Pinnacle Bank

The way banking should be

May 9, 2008

Financial Crimes Enforcement Network,
Department of the Treasury,
P.O. Box 39, Vienna, VA 22183

Attention: Currency Transaction Report Exemptions Rule and Form Amendments.

This comment letter is submitted by Pinnacle Bank, KMN and Bank of Colorado, the two largest bank charters of Pinnacle Bancorp, Inc, which has banks chartered in Nebraska, Colorado, Wyoming, and Texas, concerning the FinCEN proposal to amend the Currency Transaction Reporting Exemption regulations. We support the proposed changes to the existing exemption regulations and urges their adoption at the earliest possible time.

Management of Pinnacle banks believe that many of the Phase I exemptions this rule change would affect are entities that are already well known to government agencies, law enforcement, the general public and the banking and regulatory agencies. Continuing to file Designation of Exempt Person forms on these entities is redundant since a significant number of these entities are other regulated financial institutions which are already regularly examined and are required to have their own Anti Money Laundering Programs. Government agencies and entities acting with governmental authority also have their own stringent systems of oversight. The resources banks now devote to maintaining and renewing these Phase I Exemptions each year could be better utilized monitoring accounts which truly present risk to our country or to the financial services industry.

This same rationale as to removing unnecessary Phase I Filings, also applies to biennially renewing Phase II exemptions. Banks routinely monitor all accounts, not just exempt accounts, and if a Phase II account were to be involved in questionable activity, it would surface in reports and other monitoring much sooner than at biennial renewal time. Again, time spent to monitor and administer these renewals would be better spent monitoring truly high risk account activity.

With the requirements of the USA PATRIOT Act to thoroughly know their customers at account opening, and fully implement the bank's mandatory Customer Identification Programs (CIP), as well as being diligent for OFAC violations, financial institutions are performing more in depth customer due diligence than ever before. They must look at what normal activity is expected from the customer, what is suspicious or out of the ordinary, and whether other activity not covered by AML regulations such as fraud or check kiting are occurring. This increased diligence makes Phase I exemptions, the biennial Phase II renewals and the 12-month waiting period required for Phase II qualifying customers no longer necessary.

Pinnacle Bank, KMN and Bank of Colorado appreciate the opportunity to comment on FinCEN's proposed changes to the exemption process.

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