

December 9, 2010

Attention: BSA-SAR Database
FR Doc. 2010–25948

We are a financial institution headquartered in Raleigh, N.C., approximately \$21 billion in assets. We appreciate the opportunity to comment on the BSA-SAR Database proposed data fields.

Specifically, we would like to comment on the following:

1. The accuracy of the agency's estimate of the burden of collection of information (Average of 60 minutes per report and 60 minutes recordkeeping per filing).

The current estimate of collection of information and recordkeeping is on average 2 hours and 15 minutes per report at First Citizens Bank. However, the burden of collection of the expanded information that is being added to the SAR form adds complexity to the SAR report and to the recordkeeping requirements. We estimate that the burden of collection of the expanded information and recordkeeping will increase the SAR filing and recordkeeping time to 2 hours and 30 minutes per report.

2. Ways to enhance the quality, utility and clarity of the information to be collected.

While we agree that the proposed changes to the data base fields will enhance FinCEN's reporting capabilities, there are a number of fields that are confusing and the agency should consider providing additional clarification about each of these.

- A. Regarding the use of the NAICS code (#7):

A number of financial institutions, including First Citizens Bank do not use NAICS Codes to define the occupation or type of business. Should the NAICS Code replace the occupation or type of business in the SAR data base, First Citizen Bank will be unable to provide this information going forward.

- B. Regarding the State (#10):

Further clarification is needed if the state is not provided and the country is US, Mexico or Canada and ZIP/Postal Code is provided as to what is "enhanced data".

- C. Regarding the following fields, is FinCEN expecting financial institutions to verify the ZIP+4 as being valid and in addition, to provide the country, GEO coding, HIFCA and HIDTA codes?

ZIP + 4 should be derived through third party data as enhanced data if not provided or verified through third party data if provided

New Data Element of County – Derived through third party data as enhanced data

New Data Elements for GEO Coding – Derived through third party data as enhanced data

New Data Element of HIFCA code – Derived through third party data as enhanced data.

New Data Element of HIDTA code – Derived through third party data as enhanced data

- D. Regarding a TIN Type of foreign (#14):

Further clarification should be provided on what is considered a foreign TIN. For example, if a non-US person provides an identification number from a passport, is that considered a foreign TIN type?

- E. Regarding Form of identification for subject (#15):

We suggest having a separate option for State ID and Driver's license (the current proposal has them combined). Information on the ID type is necessary when reporting to the Law Enforcement Agencies and for identifying control breakdowns.

- F. Regarding Financial Institution EIN and account number(s) affected that are related to subject, if any (#24):

Provide clarification on whether the EIN requirement pertains to accounts based at other Financial Institutions. If EIN is unknown, is this field required? If EIN is unknown, how will other Financial Institution be identified?

