BB&T

March 6, 2006

Financial Crimes Enforcement Network
P.O. Box 39
Vienna, Virginia 22183
Attention: Regulatory Information Number 1506-AA29
regcomments@fincen.treas.gov

Re: Notice of Proposed Rulemaking on Anti-Money Laundering Special Due Diligence Programs for Certain Foreign Accounts

Ladies and Gentlemen:

BB&T Corporation (BB&T), the 9th largest financial holding company in the nation, appreciates the opportunity to comment on the Notice of Proposed Rulemaking (the "NPR") issued by the Department of the Treasury and the Financial Crimes Enforcement Network (collectively, the "Department") relating to a proposed regulation (the "Proposed Rule") to implement the provisions of Section 312 of the USA PATRIOT Act (the "Act") that require enhanced due diligence for correspondent accounts established, maintained, administered or managed for certain types of foreign banks.

BB&T has a highly complex structure which includes Branch Banking and Trust Company, Branch Banking and Trust Company of South Carolina, and Branch Banking and Trust Company of Virginia, and broker/dealers Scott and Stringfellow Inc., and BB&T Investment Services, Inc. BB&T is committed to assisting in deterring and preventing money laundering and terrorist financing, and is eager to assist in developing regulations relating to due diligence that best achieve this fundamental objective. We believe that regulations are most likely to achieve this objective if they focus due diligence efforts on areas where risk is the highest. Our comments are in large part directed to these considerations.

We are also committed to full compliance with the regulations, whatever their terms may be. As discussed below, however, we are concerned that compliance

with certain aspects of the Proposed Rule may prove to be challenging. Our comments attempt to suggest modifications that will make compliance more feasible without diminishing the effectiveness of the due diligence process.

In BB&T's view, a covered financial institution's anti-money laundering program should focus on risk assessments of the institution's business, its customer base, the customers themselves and the transaction types and locations. This forms the basis for each component of an effective due diligence program. The due diligence applicable to particular types of accounts or customers must be tailored to the money laundering risks they present. Otherwise, that due diligence will be unfocused, have very little value to an anti-money laundering program, and will be ultimately unproductive. We appreciate FinCEN's risk based approach for this process and determining that it was necessary and appropriate to issue another notice of proposed rulemaking to address issues associated with the enhanced due diligence provisions.

In this comment letter, BB&T would like to offer detailed comments on the following portions of the proposed ruling:

1. Components of Enhanced Due Diligence

As stated in the Preamble to the Final Rule, "the covered financial institution shall, when appropriate based on its risk assessment, obtain and review documentation relating to the foreign correspondent bank's anti-money laundering program, and shall consider and evaluate the extent to which that program appears to be reasonably designed to detect and prevent money laundering. We do not contemplate that the covered financial institution would conduct an audit of the foreign correspondent bank's anti-money laundering program. Rather, we expect that the covered financial institution would conduct, as appropriate, a review of the foreign correspondent bank's written anti-money laundering program for a description of the program to determine whether the program appears to be reasonably designed to accomplish its purpose."

BB&T has concerns with, and feels it is not reasonable to expect a covered financial institution to review and interpret a foreign correspondent bank's license and anti money laundering program and policies to the depth that would be required to

effectively determine whether their program is reasonably designed to accomplish its purpose.

a) Language Barriers Related to the Requirement for Reviewing Foreign Bank's License and AML Program

The Proposed Rule requires that the elements of enhanced due diligence include an assessment of the foreign correspondent bank's anti-money laundering program. This requirement is helpful in two ways: it clarifies that the covered financial institution is not required to conduct an audit of the program, and it recognizes that it will not always be necessary or appropriate to obtain and analyze a written copy of the program.

