

**From:** <kfranzen@fnbwayne.com> on 08/11/2006 01:55:05 PM

**Subject:** Interagency threshold requirements on Funds Transfers and Transmittals of Funds

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW Washington, DC 20551  
[regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Attention: Docket No. R-1258

Dear Ms. Johnson:

First National Bank of Wayne is a 33 million dollar bank in NE Nebraska. We are fortunate to have Wayne State College in town which educates about 3,200 students per year with significant portion of being foreign exchange students. Our primary business is the usual rural bank mix of agricultural, small business and consumer customers along with our student population.

I wish to thank the agencies for allowing comments on the proposed rule to lower the threshold when collecting and retaining information on funds transfers and transmittals. If I understand correctly the request for comments is to help the agencies assess whether the potential benefit to law enforcement of a lower threshold outweighs the potential burden to financial institutions and the public. Specifically you ask several questions of institutions and the public. I will attempt to answer these questions to the best of my ability.

1) What portion of funds transfers or transmittals of funds as an originator or transmitter involves amounts for the categories of less than \$3,000, less than \$2,000 and less than \$1,000?

*The large majority of our wire activity is for our own business or for bank participation loans sold or purchased. About 15% of all wires by number are for customers that would be classified as consumers. Of the consumer type wires about half are under \$1,000.00 and are usually incoming wires for the benefit of students from their parents. The foreign exchange students also follow this same pattern although the wires received tend to be on the larger end of this range. The remainder would be wires for existing customers and are in amounts well over \$3,000.00 related to the sale of livestock, grain or farm machinery.*

2) What portion of funds transfers using categories in question #1 are processed for "established customers" for both transmitters and beneficiaries?

*Virtually all of these wires are originated on behalf of, or received into, the account of an established customer in our bank if they are not for bank business.*

3) Do the recordkeeping practices for funds transfers involving amounts below the current threshold of \$3,000 differ from amounts above the threshold? Describe any differences.

*We currently do not take any more information than is absolutely needed to receive or originate a wire under \$3,000.00 and satisfy OFAC and other regulations at this time.*

4) Does the information included for funds transfers involving amounts below the current threshold of \$3,000 differ from the information from amounts above the threshold? Describe any differences.

*We transmit the same information for all wires regardless of amount; however the new BSA Revised rules (Appendix P) will be adding additional items to our information collections such as the address of the recipient of an outgoing wire.*

5) How would reducing or eliminating the threshold affect the price and type of funds transfer services? Explain at which point lowering the threshold would substantially impact the price and type of services

provided.

*First National Bank of Wayne likes to keep our pricing simple. Due to the extra work and time involved in the additional record keeping we would seriously consider increasing our current \$15.00 fee per wire in or out. I would anticipate an increase of up to \$5.00.*

6) How would reducing or eliminating the threshold affect the cost and efficiency of payment operations? Explain at which point lowering the threshold would substantially impact the cost and efficiency of payment operations.

*We will spend more time documenting small wires and collecting information on recipients or originators that we do not have any other contact with. I am unable to accurately quantify these costs at this time as this part of our bank operations is still done without automation.*

When I was researching our activity to answer your questions, I asked our staff when was the last time we had wired in or out for a non customer. No one could remember when that was. As our customer information policy reasonably assures that we can identify our customers, I fail to see why repeating this information again is helpful.

Also don't the real organized threats to US security read our regulations and adjust their operations accordingly? How long till the New York Times puts this change on the front pages? Or for that matter the regulations are on the internet for all to read. If this is the case we will just end up catching the few careless ones and the truly dangerous will go deeper into the shadows. In other words I do not think this change will produce results worth the cost.

Thank you for allowing this opportunity to express our thoughts on this issue.

Respectfully,

Kent M. Franzen VP