53

Satterfield, Kevin

From: charlene.dunterman@abnamro.com on behalf of willie.miller@abnamro.com
Sent: Tuesday, May 03, 2005 10:45 AM
To: Regs.Comments
Subject: Docket 05-01

CommentLtr.Docket #05-01.doc

(See attached file: CommentLtr.Docket#05-01.doc)

This message (including any attachments) is confidential and may be privileged. If you have received it by mistake please notify the sender by return e-mail and delete this message from your system. Any unauthorised use or dissemination of this message in whole or in part is strictly prohibited. Please note that e-mails are susceptible to change.
ABN AMRO Bank N.V. (including its group companies) shall not be liable for the improper or incomplete transmission of the information contained in this communication nor for any delay in its receipt or damage to your system. ABN AMRO Bank N.V. (or its group companies) does not guarantee that the integrity of this communication has been maintained nor that this communication is free of viruses, interceptions or interference.

VIA E-MAIL: *regs.comments@occ.treas.gov*

May 3, 2005

Public Information Room
Office of the Comptroller of the Currency
250 E Street, SW Mailstop 1-5
Washington, DC 20219

Re: Reducing Regulatory Burden Concerning Money Laundering Rules
Docket #05-01

Dear Office of the Comptroller of Currency,

LaSalle Bank Corporation ("LBC") appreciates the opportunity to comment on the Office of the Comptroller of the Currency ("OCC") and other agencies'[1] request for comments regarding reducing regulatory burden concerning money-laundering rules.

LBC is an indirect subsidiary of ABN AMRO Bank N.V. ("ABN AMRO"), which is headquartered in Amsterdam, the Netherlands. ABN AMRO has over EUR 600 billion in assets and a network of over 3,000 offices in over 60 countries. ABN AMRO maintains several branches, agencies, and offices in the United States.

LBC is a financial holding company headquartered in Chicago, Illinois. LBC owns LaSalle Bank National Association ("LaSalle"), located in Chicago, Illinois, and Standard Federal Bank National Association ("Standard Federal"), located in Troy, Michigan. LaSalle and Standard Federal combine for over $100 billion in assets and maintain over 400 offices in Illinois, Michigan and Indiana.

Request for Burden Reduction Recommendations; Money Laundering
The agencies are reviewing current regulations to identify outdated, unnecessary, or unduly burdensome regulatory requirements. On February 3, 2005, the agencies invited comments and suggestions on ways to reduce regulatory burdens, including burdens associated with money laundering rules.

LBC strongly supports the regulatory framework designed to combat money laundering and curtail the financing of terrorist activities; however, we believe that

[1] The request was issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation and the Office of Thrift Supervision.

some rules could be revised to be more effective, while reducing the burden on the financial industry.

The following comments relate to OCC regulation 12 CFR 21 Subpart B (Suspicious Activity Reporting) and Subpart C (Bank Secrecy Act ("BSA") compliance).

OCC - 12 CFR Part 21, Subpart B – Suspicious Activity Report
The agencies specifically solicited comment on suspicious activity reporting requirements. We support the concept of suspicious activity reporting. However, under the current rules we believe that the burden placed on reporting institutions exceeds the apparent benefit derived by law enforcement agencies. We offer two recommendations: increase the reporting threshold and clarify the timing requirements for reporting suspicious activity.

Reporting Threshold
We request that the OCC work with the other agencies and the Financial Crimes Enforcement Network ("FinCEN") to raise the dollar threshold amount of suspicious activity that requires the submission of a Suspicious Activity Report ("SAR") to $100,000, other than for suspected insider abuse. This amount is consistent with the dollar amount of activity for which it appears that law enforcement agencies are generally able to open a formal investigation.

Clarification of Time for Reporting Suspicious Activity
The beginning of the 30-calendar day period for reporting suspicious activity is unclear. It has been interpreted by some as beginning with the processing of a banking transaction. The OCC's regulation provides that the 30-calendar day period begins with "...the initial detection of facts that may constitute a basis for filing a SAR."

We request that the OCC work with the other agencies and FinCEN to modify the timing requirement to include a provision that allows each bank ample time to examine the activity and/or maintain a process for investigation of facts and deliberation of whether a SAR is needed. The 30-calendar day period should begin with a bank's determination that suspicious activity has occurred and a SAR is required. In a large bank with hundreds of offices, it is not practical to start the 30-calendar day period for filing with, for example, the processing by a bank employee of a deposit placed in an overnight deposit receptacle. We believe that this clarification will benefit all financial institutions. However, we feel it will be of greatest benefit to larger financial institutions in which individuals who determine whether or not to file a SAR are organizationally remote from the transactions.