BB&T respectfully submits that, due to widely varying differences in language, terminology, procedures, policies and overall tone, it would be difficult for a covered financial institution to be able to meaningfully analyze and evaluate a foreign bank's anti-money laundering program based on a review of its documentation. We recommend that the Final Rule allow, as an alternative option to obtaining and analyzing foreign correspondents' anti-money laundering program(s), that covered financial institutions be able to satisfy the requirements for assessing a foreign bank's anti-money laundering program by requiring the foreign bank to complete a questionnaire. This questionnaire will be designed to determine whether the program incorporates key aspects deemed to be essential to an effective program. As a condition of maintaining their correspondent account with the covered financial institution, the foreign bank would be required to certify the accuracy of its responses on the questionnaire.

BB&T believes that this approach is an effective alternative to the enhanced due diligence requirement to review certain foreign banks' anti-money laundering programs. In addition, it will enable covered financial institutions to assess such programs using consistent guidelines and will contribute to the development of best practices in this area.

b) Identification of the Clients of a Foreign Bank

The requirement in Section 312 that a covered financial institution identify the foreign bank customers of its foreign correspondent banks and perform due diligence on those foreign bank customers, where appropriate, continues to raise significant issues for covered financial institutions. Recent enforcement actions involving correspondent banking activities of banks have indicated that bank regulators will hold their regulated financial institutions responsible for monitoring and reporting suspicious activity of their foreign correspondent banks' customers. The requirement to identify "nested banks", and in some cases subject them to due diligence, further solidifies this regulatory approach.

BB&T believes that a covered financial institution should be able to determine, based on its risk assessment, that it would not be necessary to obtain a list of the bank's foreign bank customers, unless there is a strong reason to suspect that the foreign bank is providing services through its correspondent account to foreign bank customers that present unacceptable risk to the covered financial institution. In the absence of such strong indicators of unacceptable risk, BB&T continues to question the utility of obtaining lists of foreign bank customers. In lieu of obtaining those lists, a covered financial institution can adequately attempt to identify activity of its correspondent banking customers in serving their own customers that may warrant additional investigation by monitoring activity originating from the foreign correspondent bank.

c) "Nested Banks"

As mentioned above in the comments related to the identification of the foreign bank's clients, BB&T has concerns related to the requirements for the identification and risk assessment of "nested banks". The risk of "nested bank" activity is the risk that a correspondent account will be used by a high risk foreign bank customer of a foreign correspondent bank to effect funds transfers on behalf of third parties that present high risk of money laundering and terrorist financing.

BB&T respectfully recommends that the FinCEN specifically recognize in the final rule that in certain circumstances, such as in the case of correspondent relationships that by their nature do not raise the possibility of nested bank activity, covered financial institutions should not be required to obtain lists of foreign bank customers of their foreign correspondent banks.

d) Identification of Foreign Correspondent Bank's Owners

BB&T recognizes the importance of identifying primary owners of foreign correspondents, and agrees that the applicable foreign banks are located and/or licensed in high risk locations. However, BB&T believes that implementation of a risk based approach should afford us the opportunity to utilize the 25% ownership threshold, utilized for sections 313 and 319 of the act, for clients we consider to be lower risk based on our institution's risk assessment, and to comply with the 10% proposed recommendation for those deemed higher risk.

2. Regulatory Burden

BB&T believes that the proposed rule understates the recordkeeping burdens imposed by this rule. The proposal estimates that the average annual recordkeeping burden on each covered financial institution will be one hour for "obtaining and reviewing documentation relating to the foreign bank's anti-money laundering program," and "obtaining information from the foreign bank about the identify of any person with authority to direct transactions through a payable-through account and, the sources and beneficial owners of funds or other assets in the payable-through account."

BB&T estimates that the burden of collecting, maintaining and analyzing the information and documentation required by the proposed rule would be 1-2 hours for each correspondent. Consequently, the total hours would vary depending on the number of correspondents. While it is clear that covered financial institutions will spend far more than one hour in complying with the terms of the rule, accurately estimating the total

costs of complying is somewhat difficult at this point because the scope of the costs will depend on the requirements of the final rule.

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BB&T appreciates the opportunity to comment on the Proposed Rule.

Very truly yours,

Branch Banking and Trust Company

Barbara Duck
Senior Executive VP