

**United States Department of the Treasury  
Board of Governors of the Federal Reserve System  
Securities and Exchange Commission**

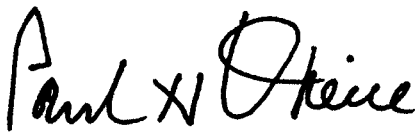
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The Honorable Michael G. Oxley  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Oxley:

As directed by section 356(c) of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 (Public Law 107-56), we enclose a report containing recommendations for effective regulations to apply the requirements of the Bank Secrecy Act to investment companies. The report first outlines the development of anti-money laundering controls under the Bank Secrecy Act as well as the ways in which investment companies can be used to launder money. The report then analyzes the various forms of investment companies, including those not registered with the SEC, identifying their characteristics and any limitations on their operation. Finally, the report contains recommendations for applying BSA regulations to these various forms of investment companies.

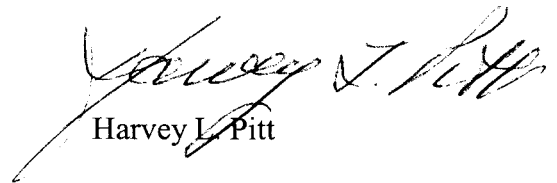
Sincerely,



Paul H. O'Neill



Alan Greenspan



Harvey L. Pitt

Enclosure

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Board of Governors of the Federal Reserve System  
Securities and Exchange Commission**

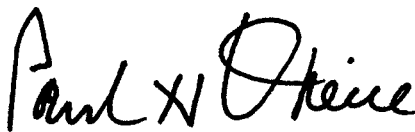
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The Honorable John J. LaFalce  
Ranking Member  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

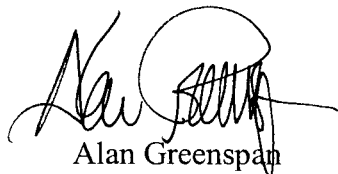
Dear Congressman LaFalce:

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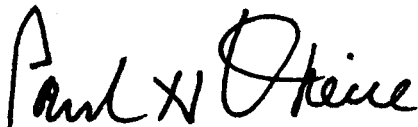
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The Honorable Paul S. Sarbanes  
Chairman  
Committee on Banking, Housing,  
and Urban Affairs  
United States Senate  
Washington, DC 20510

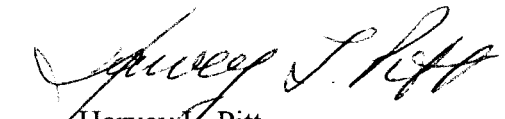
Dear Chairman Sarbanes:

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Alan Greenspan

  
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The Honorable Phil Gramm  
Ranking Member  
Committee on Banking, Housing,  
and Urban Affairs  
United States Senate  
Washington, DC 20510

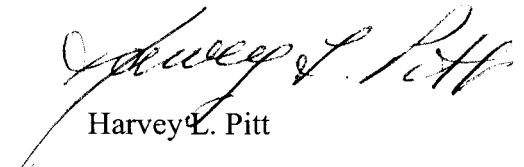
Dear Senator Gramm:

As directed by section 356(c) of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 (Public Law 107-56), we enclose a report containing recommendations for effective regulations to apply the requirements of the Bank Secrecy Act to investment companies. The report first outlines the development of anti-money laundering controls under the Bank Secrecy Act as well as the ways in which investment companies can be used to launder money. The report then analyzes the various forms of investment companies, including those not registered with the SEC, identifying their characteristics and any limitations on their operation. Finally, the report contains recommendations for applying BSA regulations to these various forms of investment companies.

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