may stem from some banks concerns about their liability with regulators in dealing with MSBs. It appears that greater effort is needed by banking regulators to provide clear and reasonable instructions on what is required of banks in dealing with MSBs as customers. The actions taken by FinCEN in 2005 to address the bank discontinuance issue does not seem to have been effective as banks that had discontinued check cashers have not reversed their policy.

To address the problem of bank discontinuance, I support the American Bankers Association (ABA) proposal as described in the Summer 2006 issue of Currents, the official publication of the Financial Service Centers of America. The article describes the ABA proposal as "... an industry-wide "self-certification" process whereby the MSB would provide primary compliance information... to their bank, and the MSB would then "certify" to the bank that they are in compliance and maintain appropriate BSA/AML controls. This self-certification would be recognized as the industry standard, and would relieve the bank of any "heightened" due diligence responsibility, unless warranted by the particular circumstances of the individual customer."

I hope the bank regulators can address the issue of bank discontinuance of MSBs so both banks and MSBs can work together in insuring compliance with all BSA/AML regulations as we serve our customers. Just as I know, as an MSB, what I am required to do to comply with BSA/AML regulations, banks need clear, understandable, direct requirements that they must meet in maintaining MSB accounts to remove the uneasiness many banks have in dealing with MSBs.

Neil Goldstein

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