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To: regs.comments@federalreserve.gov; comments@fdic.gov;  
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Subject: EGRPRA-Bank Secrecy Act

Subject: EGRPRA Burden Reduction Comments

Bank Secrecy Act

The \$10,000 CTR reporting threshold should be increased from \$10,000. The \$10,000 threshold is very burdensome, especially for a small community bank, because it causes excessive numbers of reports to be filed. If the threshold had been indexed to inflation in 1979, the reporting amount now would be \$26,952! Or, put another way, the \$10,000 now is like reporting on \$3,700 in 1979! The threshold should be set at \$25,000 and indexed to inflation every year or three years. Failure to index is a guarantee that the reporting requirement will become burdensome and intrusive over time.

Not only is the \$10,000 very burdensome on those who must submit the reports, it is cluttering up the system with CTRs which undoubtedly have some value, but not enough value to justify the cost and burden of filing, data entry, storage and retrieval.

The \$10,000 threshold for CTRs also has the direct effect of causing Suspicious Activity Reports (SAR) to be filed for structuring transactions in amounts slightly below the \$10,000 threshold. Such "structuring" SARs account for almost 50% of the SAR's filed! Many of these SARs are cluttering up the Suspicious Activity Report system with reports whose value is less than the cost of filing, entering and storing them. Regulators have complained about defensive SAR filings, and about how they degrade the system; the \$10,000 CTR filing requirement has the effect of degrading both the CTR and SAR systems in exactly the same manner as defensive SAR filings do, by "cluttering the radar scope" with so much volume that it is more difficult for the users of the system to see the really important information. It is also driving up the cost of a system that must process and store a quantity of data in excess of proven needs, and in excess of the ability of law enforcement to make use of it. Increasing the CTR reporting threshold thus would also directly benefit the SAR system, by reducing the number of "structuring" SARs that are filed, and uncluttering the system.

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