

**From:** Ruth Wheat [Ruth@swcbank.com]  
**Sent:** Tuesday, May 02, 2006 2:47 PM  
**To:** Comments, Regulation  
**Subject:** RIN 1506-AA85

I am currently the Bank Secrecy Act (BSA) Officer for Southwest Community Bank (1222-42607). We bank the money service business (MSB) customer. From my perspective as the BSA Officer, I offer the following:

One difficulty that we continue to experience is the identification of the MSB. Many MSBs are liquor stores, markets, 99 cent stores, taco shops, pizza restaurants, etc. They don't always realize that because they cash checks over \$1,000 to an individual in a day, in addition to their other business services, they have MSB responsibilities. It has been an ongoing education process with these businesses as we have attempted to identify them and give them information including the FinCEN website to assist them with their MSB registration requirements.

Many times we have printed the 107 MSB Application from the FinCEN website to assist the customer with their registration process. Unfortunately when the Internal Revenue Service (IRS) sends the facsimile confirmation of registration to the MSB, the MSB has no idea what it is and many times does not keep it much less bring it into the bank for our banking records. In those cases, we call the IRS and request that they resend the facsimile to the customer. We then call the customer to let them know that the facsimile letter will be arriving in their mail and to bring us a copy for our banking records. This is an every two-year process to maintain the appropriate records for a bank.

Another difficulty is identifying the current expiration date on the IRS facsimile forms. If the MSB has not kept all of their documentation, it is sometimes difficult to determine what year the 'initial' or 'renewal' registration expires. It would definitely help if the government would provide the actual expiration date on the forms.

It is a labor intensive service for a financial institution to bank the MSB. In addition to Federal requirements, there may also be state and city requirements that need to be met and maintained by a bank. Bank regulators consider this type of customer a higher risk than other customers. Therefore, banks have to think twice about 'entering' this type of market because if not done according to their bank regulator expectations, there will be consequences for the bank. At a minimum for a bank, this typically involves the initial identification of the entity (corporation, sole proprietorship, limited liability company), the initial MSB requirements from Federal, State, and many times City, the ongoing Federal (every 2-years), the State (California-annually), and City (usually annually) follow-up, and a scheduled monitoring process to insure that if unusual or suspicious activity is found, the appropriate BSA required reports are submitted.

Banking the MSB customer should be considered as a "community development" service under the Community Reinvestment Act. The MSB customer offers financial services to those individuals that typically do not have a bank account or banking relationship. There should be incentives for banks to offer services to the MSB.

Respectfully submitted,  
Ruth A. Wheat, BSA Officer

Ruth A. Wheat  
Southwest Community Bank  
760-479-2113  
ruth@swcbank.com