OCC - 12 CFR Part 21, Subpart C – Bank Secrecy Act Compliance
Provisions of the BSA and the regulation administered by FinCEN that implement the BSA and constitute part of a BSA compliance program are outdated, unduly burdensome, and otherwise in need of revision.

CTR Reporting Threshold

BSA regulations in effect since July 1, 1972 have required the creation, filing, and retention of a Currency Transaction Report ("CTR") for each transaction in currency of more than $10,000. Despite almost 33 years of price level inflation, the CTR threshold has never been increased. Maintaining the CTR threshold today at its original 1972 level extends current reporting and recordkeeping beyond the purpose of the original law enacted in 1970. The number of CTRs created, filed, and maintained place an undue burden on reporting institutions, with limited utility for law enforcement purposes. LaSalle and Standard Federal filed over 80,000 CTRs in 2004. The monitoring and reporting apparatus maintained by the banks for this activity represents substantial cost. Increasing the CTR reporting threshold is one way to decrease the regulatory burden on institutions.

We request that the OCC convey to FinCEN our request that the reporting threshold be increased from $10,000.01 to $25,000.01, with a commitment to periodic review and upward adjustment in the future.

Monetary Instrument Records – Transaction Level

Consistent with our comments and request regarding CTR reporting, we request that FinCEN increase the recordkeeping threshold for cash sales of monetary instruments from the current range of $3,000 - $10,000, inclusive, to a range of $10,000 to $25,000. Collecting and maintaining the required records is unduly burdensome and of limited usefulness to law enforcement agencies. Increasing the monetary instrument-recording threshold is another way to decrease the regulatory burden.

We request that the OCC convey to FinCEN our request to increase the transaction threshold. We also request that FinCEN commit to review and adjust the range upward, consistent with the periodic review of the CTR threshold.

Treasury's Exemptions from CTR Reporting

The current BSA regulation for exempting bank customers from CTR reporting is a vast improvement over the prior regulatory scheme. However, it provides little incentive for LaSalle and Standard Federal to designate exempt persons. The burden and the risk associated with the process of determining whether a customer qualifies for an exemption every year outweighs the burden of filing CTRs. The result is LaSalle's and Standard Federal's creation, filing, and retention of tens of thousands of CTRs every year that are of no discernable use to law enforcement agencies.

We request that the OCC convey to FinCEN our request that the CTR exemption rules be amended to limit regulatory burden and encourage the institutions to exempt customers as appropriate. Specifically, we request that the rules allow exemption designations for all non-listed businesses other than businesses designated by FinCEN as increased-risk, without regard to transaction history, and that exemptions be accomplished through a one-time filing by a financial institution on each designated customer. We also request that, in making this change, FinCEN commit

to a periodic (at least annual) review and revision of the identified increased-risk businesses that are ineligible for a CTR reporting exemption.

Definition of Non U.S. Persons

The definition of "Non U.S. Persons" under the Customer Identification Program ("CIP") rules should be limited to foreign citizens who are not U.S. resident aliens i.e., foreign citizens with foreign addresses. The existing regulatory definition of "Non U.S. Persons" as all non-US citizens is unduly broad, and makes delivery of financial services to immigrant markets unnecessarily burdensome. As a practical matter, it poses significant compliance issues. It is not always clear whether or not an individual is an U.S. citizen, despite the fact that he or she holds a valid driver's license with an U.S. address.

We request that the OCC encourage FinCEN to revise this definition to provide for more complete and meaningful compliance.

Verification of CIP Information

The burden associated with the independent verification requirement under the CIP rules exceeds its benefit and should be re-evaluated. CIP verification requirements are enormously burdensome to financial institutions with apparently minimal benefit to law enforcement.

We request that the OCC consult with FinCEN and the other agencies regarding our concern that fee-based information services, erroneous information reporting, expenses associated with bank employee review of information, and the limited usefulness of this information to law enforcement, make the verification requirements unduly burdensome. The agencies should consider whether the benefits to law enforcement substantiate the costs and burdens of the verification process to institutions.

Again, LBC appreciates the opportunity to comment on the existing regulatory burdens. LBC supports the fight against terrorism and money laundering and hopes that these comments will contribute to achieving the goals set forth in the Bank Secrecy Act, as well as the USA Patriot Act.

Sincerely,

Willie J. Miller, Jr.

WJM:ccd