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To: Comments, Regulation
Subject: RIN 1506-AA55

The Department of the Treasury has requested comments regarding banks providing services to Money Service Business ("MSB") customers. As a small community bank, the first steps required for MSB customers are not too cumbersome:

- Apply existing CIP requirements
- Confirm FinCEN registration, if required
- Confirm agent status, if applicable
- Conduct a risk assessment to identify the level of risk associated with the business, ie, does customer cash payroll checks, other third party checks, or perhaps even wire / transfer money nationally or internationally?

Almost all of these customers would fall under a high or highest risk profile, and it is the additional due diligence required that is so costly and burdensome to a financial institution, especially a smaller one, that it is not feasible to offer accounts to these types of businesses. Bank's requirements for higher risk customers include:

- Review the MSBs' AML program
- Review results of independent testing of its AML program
- Conduct on-site visits
- Review lists of agents that will receive directly or indirectly receive services
- Review written procedures for operation of MSBs
- Review written agent management and termination practices of MSB
- Review written employee screening practices for the MSB

Since MSBs are required to register with FinCEN and endure these regulations, why does the compliance with these requirements fall to the financial institutions servicing these businesses as customers instead of to the regulators that are placing these requirements on the MSBs?

My institution has discussed the impact not doing business with MSBs could have, and we have been fortunate that our non-acceptance of these customers has not caused a community wide problem. If our institution were to offer accounts to these businesses, we would have to price our products at much higher levels in order to cover the costs of compliance for the high and highest risk customers. The introduction of such a product could also impact our CRA or compliance ratings.

For the purposes of this issue, I would recommend that financial institutions comply with the initial requirements, but place the burden of enhanced due diligence on the agency requiring an MSB's registration. Perhaps a way to facilitate this would be to have financial institutions report to FinCEN who its MSB customers are, and FinCEN or its assignee would take on the burden of the enhanced due diligence, the costs of which could be offset by registration fees.

Thank you for allowing me to comment on this topic.

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