Financial Service
FSCF
Centers of Florida

Financial Service Centers of Florida
www.fscfl.com

Via E-mail (regcomments@fincen.treas.gov)

June 30, 2006

Robert W. Werner, Director
Financial Crimes Enforcement Network
P. O. Box 39
Vienna, Virginia 22183

RE: RIN 1506-AA85
FiSCA Response to Advance Notice of Proposed Rulemaking

Dear Director Werner:

These comments are submitted on behalf of Financial Service Centers of Florida ("FSCF"). My name is Joseph Doyle and I am the Chairman of FSCF. I own Check Cashing USA, a check cashing business in Miami, Florida, with 17 locations. FSCF is our state association of check cashers and other financial services providers. FSCF was founded in March 1990 as the Florida Check Cashers Association, Inc., (we changed our name a few years ago as we expanded the type of services we offer). FSCF was formed to educate members, legislators, and the community on the check cashing industry and to foster industry communication and compliance with government regulations.

Today, the FSCF has roughly 60 owner members, with over 450 member stores and 4,000 employees throughout the state of Florida. Although there are a few larger chain operations in the state, most FSCF members are smaller local businesses who operate between one and three neighborhood check-cashing facilities. The neighborhood financial service centers represented by the FSCF provide services such as check cashing, deferred presentment check cashing, money orders, money wire transfers, bill payments, and pre-paid credit cards to over 2.5 million Florida customers monthly.

FSCF appreciates FinCEN's efforts regarding the Advance Notice of Proposed Rulemaking relating to banking services to money services businesses (MSBs). We appreciate the opportunity to comment on this important issue which affects many of our members and we fully support the very thorough and detailed comments filed by our national trade organization, Financial Service Centers of America (FiSCA).

Our members in Florida carry little risk of being vehicles for money laundering or terrorism support for the reasons explained in FiSCA's comments. For this reason, I was surprised when check cashers started experiencing bank discontinuance problems following the post-9/11 announcements by the Office of the Comptroller of the Currency. It appears that federal bank examiners wish to treat all MSBs as "high risk." However, we have not seen any evidence to suggest that MSBs are disproportionately utilized by either drug traffickers or terrorists as a conduit for illegally moving money. Although the FinCEN website lists many multi-million dollar civil penalties against banks and other financial institutions, there have been only a few assessed against check cashers. In fact, the entire premise that MSBs are "risky" seems out of place considering that the average transaction for most of our services is roughly $300.

FSCF thinks FinCEN can take some reasonable steps that will stop the choke-hold on our industry and, based on the real facts about our businesses, establish some common-sense regulation. First, a distinction should be made between the regulated check casher industry and other forms of MSBs. There are vast differences between the various categories of MSBs, both in terms of the services and products they offer, the markets they serve, and the level of regulatory oversight to which they are subjected. In Florida, check cashers are licensed and subject to strenuous audit procedures, which include compliance with the Federal Patriot Act. However, MSBs that cash checks but whose revenues from check cashing are less than 5% of their gross income do not need to be licensed. This licensure loophole in Florida can lead to potential abuses and, in one instance, FinCEN has taken regulatory action against an MSB that was not licensed as a check casher under Florida law. Licensure makes a difference. Nonetheless, we have been lumped together under the same designation and given a blanket label of "high risk." As a result, the term "money services business" has come to have very negative connotations, without regard to the relatively low risk attributable to the vast majority of registered, licensed check cashers doing business in our state.

Second, FSCF agrees with banking industry representatives that a more reasonable alternative to current procedures would be a cross-industry practice where an MSB would provide primary compliance information to its bank, together with a certified statement by the MSB to the effect that the MSB does maintain appropriate BSA policies, procedures and controls. Banks should then be required to perform specifically defined due diligence when opening an account for a money services business. This should consist of obtaining evidence that the money services business is properly licensed and, if required, registered with FinCEN; basic information about the nature of the business and the expected activity in the account; and, if the bank deems necessary, confirmation that the money services business has an anti-money laundering program in place. Already FSCF provides BSA compliance seminars and materials to our members and would gladly produce a letter of participation acknowledging our individual members who received this training. FinCEN and others could then use this certification practice as an approved and recognized industry standard that can relieve the bank of a "heightened" due diligence obligation.

In sum, we encourage you to review FiSCA's more comprehensive comments and to consider the two common sense ideas we have put forward. Finally, please move quickly to address this issue. Our members are having significant problems trying to maintain banking relationships.

Sincerely,

Joseph Doyle
Chairman
Financial Service Centers of Florida

Post Office Box 14629 · Tallahassee, FL 32317 · 850/222-6000 · FAX 850/222-6002