

**From:** no-reply@erulemaking.net  
**Sent:** Monday, April 24, 2006 3:21 PM  
**To:** Comments, Regulation  
**Subject:** Public Submission

Please Do Not Reply This Email.

Public Comments on Financial Crimes Enforcement Network; Provision of Banking Services to Money Services Businesses:=====

Title: Financial Crimes Enforcement Network; Provision of Banking Services to Money Services Businesses FR Document Number: E6-03373 Legacy Document ID:  
RIN: 1506-AA85  
Publish Date: 03/10/2006 00:00:00  
Submitter Info:

First Name: Ned  
Last Name: Norris  
Organization Name:

Comment Info: =====

General Comment: Dear FinCEN,

Thank you for the opportunity to comment on your ANPR, as published March 10, 2006 in the Federal Register. By their very nature, Money Services Businesses (MSB) are high-risk businesses. There are several reasons why MSB's pose a higher risk to depository institutions. One of the primary reasons is the fact that the primary customer base of MSB's consists of those individuals who are no longer eligible to hold a bank account due to previous account abuse or mismanagement, i.e. excessive NSF or chargeback activity. In other words, MSB's generally bank those individuals that legitimate financial institutions refuse to bank. Another reason for this fact is that a significant and growing number of the MSB customer base consists of individuals who do not have verifiable government issued identification, i.e. illegal aliens, terrorist financiers, identity thieves, drug dealers, and others.

In addition, there is tremendous reluctance in MSB industry to implement any sort of serious customer identification program (CIP) as required by bank secrecy regulations. Many set up their CIP's simply for the purpose of being able to assure FinCEN or an inquiring depository institution that they have a CIP in place. Most significantly though, is the fact that MSB's are inherently linked to money laundering, whether knowingly or unknowingly.

By doing what they are required by bank secrecy regulations, depository institutions have implemented a "risk-based" customer identification program. And when it has come to seriously assessing their compliance risks, regulatory risks, legal risks, financial risks, and reputation risks depository institutions have independently determined that MSB accounts pose significant elevated, if not substantial, risks for fraud, money laundering, failure to maintain a CIP, and failure or refusal to register with FinCEN. In addition, the financial and human resources costs for monitoring MSB accounts continues to grow at phenomenal rates.

I've heard and read the speeches given by MSB representatives at various seminars and the anti-money laundering conferences. The content and purpose of these presentations craftily attempt to convince the banking industry that MSB's have received a bad rap and that they are truly low risk customers. I'd expect them to assert nothing less since the reason behind their shameless self-promotion is their bottom line and the truth of the matter is that MSB's are finding it more and more difficult to operate because they service a customer market that poses the highest-risk possible.

Treasury's attempt to interfere with depository institutions' MSB risk assessment processes is not only irresponsible, but also sends a message that Treasury is only serious about regulated institutions establishing risk-based anti-money laundering programs so long as high-risk customers are not affected. Instead of wasting time and money with this non-viable ANPR, Treasury should realize that it does not exist to cure the ills that befall an industry because of the industry's decision to service high-risk customers or engage in high-risk transactions. If the MSB industry is having a hard time existing with the current regulatory environment, they need to either adapt their business practices or get into another type of business. Remember, it is solely their decision to conduct business as a MSB and they have no right to conduct business without regulation or without scrutiny from U.S. depository institutions.