explanation that his failure to register was neither knowing nor willful. [FR Doc. 99–7416 Filed 3–26–99; 8:45 am] BILLING CODE 6325–01–P

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 326

RIN 3064-AC19

Minimum Security Devices and Procedures and Bank Secrecy Act Compliance

AGENCY: Federal Deposit Insurance Corporation.

ACTION: Withdrawal of notice of Proposed Rulemaking.

SUMMARY: The Federal Deposit Insurance Corporation (FDIC) published a Notice of Proposed Rulemaking in the Federal Register on December 7, 1998. The proposed regulation would have required state nonmember banks to develop and maintain "Know Your Customer" programs. The FDIC received 254,394 comments from the public during the comment period. The overwhelming majority of the commenters were strongly opposed to the adoption of the proposed regulation. After considering the issues raised by the comments, and in view of the strong opposition to the proposed regulation, the FDIC is withdrawing the Notice of Proposed Rulemaking.

DATES: Proposed subpart C to part 326 is withdrawn on March 29, 1999.

FOR FURTHER INFORMATION CONTACT: Carol A. Mesheske, Chief, Special Activities Section, Division of Supervision (202) 898–6750, or Karen L. Main, Counsel, Legal Division (202) 898–8838.

SUPPLEMENTARY INFORMATION:

I. Background

On December 7, 1998, the FDIC published a proposed amendment to Part 326 of the FDIC's Rules and Regulations, "Minimum Security Devices and Procedures and Bank Secrecy Act Compliance'' (63 FR 67529, Dec. 7, 1998). The proposed amendment was intended to provide guidance to state nonmember banks to facilitate and ensure their compliance with existing federal reporting and recordkeeping requirements, such as those found in the Bank Secrecy Act. It was intended to help protect the integrity and reputation of the financial services industry and assist the government in its efforts to combat money laundering and other

illegal activities that might be occurring through financial institutions.

The proposed amendment required each state nonmember bank to develop a program to determine the identity of its customers; determine its customers' sources of funds; determine the normal and expected transactions of its customers; monitor account activity for transactions that are inconsistent with those normal and expected transactions; and report any transactions of its customers that are determined to be suspicious, in accordance with the FDIC's existing suspicious activity reporting regulations.

The FDIC's proposal was substantially the same as the regulations proposed by the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision in December 1998. The FDIC issued the proposed amendment pursuant to its authority under section 8(s)(1) of the Federal Deposit Insurance Act (FDI Act) (12 USC 1818(s)(1)), as amended by section 2596(a)(2) of the Crime Control Act of 1990 (Pub. L. 101-647), which requires the FDIC to issue regulations directing banks under its supervision to establish and maintain internal procedures reasonably designed to ensure and monitor compliance with the Bank Secrecy Act. The FDIC also relied on its general rulemaking authority under section 9(a) of the FDI Act (12 USC 1819(a)).

II. Comments Received

During the comment period, the FDIC received 254,394 comments from the public. Comments were received from community banks, multinational or large regional banks, members of Congress, trade and industry research groups, and regulatory bodies, as well as the general public. Only 105 commenters were in favor of the proposed regulation.

The overwhelming majority of commenters were individual, private citizens who voiced very strong opposition to the proposal as an invasion of personal privacy. Other issues raised by these commenters included that the FDIC lacked the authority to issue the proposal; the cost of any Know Your Customer program would be passed on to customers; and the regulation would be ineffective in preventing money laundering and other illicit financial activities.

Banks, bank holding companies and other banking trade groups that commented on the proposal uniformly opposed the proposed amendment. Their concerns included the following: (1) the regulation would be very costly

to implement, especially for small banks; (2) the Know Your Customer program would invade customer privacy; (3) commercial banks would be unfairly disadvantaged and lose customers if all segments of the financial services industry are not covered; (4) compliance with the regulation would divert resources from Y2K preparation; (5) the FDIC lacks authority to adopt the regulation; (6) public confidence in the banking industry would be harmed by the regulation; and (7) the regulation is both unnecessary and redundant, as banks are already familiar with their customers and have adequate procedures in place.

III. Paperwork Reduction Act

The FDIC submitted a collection of information associated with the Know Your Customer proposed rulemaking to the Office of Management and Budget for review. That request for review is withdrawn.

IV. Board Decision

The FDIC has carefully reviewed every comment received during the 90day comment period. Based upon that review, and in light of the overwhelming objections raised by the public, the FDIC's Board of Directors has decided to withdraw the proposed regulation.

By Order of the Board of Directors. Dated at Washington, D.C. this 23rd day of March, 1999.

Federal Deposit Insurance Corporation

Robert E. Feldman,

Executive Secretary. [FR Doc. 99–7583 Filed 3–26–99; 8:45 am] BILLING CODE 6714–01–P

DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

12 CFR Part 563

[No. 99–12]

RIN 1550-AB15

Know Your Customer

AGENCY: Office of Thrift Supervision (OTS), Treasury. **ACTION:** Proposed rule; withdrawal.

