

September 6, 2002

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Office of the Comptroller of the Currency
250 E Street, S.W.
Public Information Room
Mailstop 1-5
Washington, D. C. 20219

Executive Secretary
Attention: Comments/OES
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D. C. 20429

Attn: Docket No. 02-11

Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D. C. 20551

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D. C. 20552

Attn: Docket No. R-1127

Attn: No. 2002-27

FinCEN
Section 326 Bank Rule Comments
P. O. Box 39
Vienna, Virginia 22183

Re: Customer Identification Program Proposal under Section 326 of the USA Patriot
Act of 2001 67FR48348 (July 23, 2002)

Dear Madam or Sir:

I am writing on behalf of the Virginia Bankers Association (the "VBA") to comment on the above proposal. The VBA represents the interests of banks and savings institutions doing business in the Commonwealth of Virginia. Our members include many small banks serving local communities in the Commonwealth, as well as several large banks with a regional or nationwide presence.

The VBA supports the fight against terrorist financing and other financial crimes, and recognizes the important role banks play in combating such abuses. In this regard, while we generally support the flexible risk-based approach under the proposal, we do have certain concerns and recommend a few changes to make the final regulation more workable for banks, while in no way detracting from the effort to fight financial crimes.

In particular, the VBA believes the federal agencies should amend the proposal to eliminate the requirement that financial institutions photocopy drivers' licenses and other forms of identification as part of the customer identification program. The current proposed

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requirement raises privacy and security concerns for bank customers, and operational concerns for banks. Specifically, we fear that many bank customers will feel the bank has invaded their privacy by photocopying a driver's license or other form of personal identification, thereby putting an unnecessary strain on the bank-customer relationship. We believe that the goals of Section 326 of the U. S. Patriot Act can be accomplished by merely requiring a financial institution to record that the identity of a customer was verified and retain such information, rather than photocopying the customer's personal form of identification.

In addition, we believe the retention period for keeping such record should be shortened from five (5) years to two (2) years. A two- (2-)year retention period would be consistent with retention periods under other federal banking regulations and would relieve banks of the burdens of the longer proposed retention period.

Finally, the VBA believes that banks should be given a transition period in order to allow time for appropriate training and operational changes. While banks will seek to comply with the requirements by October 26, 2002 (the effective date under the law), the VBA would urge the federal agencies to delay enforcement of the final regulation until October 26, 2003 to give banks time to fully implement the regulation's requirements.

Thank you for considering our views on this important proposal.

Sincerely,

Walter C. Ayers
Executive Vice President

WCA/sk