



Highland State Bank

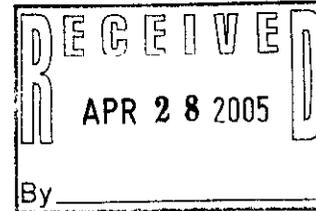
541 NORTH MAIN STREET, P.O. BOX 286
HIGHLAND, WISCONSIN 53543
(608)929-4515

Each depositor insured to \$100,000



April 21, 2005

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DS 20429



#68

Attn: EGRPRA Burden Reduction Comments

Dear Sir:

The Highland State Bank is a rural financial institution with approximately \$24 million in total assets, located in a community with 800 residents. We appreciate the opportunity to comment on the proposed rule concerning outdated, unnecessary, or unduly burdensome regulatory requirements pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA).

This letter primarily comments in the area of money laundering, as our costs for compliance in this area have risen significantly in recent years. While we strongly support the goals of the Bank Secrecy Act (BSA) and its related regulations and the value of the program in the fight against the financing of terrorism and other illicit enterprises, we strongly believe there are recommendations that can be implemented in a relatively short period of time so as to provide much needed and more immediate regulatory relief in this particular area of compliance.

We encourage the agencies to consider the following:

- Raising the \$10,000 reporting threshold for CTRs and adding a periodic inflation adjustment;
- Require SARs every 90 days only if suspicious activity is believed to be taking place, not just as a matter of course;
- Implement a system that focuses on cash transactions over a longer period of time rather than on a single transaction on a given date;
- Allow data processing vendors to have access to the FinCEN lists directly on behalf of their clients to allow for more efficient processing of this information;
- Develop a more unified approach to supervision and enforcement;

- Coordinate training and guidance with other government agencies, such as the FBI, to provide banks with better guidance and direction as to what is adequate, complete and useful information to eliminate unnecessary SARs which are clogging the system, resulting in only a small fraction of SAR filings receiving follow up by the appropriate agency;
- A safe harbor or clear guidance is needed in addressing Reg. B concerns when attempting to comply with BSA's Customer Identification Program requirements;
- Financial institutions need better guidance with respect to "politically exposed persons";
- Another unresolved issue more appropriately addressed by a unified approach deals with whether or not the disclosure of SAR information to the institution's board of directors should eliminate the protections afforded by SAR safe-harbor rules;
- We strongly encourage the Agencies to increase the \$250,000 appraisal threshold to reflect historical and current inflationary pressures and to routinely make cost-of-living adjustments.

We appreciate the opportunity to comment and make recommendations concerning this most recent review of money laundering and other rules. While the review of such rules pursuant to EGRPRA will take a long time, we strongly encourage the Agencies not to overlook short-term approaches to provide some much needed regulatory relief, particularly in the area of money laundering rules. Given the costs incurred by our financial institution to comply with these rules, more specific guidance resulting in a reduction in the volume of filings is needed. Thank you for your consideration of our comments.

Sincerely,

Mary A. Bomkamp

Mary A. Bomkamp
Executive Vice President