- G. Regarding the Subject's Role in suspicious activity (#25):
Further clarification should be provided for "purchaser/sender" and "payee/receiver". Is this referring to CTRs, sale of monetary instruments, wires? Specifically, what types of suspicious activity does this relate to? Also, we suggest having an option for "maker" added to "purchaser/sender".
- H. Regarding the Amount involved in this report (#26):
Provide clarification on the amount that should be included here – is this referring to the exposure amount? Is a cumulative loss amount field provided? (The current proposal only lists "Loss to financial institution", field #60 in Part III)
- I. Regarding certain types of Structuring (#36):
Further clarification should be provided as to whether "a. Alters transaction to avoid BSA recordkeeping requirement" and "d. Multiple transactions below BSA recordkeeping threshold" refer to the sale of a monetary instrument, "c. Customer cancels transactions to avoid BSA reporting and recordkeeping requirements" refer to CTRs, sale of monetary instruments or either, and the types of suspicious activity that would apply to "z. Other".
- J. Regarding Fraud (#38):
Clarification should be provided on the following Fraud types – "g. Healthcare", "h. Mail", and "i. Mass-marketing". Also, regarding "e. Credit/Debit card" – the current SAR form lists these separately, and since these are two different bank products, we recommend that they continue to be separate in the SAR data base proposed data fields. "Check Kiting" is a current characterization of suspicious activity on the SAR form and should be included as a Fraud category.
- K. Regarding Identification (#39):
Further clarification should be provided as to whether a-e and z are related to CIP. In addition, further clarification should be provided as to whether these should be used in Identity Theft cases.
- L. Regarding Terrorist Financing (#42):
Further details should be provided on the types of terrorist financing that should be indicated in "z. Other".
- M. Regarding Other Suspicious Activity (#44):
Is "j. Suspicious use of multiple locations" referring to multiple locations of the financial institution or to the subjects' locations? Further clarification should be provided related to "k. Two or more individuals working together", is this referring to the subjects of the SAR? In addition, why are the following suspicious activities not listed under the Fraud field – "b. Counterfeit checks", "c. Embezzlement/theft/disappearance of funds", "e. Identity theft" and "l. Unauthorized electronic intrusion"? Further clarification should be provided on "d. Forgeries" – does this pertain to check/negotiable instrument forgeries or document forgeries? If this is related to check/negotiable instrument forgeries, why is this not listed under the Fraud field?
- N. In general, field #s 36-44 affects the manner in which First Citizens Bank reports SAR information to the Board of Directors and also to statistical reporting that is being done on the existing characterizations of suspicious activity (field #35 on existing SAR form). While we realize that there is no standardized format for banks to report SAR information to the Board of Directors, we are mentioning this as a potential impact to our financial institution that will have to be analyzed once the changes are finalized by FinCEN.
- O. Clarification should be provided related to fields #37, 40 and 41. Are these to be completed by Casinos (#37), Insurance Companies (#40) and Securities Firms (#41) that are filing a SAR?

- P. Regarding Part III – Information Concerning Financial Institution Where Activity Occurred (complete as many times as necessary to report financial institutions and/or branches where activity occurred)”
Further clarification should be provided on when the filing financial institution would include information about another financial institution. It is doubtful that the filing financial institution will have all of the required information that is being requested in Part III concerning another financial institution.

Also, when Part III is being completed in order to provide information about the (financial institution’s) branches where the activity occurred, a lot of the information seems redundant based on information provided in Part IV (redundant fields in Part III, field #s 45-47, 50, 52 & 53). We recommend adding an option for “Same as Filing Institution” to avoid redundancy.

- Q. Regarding Filing institution identification number (#47):
Further clarification should be provided on what this type of identification number refers to.
- R. Regarding State (#56, 65 & 85):
Further clarification should be provided which indicates that the state is not required in the 3 fields referenced above, but that if it is not provided, it should be derived through third party data if the country is US, Mexico or Canada and the ZIP/Postal code is provided.
- S. Regarding Country (#58, 67 & 87):
FinCEN should consider using the standardized ISO country codes rather than providing a list of country codes that may be different than the codes used by the financial institution.
- T. Regarding the Financial Institution (#61) and the Branch’s Role (#68):
Further clarification should be provided about the “selling location” and “paying location” and why these are being requested on both the financial institution (#61) and the branch’s role (#68).
- U. RSSD number (of the Branch) (#63):
Further clarification should be provided on what is being requested here.
- V. Regarding “Designated contact office”, “Designated contact office phone number including area code” and “Designated office e-mail address” (#94, 95 and 96):
Further clarification should be provided as to whether this is the office, phone number and email address of the associate at the Financial Institution that is filing the report.

3. Estimates of capital or start-up costs and costs of operation, maintenance and purchase of services to provide information.

At this time, First Citizens Bank is in the process of finding a replacement Financial Crimes solution that will include a case management system for the e-filing of SARs. We are planning to discuss with potential vendors, the impact to them of the proposed data fields in the SAR database. We cannot at this time provide estimates of costs of operation or maintenance, but we do submit that once the data fields are finalized by FinCEN, we expect that it will take a vendor 9-12 months to implement these changes at First Citizens Bank. This includes not only the system changes, but the testing of the changes, training of the AML Investigations and Risk Management teams and the impact on procedures. It will also depend on the clarification from FinCEN regarding the potential new data elements, which if required to provide, will increase the burden and cost of implementation.

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