

# 19

Dear Sirs:

Attached please find Empire Corporate FCU's letter regarding its proposal to amend its Bank Secrecy Act rules to require certain investment advisers that manage client assets to establish anti-money laundering programs, to establish minimum requirements for such programs, and to delegate its authority to examine certain investment advisers for compliance with such program requirements to the Securities and Exchange Commission.

In general, Empire is supportive of FinCEN's efforts to prevent and detect money laundering activities. Empire supports the approach of requiring certain investment advisers to establish anti-money laundering programs. However, Empire believes that smaller firms will have less detailed programs consistent with their simpler organizational structure. Given staff is often limited in small firms, excessive requirements could be difficult to comply with and add unnecessary burdens.

If you have any questions regarding our comments, please don't hesitate to contact me.

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**VIA E-MAIL:** [regcomments@fincen.treas.gov](mailto:regcomments@fincen.treas.gov)

July 7, 2003

FinCEN  
Attention: Section 352 Investment Adviser Rule Comments  
P.O. Box 39  
Vienna, VA 22183

Re: Section 352 Investment Adviser Rule

Dear Sirs:

Empire Corporate FCU appreciates the opportunity to comment on the Financial Crimes Enforcement Network's ("FinCEN") proposal to amend its Bank Secrecy Act (BSA) rules to require certain investment advisers that manage client assets to establish anti-money laundering programs.

Empire is proud to count as members over 1,000 credit unions. MemberTrade Advisory Services (MTAS) is a wholly owned subsidiary of Empire, has over \$125 million in assets under management, is currently registered with the Securities and Exchange Commission and has only institutional clients. Empire and MTAS commend FinCEN's efforts to enhance the rules governing anti-money laundering programs.

In general, Empire is supportive of FinCEN's efforts to prevent and detect money laundering activities. Empire supports the approach of requiring certain investment advisers to establish anti-money laundering programs. It also agrees with the premise that adviser's size and resources vary significantly and that each adviser should tailor its program to address the risks presented by the nature of its services and clients.

Empire believes that smaller firms will have less detailed programs consistent with their simpler organizational structure. Given staff is often limited in small firms, excessive requirements could be difficult to comply with and add unnecessary burdens. It is likely that a small firm would not be in a position to hire an individual to specifically manage and monitor its anti-money laundering program due to the increase in overhead. Additionally, if an outside firm was required, the cost of such services could increase immensely, again not providing a cost-effective alternative. It also believes that small firms with parent companies should be allowed to rely on its parent company to assist with the management and monitoring its anti-money laundering program. This would lessen the possible need to hire additional

staff and/or seek outside assistance, both of which could be more costly than relying on staff currently employed by the parent company.

Additionally, Empire believes there is a tremendous difference between investment advisers who handle retail versus institutional clients. Empire believes advisers who handle retail accounts have a much greater need for detailed programs and individuals and/or departments to carry out each aspect of the program.

Empire commends FinCEN's efforts to revise its regulations. If you have any questions regarding our comments, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, reading "Christiane G. Hyland". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

Christiane G. Hyland  
Enclosure

cc: Mike Canning, Executive Director, ACCU  
Bill Hall, Associate Director of Taxation & Accounting, NAFCU  
Michael Carter, Regulatory Advocacy Coordinator, NYSCUL