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Claremont Savings Bank

TO: OCC, FinCEN, FED, FDIC(email), OTS

Re: Section 326 of Title III of the USA PATRIOT Act of 2001 ("PATRIOT Act")
Re: FIL-92-2002

Comment from Claremont Savings Bank, \$250,000,000 mutual savings Bank located in town of 13,000 in NH.

The Bank commends the Regulatory Agencies on efforts to curtail money laundering and other suspicious activity, especially as the agencies become more inclusive in the coverage of these activities by all types of financial entities. Once again, however, the regulators are trying to formulate rules and regulations that fit all sizes and types of institutions without providing the necessary flexibility in the Customer Identification Programs (CIP).

While identification of customers is a risk-based activity and the program "should be tailored to the bank's size, location, and type of business", there are stipulations in the Federal Register that need to be addressed as **voluntary or recommended procedures** and not as required procedures. There is a difference between organizations such as a tennis club in Claremont, NH and a mosque in Detroit, MI (or Irish fraternal group in Boston's North End).

Although both organizations may have been in existence and have done business with a financial institution for decades, they both have regular changes in officers and authorized signors on accounts. One may have a limited number of members with cash flows of under \$10,000 annually while the other may have thousands of members and over \$1,000,000 in cash flows. The tennis club may spend all its funds on local taxes, heat, and electricity while the mosque may wire funds to constituents all over the world. The tennis club members may be known locally by the financial institution while the mosque members may be anonymous. Clearly these are different risk profiles that cannot fit neatly into fixed policies and procedures for identifying and verifying all authorized signors on the accounts. Claremont, with its 2% minority, non-transient population, is not the same as Detroit.

The other major concern regarding CIP is the copying of documents and retention of identifying material for 5 years. The Driver's License, which is a government issued picture ID, is the customary method of identifying NH citizens. State law specifically "prohibits any person from scanning, recording, retaining or storing, in any electronic form or format, personal information obtained from any driver's license..." A policy of recording the license number or passport number should be sufficient evidence of identifying new customers. Law enforcement can always go to the source document in the few cases where further action is required.

To quote the Federal Register, "the procedures must be based on the bank's assessment of the risks..." If the bank sees no risk of money laundering in an account, it should not have to document, verify, record keep, and OFAC test the customers. To apply one set of universal standards to all banks puts a disproportionate burden on small community banks that know their customers via non-documentary means.

H. Clay Hawkins IV
President
September 19, 2002