
From: Dave Summers [dsummers@ssbscott.com]
Sent: Tuesday, May 02, 2006 6:13 PM
To: Comments, Regulation
Subject: RIN 1506-AA85 FDIC

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FDIC

Gentlemen:

In response to your request for comments, I wish to submit the following:

Comment # 1 and # 3: As a small, rural community bank, we have by board resolution, declined to open any MSB accounts. The reasoning behind this policy is basically two fold. First, is economics. To comply with the regulatory requirements that a bank would have to follow in maintaining an MSB account, we would need additional resources well in excess of what we currently provide. Secondly, you have the regulatory risk. Banks are required to do monitoring and information gathering on MSB accounts that are far in excess of other business accounts. To comply, additional procedures and policies are needed. Should a bank fail to follow such procedures and incur a regulatory violation of the BSA, they would be subject to severe criticism from regulators. Given this, banks will look at the Risk / Reward equation. Having an MSB account that causes you extra expense and exposes you to the additional regulatory risk does not make good business sense. If I can reduce regulatory risk at no cost, why not do it?

Comment # 2: N/A

Comment # 4: Additional guidance has been offered, but it does not alter any circumstances or requirements that a bank is subject to in regard to MSB accounts.

Comment # 5: Additional guidance to MSB may help them understand, but it does not change any circumstances or requirements that a bank is subject to in regard to MSB accounts.

Comment # 6: You have stated that:

"Bank Secrecy Act does not require, and neither [the Financial Crimes Enforcement Network] nor the Federal Banking Agencies expect, banking institutions to serve as the *de facto* regulator of the money services business industry."

However, most banks have the perception that banks **are indeed** the *de facto* regulators of MSB, and it is backed up by the BSA requirements of additional information gathering and due diligence on MSB accounts. The solution would be to change the law or regulations. For instance, as MSB are required to be registered with the Department of the Treasury, proof of such registration should be given to banks when the account is opened. From that point forward, those account would be subject to the same due diligence that other accounts are afforded. As far as MSB compliance with BSA, the IRS should examine them. You have stated that MSB are examined by the IRS for BSA compliance. Perhaps in your fact finding, you should determine how many MSB have **actually** been examined by the IRS for BSA compliance. Fully 100 percent of banks have been examined for BSA compliance, so if the answer is less than 100%, **there is the problem**, and regulatory change is the solution.

Comment # 7: N/A, because we have declined to allow MSB accounts.

Thank you for the opportunity to comment.

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5/10/2006