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From: Kelly_Allen@aal.org
Sent: Thursday, August 08, 2002 5:18 PM
To: Regs.comments@ots.treas.gov
Cc: Richard.Jodarski@thrivent.com; Kevin_Schuller@aal.org
Subject: Attention: No. 2002-27 (Customer Identification Program)

The following comments are being provided to the Office of Thrift Supervision in response to the proposed regulations regarding the Customer Identification Program mandated by Section 326 of the USA PATRIOT Act.

Verifying the Identity of Trustees

As a financial institution doing business in the State of Wisconsin, we are afforded statutory protection under Section 701.19(11) of Wisconsin Statutes when doing business with trusts. This section of the law states that, when dealing with trustees, we are permitted to assume, without inquiry, that the purported trustee has trust powers and is properly exercising such powers, so long as the institution does not have actual knowledge that the purported trustee has no trust powers, is exceeding trust powers, or is improperly exercising trust powers.

Under Section 103.121(b)(2)(ii)(A) - Verification Through Documents - it states that verification of corporations, partnerships, trusts, and other persons that are not individuals may be achieved by obtaining "documents showing the existence of the entity, such as registered articles of incorporation, a government-issued business license, partnership agreement, or trust instrument.

By obtaining a copy of the trust instrument and retaining it in bank records for the specified period of time, as mandated by the proposed regulation, it could be construed that the bank has "actual knowledge" regarding the trust and would, therefore, lose the protection afforded it under Section 701.19(11) of Wisconsin Statutes when dealing with trust customers.

The proposed regulation appears to suggest procedures which could cause the bank to lose important protection under state law, and we would urge that the final rule incorporate alternative suggested sources for verification of identity of trustees through documents. For example, a copy of a state or federal income tax return for the trust, or the IRS notice assigning the trust its taxpayer identification number would be documentary evidence of the existence of the entity.

Compatibility with Regulation B and the Collection of Government Monitoring Information

Under Section 103.121(b)(2)(ii)(A) - Verification Through Documents - it states that documents used to verify the identity of individuals should include "unexpired government-issued identification evidencing nationality

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by including a short disclosure statement in each new deposit and loan application packet.

As a final thought, I urge you to consider the implications this regulation will have on institutions focused primarily on nationwide distance banking - institutions that do a substantial majority of their business over the telephone or through the Internet. Banking regulations must keep pace with an industry that is becoming more reliant on alternative systems of product and service delivery. What works for the typical retail financial institutions does not often work for the financial institution structured to do business over the telephone or through the internet. For this reason, I ask you to consider the distance-banking model with the same degree of care and consideration that is given the retail-banking model. Please remember that while the verification and protection of our customer's identity is of utmost importance, we are equally concerned with providing a degree of service that is both compliant and efficient.

Thank you for the opportunity to provide comment on the proposed regulatory requirements associated with the Customer Identification Program mandated by Section 326 of the USA PATRIOT Act.

Sincerely,

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