

Evans, Sandra E

From: Ann Houston [compliance@firstfedlc.com]
Sent: Friday, September 06, 2002 3:23 PM
To: regs.comments@ots.treas.gov
Subject: Proposed CIP Rule Attention No. 2002-27

28

Office of Thrift Supervision
Attention: Section 326 Bank Rule Comments

First Federal Bank of Louisiana

We have practiced "Know Your Customer" for many years. We have a policy and detailed procedures for identifying new customers. On consumer accounts, our current identification requirements consist of requiring a government issued photo ID on at least one of the signatories. We record the information from the ID, but do not retain a copy. On business or entity accounts, our documentation requirements relative to identification consist of requiring a copy of a "Doing Business As" certificate from the state or parish or calling the Secretary of State to verify the existence of the entity, as appropriate. We do not obtain identification from signatories on entity accounts.

In regard to existing customers, I request that the final rule clarify whether the following is true: An existing customer applies for a new loan. Since no identification was copied (number & state of issuance was recorded) when the customer opened his checking account or any other accounts, we will have to request identification, verify those documents, and copy the identification documents for our records. (Regardless of how many years the individual has been a customer) Our bank is located in a small community. I expect that many of our longtime customers will be upset by this requirement.

I would also appreciate verification, in regard to new loan customers who have no existing account relationship with our bank and are applying for a non-HMDA loan, that we must obtain a copy of the identification used, even though that identification may contain sex or race information.

I would also like to request clarification on the issue of whether the FBI Control List falls under the requirement to verify whether the customer appears on any "government lists".

Another area that is unclear deals with whether banks must identify, verify, and keep records for every person who applies for an account, but is turned down. If an account is not opened, the bank would not have an "ongoing relationship" with this person. Perhaps the uncertainty lies in the definition of "customer". The definition of customer includes the phrase "any person *seeking* to open a new account". Banks should not have to retain information on an individual for whom an account is not opened. An individual seeking to open an account, but for whom no account is subsequently opened, would not have an "ongoing" business relationship the bank. Recordkeeping will become burdensome if copies of identification must be maintained for such individuals.

Thank you for your consideration.

Ann Houston
Compliance Officer
337-421-1101

09/06/2002