

From: David Stover [dstover@bankofillinois.com]
Sent: Thursday, May 05, 2005 5:19 PM
To: Comments, Regs
Subject: Customer Identification Program

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May 5, 2005

Comments to OTS

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Dear Comments to OTS:

As a banker, I am very concerned about the proposal to change the Customer Identification Program rules, issued on May 9 under section 326 of the USA PATRIOT Act. The final rule was issued through the normal rulemaking process, and in fact, was hailed as a model of how the process should work. There are less than three months until full compliance with these new requirements becomes mandatory, and to make changes at this stage will be very disruptive.

The current rule was issued after careful consideration and input from all parties concerned, including the law enforcement community. Under these requirements, we will retain information about the documents used to verify a customer's identity, providing a sufficient audit trail and information should investigation become necessary by law enforcement agents.

Record Retention

Maintaining copies of document files will be burdensome and a substantial departure from existing bank procedures, contrary to the Congressional mandate in the USA PATRIOT Act. While banks take appropriate steps to identify their customers, they do not currently retain copies of documents that are used to verify that identity. Requiring them to maintain copies will necessitate the creation of new filing systems at significant cost. Moreover, creating these filing systems may increase the availability of the type of information that is used by identity thieves.

Retaining copies of photo identification conflicts with guidance issued by the Federal Reserve under the Equal Credit Opportunity Act and Regulation B against maintaining information on the gender and race of loan applicants.

The most commonly used form of identification is a state-issued driver's license. Requiring banks to keep copies of documents will conflict with state laws that prohibit the copying of a driver's license, absent clear pre-emption of these state laws by the federal government. Even in those states that do not prohibit the copying of a driver's license, many departments of motor vehicles have incorporated security features in the licenses that make it impossible to copy.

Finally, requiring copies of documents used to verify a customer's identity will make it very difficult for bank officers to open accounts off-site, impeding normal operations.

Foreign Government Identification Forms

The current rule allows bankers the flexibility to assess the risk of what types of identification forms to accept when they establish a Customer Identification Program. Any restriction on the types of identification that banks are able to accept will make it increasingly difficult for some non -U. S. -citizens to open banking accounts. Denying access to the United States banking system, which tracks and provides a clear audit trail for transactions, will encourage the growth of underground banking systems that operate outside that law and that cannot be easily traced by law enforcement.

Some have argued that foreign government issued forms of identification are susceptible to fraud. However, the same arguments can be applied to any form of identification, including passports. And, preventing the use of foreign identification forms may have repercussions against United States citizens living and working abroad who rely on similar identification forms issued by the United States.

Conclusion

The final rules that were issued in May provide a well-balanced approach to customer identification. Those rules achieve the appropriate balance between costs and benefits, and should not be changed.

Thank you for the opportunity to comment.

Sincerely,

David R Stover
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