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**From:** Steve Hurst [shurst@elibrarybank.com]  
**Sent:** Thursday, August 29, 2002 4:32 PM  
**To:** 'regs.comments@ots.treas.gov'  
**Subject:** Patriot Act Regulations on Customer Identification

After reviewing the proposed regulations implementing the customer identification requirements of the USA Patriot Act, I have the following comments and concerns.

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A customer is defined as any person seeking to open an account and any "signatory" on an account.

This definition suggests that the requirement to keep identification records on applicants for accounts would apply to those who are denied the service. The requirement to keep identification records should only apply to those individuals that actually obtain bank services. Extending the exclusion afforded for those that are seeking information to those individuals denied service seems to be appropriate and in keeping with the intent of the Act.

Regarding identification of signatories, the requirement to identify and keep records for every signatory is impractical, burdensome and will prove to be costly. Oftentimes there are numerous signers on an account solely for convenience and/or internal controls of an entity. These signers can and do frequently change. The requirement to identify signers on an account should be limited to those with a beneficial interest in the account, such as the principles of the owning entity.

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Records used to identify customers are required to be maintained for five years after the account is closed.

In many cases, current retention rules require significantly shorter retention requirements. A five year mandate imposes an additional record keeping burden on the institution and will multiply the costs of record retention. It is impractical to think that an institution would separate identification documents from the remainder of an account file. The result is institutions will retain all documentation for an account well beyond the practical standard. The proposed rule should be revised to require identification documentation be retained for the same period of time that other account documents are retained, subject to a minimum of two years.

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The proposed regulation mandates the retention of photocopies of documents used to verify a customer's identity.

Current identification convention suggests that two forms of identification be provided and viewed to validate the identity of a customer. The type of document viewed, along with identifying numbers, expiration dates, etc. are recorded. This should be sufficient to satisfy the requirements of the Act. Most customers have multiple account relationships with the Bank. Mandating photocopies will either result in multiple copies of the same documents being retained or require a central repository for these copies to be established. Either option would be burdensome, costly and impractical.

Requiring photocopies of identification will be troublesome to many customers. Having actual copies of their identifying documents available, even though retained by a Bank, will be perceived as an additional, undue risk factor for potential identity theft.

Although not prohibited by Reg B, the conventional thought in the credit industry (and the standard enforced by most examiners) has been that photos of applicants, including photocopies of drivers licenses or other identifying documents, in a credit file could be used to unlawfully discriminate. This has been a long standing practice and still seems prudent.

Given the problems posed, the increased cost and operational burden associated, I urge that this requirement be modified to allow a notation in the file indicating the documentation viewed, the document number and expiration date rather than retention of a photocopy. This should provide sufficient evidence that the customer was identified as well as place a more practical burden on the institution.

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