

#19

April 22, 2003

Financial Crimes Enforcement Network
Attention: Section 352 – Jewelry Dealer Regulation
P.O. Box 39
Vienna, VA 22183-0039

Via email to regcomments@fincen.treas.gov

As a member of the pawn industry, I would like to take this opportunity to comment on the proposed rule-making involving Anti-Money Laundering Programs for Dealers in Precious Metals, Stones, or Jewels.

It is my understanding that the National Pawnbrokers Association has previously commented on the industry's desire to comply solely with the forthcoming Patriot Act rules that are specifically written for the pawn industry. Nevertheless, since most members of our industry anticipate that the proposed rules for pawnbrokers will be somewhat similar to those currently proposed for dealers in precious metals, certain issues are worthy of further discussion:

1. The concept of a yearly dollar volume threshold in the proposed rules for dealers in precious metals may be worthy of reconsideration, because it may not serve the ultimate anti-money laundering goals of Section 352.
2. As an alternative, I would propose a dollar threshold based on individual transactions. After all, individual transactions that could be considered unusual or suspect will appear much more readily than combining all of them into a yearly volume of business. Since the pawn industry is already required to report Cash Transactions of \$10,000 or more to Treasury using CTR 8300, this amount would appear to provide a reasonable threshold for individual transactions.
3. To use the example on Page 6 of the Draft Regulations for Dealers in Precious Metals, if an "amateur silversmith" conducted \$49,000 of business, he/she would not have to implement an AML program using the yearly dollar volume threshold. However, using a threshold based on individual transactions, if that same silversmith conducted a series of transactions involving \$10,000 or more on his/her way to \$49,000, the implementation of an AML program would be required.
4. The proposed requirement to have a company's AML plan available for inspection should be clarified to require that the plan be available for inspection at the company's headquarters or wherever a designated AML compliance officer is located. Although many pawnbrokers operate only one location, others operate

several locations. Therefore, the centralization of responsibility is key to maintaining quality oversight of all AML compliance programs.

Thank you for the opportunity to comment on how the pawn industry might comply with Section 352 of the Patriot Act. As a pawnbroker, I am deeply committed to assisting Treasury in the war against terrorism and would be happy to address any of your questions concerning how our industry might be of assistance.

Sincerely,

C. Morgan Jones
President
American Pawn Superstores
Dallas, TX