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**Sent:** Friday, March 31, 2006 1:42 PM  
**To:** Comments, Regulation  
**Subject:** Public Submission

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Public Comments on Financial Crimes Enforcement Network; Provision of Banking Services to Money Services Businesses:=====

Title: Financial Crimes Enforcement Network; Provision of Banking Services to Money Services Businesses FR Document Number: E6-03373 Legacy Document ID:  
RIN: 1506-AA85  
Publish Date: 03/10/2006 00:00:00  
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Comment Info: =====

General Comment:Our Bank closed over 50 grocery store accounts (that used to cash second party checks) in 2004. We never accepted checks payable to corporations, but rather payroll checks and WIC (state welfare) checks. Some of these accounts were from customers with over 10 years with the institution and they catered mostly to our Hispanic community.

This action was taken as a result of bank examiners criticizing the level of review expected on these checks. The expectation was that every check be reviewed for adequacy and not be part of a scheme of money laundering or tax evasion. Some of the checks criticized were as small as \$16.00.

The bank hired a consultant firm and undertook a project to review every transaction for a period of two years at a cost of various hundred of thousand of dollars. Very little questionable activity was found. Granted at this period of time there was no guidance and examiners were flying blind without adequate guidance. Our interpretation was that check cashing was something that would not survive as an industry and we were the new ?regulators? of this industry.

Given the above experience, it should not be a surprise to regulators that banks do not want (or afford) MSBs as customers, I do not know of a single bank in Miami (except a couple of large national banks) that would bank MSBs and only the very large ones. We certainly would not even entertain the idea regardless of licenses or AML programs.

In addition, we are very hesitant to have accounts for businesses even if the MSB account of this business is at another institution.

There appears to be a current environment of ?perhaps regulators went too far? and ?MSBs serve our community and they deserve to be banked if they meet the new AML requirements?. Our concern is that if the regulatory environment changes in the future (as they often do in politics) we will find ourselves being criticized again. Even if the risk to banks was mitigated with ?safe-harbor rules? the cost of BSA/AML oversight makes it cost prohibitive.

The level of enforcement actions against banks regarding BSA/AML issues reinforces our concerns.

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