



THE BERKSHIRE BANK

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Moses Krausz
President & CEO

March 16, 2015

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

Jennifer Shasky Calvery
Director
Financial Crimes Enforcement Network
U.S. Department of the Treasury
Post Office Box 39
Vienna, Virginia 22183-1618

Re: Comments to Reduce Regulatory Burden in Currency Transaction Reports

Dear Mr. Feldman and Ms. Shasky Calvery:

In response to the request by the federal bank regulatory agencies, pursuant to the requirements of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 ("EGRPRA"), for comments on regulations applied to insured depository institutions that are outdated or unnecessary, I am submitting this letter concerning currency transaction reporting.

The Bank Secrecy Act ("BSA"), which is administered by the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN"), and its implementing regulations, require financial institutions to file currency transaction reports ("CTRs") when their customers make large cash transactions, currently defined by regulation as those exceeding \$10,000. CTRs are intended to collect information to facilitate the identification, investigation, and prosecution of individuals involved in money laundering, financing of terrorism, and other financial crimes.

Although I understand and appreciate the need for reporting large cash transactions, in my view the threshold for filing a CTR should be raised, as many other banking thresholds have been increased over the years in areas such as deposit insurance, which has increased more than tenfold since the CTR filing requirement was established

45 years ago in 1970, and has been increased from \$20,000 to \$250,000 during that time period. During these past 45 years, if the CTR filing was updated to reflect the financial reality of inflation, it would have been increased by over 500%, or from \$10,000 to 53,602.21.

In the 2005 Financial Services Hearing before Congress, the cost of complying with the filing requirements of the BSA was cited by financial institutions as their "number one regulatory expense." These costs have only increased during the past ten years. There are also significant costs to the regulators that are incurred processing CTRs that would be reduced if the dollar threshold for CTR filings was increased.

Although it is difficult to determine the precise number of CTR filings, since the last published information by FinCEN is from fiscal year 2011, the numbers from 2006 to 2011 have been in the range of 14 million to 16 million annually, despite the increase during that time period in the use of exemptions to reduce CTR filings.

Although CTRs were envisioned to provide useful information for money laundering investigations, the overwhelming percentage of CTRs relate to ordinary business transactions, which create an enormous burden on financial institutions but do not contain useful information concerning potential criminal activities. The percentage of ordinary legitimate business transactions that are included on CTRs have been estimated by industry reports to be as high as 75%.

To reduce the number of CTRs with limited usefulness to law enforcement efforts and the reporting burden on financial institutions, I would propose that the threshold for filing CTRs be raised to \$25,000, in an effort to better replicate the value of cash transactions which Congress originally intended to require for CTR filings in 1970. Raising the CTR filing threshold to \$25,000 would eliminate approximately 80% of the filings done by my bank, and I suspect that similarly sized smaller financial institutions would also reduce significantly their CTR filing requirements and would curb the reporting of routine transactions that obscure truly suspicious activity.

This proposal would not in any way change the requirement to file Suspicious Activity Reports ("SARs") in cases of certain transactions that may involve violations of law or regulation, including money laundering or the financing of terrorism, but it would reduce much of the costs incurred by financial institutions for the innocuous daily filings of CTRs for routine transactions by regular business customers, and reflect more realistically the inflationary trend over the past 45 years.

Thank you for affording me the opportunity to share my comments with you and to participate in trying to make the regulatory process more efficient. I hope that you find my comments useful in evaluating this proposal.

Best Regards



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A handwritten signature in black ink, appearing to be a cursive name, possibly 'J. J. ...', written over a light blue background.

Cc:

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