



120 Frontier Boulevard  
Stanford, Kentucky 40484  
(606) 365-7098

To Whom It May Concern:

Thank you for the opportunity, per your request, to comment on regulatory burden relief, as published at 70 FR 5571. I am Brenda G. Baker, Chief Operations Officer for PBK Bank. I have been employed at PBK Bank for 26 years in various areas. Since 1986 I have had BSA responsibilities as BSA Assistant Officer or BSA Officer along with many other “hats” to wear. I have seen how BSA, AML and USA Patriot Act regulations have become more detailed and burdensome for small community banks.

Our bank is a community bank. We strive to do the very best job possible to serve the community and its members. Often that attempt to serve is hampered by undue and unnecessary regulatory burden. Although that has been the case, increasingly, since the 1970's, it has become unmanageable since the September 11 terrorist attacks. While we understand the need to secure our country and its financial infrastructure, I question whether the regulations, as implemented and enforced are accomplishing that goal.

Specifically, I am concerned about:

- Bank Secrecy Act. Compliance with this Act and its regulations is, without doubt one of the most expensive and time consuming in the bank. That is compounded by complex regulations, lack of clear and consistent guidance for bankers or examiners, the apparent ineffectiveness of the data collected (we hear from enforcement agencies that the information is useless in the form presented), and severe penalties for unintentional or misunderstood noncompliance. The regulations need to be streamlined and clarified. Examiners should look to advise and assist institutions with compliance rather than punish. But, before any amendments will be successful, the data compilation must also be re-designed in such a way, and tested, to ensure that law enforcement will and can utilize it. Otherwise, the regulatory burden cannot be justified for the bank or the consumer.
- Money Service Business. While this crosses over to other areas of comment made in this letter, it is worthy of separate comment. Banks should not be expected to monitor the individual activities of each of its customers, absent suspicious activity or statutory/regulatory mandates. The recent examination efforts with regard to MSBs has proven that the response will be that financial institutions will no longer be willing to shoulder the potential risks associated with customers who are potentially MSBs. The

burden of reporting should be placed on actual MSBs, not the Bank. It is a huge task to incorporate procedures for monitoring and policing our customers for MSB compliance.

- USA Patriot Act. Many of the comments for BSA, above, are equally applicable to these requirements. There needs to be more clarification as to acceptable and appropriate identification standards. In addition, those standards must be consistent with the documentation and information available and verifiable in the various states.
- Regulation D. The restrictions on transfers and the paying of interest on certain deposit accounts are archaic. These restrictions should be removed.
- Community Reinvestment Act. In today's world of mobility, existing CRA requirements are no longer evaluative of a bank's investment in and participation with its actual community. Transaction and customer/community support is becoming more creative as people's needs are changing. The problems of CRA compliance are compounded by the fact that so many other providers of financial services, such as brokerages and credit unions are not required to comply. If a CRA "type" of requirement is retained, it should be modernized to address the changing needs of our industry's communities.

Again, thank you for this opportunity to comment.

Sincerely,

Brenda G. Baker  
Chief Operations Officer  
PBK Bank