

Massachusetts Bankers Association

July 10, 2006

Financial Crimes Enforcement Network
P.O. Box 39
Vienna, VA 22183

**RE: Provision of Banking Services to Money Services Businesses
RIN 1506-AA85**

To Whom It May Concern:

On behalf of our 210 commercial, savings, cooperative, and savings and loan members throughout Massachusetts and New England, the Massachusetts Bankers Association (MBA) appreciates the opportunity to comment on the Financial Crimes Enforcement Network's (FinCEN) Advanced Notice of Proposed Rulemaking (ANPR) regarding the provision of banking services to money services businesses (MSBs). The ANPR is part of FinCEN's ongoing efforts to address the issue of MSBs' access to banking services in the context of Bank Secrecy Act requirements.

Although FinCEN and the federal regulatory agencies continue to state that the banking industry is not responsible for regulating MSBs, most of our member banks believe that they are the de facto regulator for their MSB customers. Due to the increased regulatory requirements imposed in the years since September 11, many of our member institutions have decided that the regulatory risk and increased cost of maintaining business relationships with MSBs are too great.

MBA Position

We believe that FinCEN, in coordination with state and federal regulatory officials, should work to provide banks with meaningful regulatory relief if the industry is expected to continue to serve MSBs. While the April 26, 2005 interagency guidance was intended to clarify regulatory requirements for banks, many parts of the guidance are confusing or even contradictory. For example, Part II of the guidance states that the requirements for MSBs are "no different than any other customer", yet goes on to provide a list of suggested due diligence steps that are especially burdensome, and go far beyond the due diligence for other commercial customers.

Specifically, the guidance suggests that banks must review and approve an MSB's anti-money laundering (AML) program and review operational procedures. According to anecdotal evidence from our member banks, some examiners consider these suggested steps to be regulatory requirements. If banks are expected to continue to serve MSBs, we believe that this suggested due diligence should be deleted from the guidance. In addition, the guidance should clearly state that that BSA/AML compliance is solely the responsibility of FinCEN, state regulatory officials, and the Internal Revenue Service.

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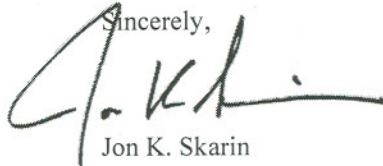
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Conclusion

MSBs in Massachusetts have used banking services at our member institutions for many years. However, the current regulatory environment has caused many banks to reevaluate these relationships – to the detriment of the bank, the MSB, and the community. We urge you to continue working to lessen the regulatory burden on banks that wish to serve MSBs.

Thank you for the opportunity to comment on the ANPR. If you have any additional questions, please contact me at (617) 523-7595.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon K. Skarin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jon K. Skarin
Director,
Federal Regulatory & Legislative Policy