

**Gerald Goldman  
Summary  
Of speech before the  
U.S. House Committee on Financial Services  
Subcommittee on Financial Institutions  
& Consumer Credit  
Regarding Banking Services to MSBs**

**June 21, 2006**

Mr. Chairman, members of the Committee, my name is Gerald Goldman. I serve as General Counsel to the Financial Service Centers of America, also know as FiSCA, a National Trade Association of over 6,000 neighborhood financial service providers in the United States. We serve millions of people engaging in tens of millions of small financial transactions.

As every business does we rely on banks for our connection to the American financial system. For the past six years banks have been abandoning us - first in a trickle, then continuously accelerating so that

now few banks are willing to service us, and when they go there will be a disaster for the people we serve.

Six years ago, in response to my question, FinCEN Director Sloan said that the bulk of MSBs are law abiding individuals, are providing legitimate services and that in his view the MSB industry, as a whole, is no more a risk than any other business.

Six years have passed. In the course of those six years, two FinCEN Directors, the Secretary of the Treasury, the Comptroller of the Currency, and the ABA and many members of Congress, have all, on the record, acknowledged that our industry is a key component of a healthy financial sector and that it is very important that we have access to banking services.

In 2004, in a letter to Congresswoman Maloney, OCC Comptroller Hawke noted the important role that money services businesses play and

stated that absent extraordinary circumstances the OCC would not direct or encourage any national bank to refuse their accounts. Just six months earlier Comptroller Hawke, appearing before this very committee, in response to a question from Chairman Bachus, stated that MSBs should not be dropped by banks as a class and should be treated on a case by case basis.

All of these same public officials acknowledged that our industry has an exemplary record of Bank Secrecy Act compliance. In fact, former Director Sloan stated that our industry “has set the standard for the financial services industry in the fight against money laundering, financial crimes and terrorism.” And the record shows that there have been very few serious violations of the BSA or the Patriot Act.

Most of these public officials believe that bank discontinuance of our industry is just plain wrong.

In the past twelve months there have been no less than three hearings – one in the Senate, one in the House and one by FinCEN itself documenting the bank discontinuance problem and seeking regulatory solutions. To its credit the ABA has courageously recognized this problem and supports a solution. In April 2005 FinCEN issued it's guidance.

Despite all of these valiant efforts, results have been illusory and to no avail.

1. Not one bank has reversed its termination policy.
2. Banks continue to terminate check cashers.
3. None of those banks are here today.

So – for six years we have seen:

1. Support by public officials;
2. No evidence of money laundering;
3. No evidence that we've discovered terrorists.

4. And bank discontinuance continues.

We conclude that all efforts at regulatory change have failed and will continue to fail and will not solve this problem. Regulation is not the answer. It's effort is hopelessly mired in a bureaucratic maze.

We believe that it is time for legislative intervention before more real damage is done.

It is time for either absolution or compulsion.

It is time to absolve banks of an unreasonable burden upon them to monitor and regulate our industry. The only alternative to absolution is to compel the banks to treat us fairly as they would any other business. It is clear to me that this compulsion alternative is politically less achievable.

We believe that there will be wide support by banks and MSBs for legislation which gives force to the policy of the MSB guidance that banks

“will not be held responsible for their customers’ compliance with the Bank Secrecy Act” or other regulations.

To accomplish this we are supporting a legislatively adopted self-certification program, where MSBs will certify that they are in compliance with all of the requirements of anti money laundering laws, with swift and strong penalties for false certification.

We believe that our industry has taken and must continue to take responsibility for our own compliance obligations. Banks should not be called upon to become our regulators.

We also believe that any legislation should eliminate the OCC designation of our industry as being high risk, which took us down this road in the first place. This would send a strong, clear message to the banks and the other regulators that we’ve turned the corner.

We stand ready to work with members of this committee, the ABA, and the other MSBs on an urgent basis to craft the legislation proposed.

We believe that if this is not done, we will be back here a year from now talking about the same problem or even worse talking about a bigger problem.

Let's go back to fighting money laundering. Let's not destroy a viable industry which serves hundreds of thousands of customers.

The facts demand no less.