From: Brian L Ware [Brian.Ware@commercepc.com]
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Position against lowering or eliminating the $3,000 threshold reporting requirements for funds transfers and the travel rule.

Lowering or eliminating the $3,000 threshold reporting requirements for funds transfers and the travel rule will overtax law enforcement investigations and overburden financial institutions with no appreciable gain in effective monitoring or interdiction of illicit funds.

Lowering reporting requirements below current levels will force money launderers to attempt smaller and smaller transactions. While attractive to law enforcement for lower dollars per transaction, the change will drive transaction monitoring into the realm of the majority of legitimate transactions conducted by the law-abiding populace. By commingling illegal transactions with the bulk of legitimate transactions, discerning legitimate transactions from proceeds of illegal activity will be more difficult.

Lowering the reporting level will further cloud suspicious transaction monitoring, increase the number of defensive SARs filed on customers conducting legitimate transactions, and flood law enforcement with even more activity reports than it can effectively handle at the present time. The effect on financial institutions will be two-fold: 1) increased costs for monitoring customers and transactions, 2) customer dissatisfaction due to increasing monitoring costs and complaints regarding increased identity scrutiny beyond levels existing today.

Increased monitoring costs associated with a lower reporting threshold will negatively impact customer retention as costs will be passed on to consumers as increased fees or increases in rates charged for financial services. Cost increases and the perceived privacy intrusions will lead to increased customer dissatisfaction, which may lead legitimate customers to seek alternate non-traditional financial service providers or Informal Value Transfer Services such as Hawala or Hundi, thus driving transactions underground and away from the transparency of financial transactions our statutes are designed to promote.

Unless research clearly shows lowering or eliminating the reporting requirements for funds transfers below the current $3,000 level will have an immediate, positive impact on illicit or terrorist financing interdiction, and at minimal cost to law enforcement and financial institutions, the reporting level should remain at its present threshold.

Responses to Agency questions for financial institutions:

95% of our financial institution's funds transmissions fall between $0-$3,000. Approximately 60-65% fall between $0-$1,000.
The majority of customers conducting transactions are "established customers"; those banking with us for 6 months or more. Customers banking with us for 6 months or less are considered "new" customers. However, our recordkeeping practices do not change with respect to funds transmissions based on the length of time a customer has banked with us. New customers who attempt to open new accounts within the bank are subject to additional CIP scrutiny for each new account.
No differences in recordkeeping practices based on funds transfer amount
No differences in information retained for transmittal orders based on amount.
In general, reducing or eliminating the reporting threshold would not affect the types of products offered, though price may differ based on the volume and cost associated with increased reporting and recordkeeping volume.
Changing the reporting thresholds will not likely affect payment operations, but the cost and resources needed to effectively monitor

transactions for high risk, money laundering, and suspicious activity would increase significantly if the thresholds are lowered beyond the current $3,000.00 limit.

Brian L. Ware
AML-BSA Director
Commerce Bank Harrisburg
(717) 412-6310 Ofc.
(717) 303-9202 Cell
(717) 920-4667 Fax