SUMMARY: The Office of Thrift Supervision ("OTS") published a Notice of Proposed Rulemaking in the **Federal Register** on December 7, 1998 that would have required savings associations to develop and maintain "Know Your Customer" programs. The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency contemporaneously published similar proposals. Collectively, the banking agencies received over 200,000 comments from the public, the overwhelming majority of which were strongly opposed to the adoption of the proposed regulation. After considering the issues raised by the comments, and in view of the strong opposition to the proposed regulation, OTS is withdrawing the Notice of Proposed Rulemaking.

DATES: Proposed § 563.178 is withdrawn on March 29, 1999.

FOR FURTHER INFORMATION CONTACT:

Larry A. Clark, Director, Trust Programs, (202) 906–5628, Gary C. Jackson, Analyst, Compliance Policy and Specialty Examinations, (202) 906– 5653, Christine Harrington, Counsel (Banking and Finance), (202) 906–7957, or Karen Osterloh, Assistant Chief Counsel, (202) 906–6639, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION:

Background

On December 7, 1998, OTS published a proposed "Know Your Customer" regulation (63 FR 67536, Dec. 7, 1998). The proposed regulation was intended to provide guidance to savings associations to facilitate and ensure their compliance with existing federal reporting and recordingkeeping requirements, such as those found in the Bank Secrecy Act. It was intended to help protect the integrity and reputation of the financial services industry as it combats money laundering and other illegal activities that might be occurring through financial institutions.

OTS received approximately 5,000 comments on the proposal. Comments came from individuals, depository institutions of all sizes, members of Congress, trade and industry research groups, and regulatory bodies. Very few commenters supported the proposed regulation.

The overwhelming majority of commenters were private citizens who strongly opposed the proposal as an invasion of personal privacy. Depository institutions, their holding companies, and industry trade groups commenting on the proposal also opposed the proposed regulation, arguing that the regulation would be very costly to implement, especially for small institutions; would invade customer privacy; and would unfairly disadvantage depository institutions if all segments of the financial services industry were not covered.

Withdrawal of the Proposed Rule

The OTS is sensitive both to the concerns raised by the commenters and to the need for a supervisory framework that ensures that the institutions we regulate adhere to the nation's antimoney laundering statutes, including the Bank Secrecy Act. OTS has carefully reviewed the comments received. After considering the concerns raised, we are convinced the proposed regulation does not strike the appropriate balance. Based upon that review, OTS withdraws its proposal published in the **Federal Register** on December 7, 1998, at 63 FR 67536.

By the Office of Thrift Supervision. Dated: March 22, 1999.

Ellen Seidman,

Director.

[FR Doc. 99–7485 Filed 3–26–99; 8:45 am] BILLING CODE 6720–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-106219-98]

RIN 1545-AW32

Acquisition of an S Corporation by a Member of a Consolidated Group; Hearing Cancellation

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Cancellation of notice of public hearing on proposed rulemaking.

SUMMARY: This document provides notice of cancellation of a public hearing on proposed regulations under section 1502 providing specific rules that apply to the acquisition of the stock of an S corporation by an affiliate group of corporations that joins in the filing of a consolidated return.

DATES: The public hearing originally scheduled for Wednesday, March 31, 1999, at 10 a.m., is cancelled.

FOR FURTHER INFORMATION CONTACT: LaNita Van Dyke of the Regulations Unit, Assistant Chief Counsel (Corporate), (202) 622–7190 (not a tollfree number).

SUPPLEMENTARY INFORMATION: A notice of proposed rulemaking and/or notice of public hearing that appeared in the **Federal Register** on Thursday, December 17, 1998, (63 FR 69581), announced that a public hearing was scheduled for Wednesday, March 31,

1999, at 10 a.m., in room 2615, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC. The subject of the public hearing is proposed regulations under section 1502 of the Internal Revenue Code. The public comment period for these proposed regulations expired on Wednesday, March 10, 1999. The outlines of topics to be addressed at the hearing were due on Wednesday, March 17, 1999.

The notice of proposed rulemaking and/or notice of public hearing, instructed those interested in testifying at the public hearing to submit a request to speak and an outline of the topics to be addressed. As of Friday, March 19, 1999, no one has requested to speak. Therefore, the public hearing scheduled for Wednesday, March 31, 1999, is cancelled.

Cynthia Grigsby,

Chief, Regulations Unit, Assistant Chief Counsel (Corporate). [FR Doc. 99–7518 Filed 3–26–99; 8:45 am] BILLING CODE 4830–01–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 648

[Docket No. 990318076-9076-01; I.D. 030599A]

RIN 0648-AL72

Fisheries of the Northeastern United States; Northeast Multispecies Fishery; Framework Adjustment 27

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Proposed 1999 target total allowable catch (TAC) levels and management measures; request for comments.

SUMMARY: NMFS issues this proposed rule to implement measures contained in Framework 27 to the Northeast Multispecies Fishery Management Plan (FMP). This action is necessary to address overfishing of several stocks, in particular Gulf of Maine (GOM) cod, and to achieve the rebuilding goals of the FMP for the 1999 multispecies fishing year. The primary management measures proposed in Framework 27 would establish GOM Rolling Closures of greater size and duration than the current GOM Inshore Closure Areas, reconfigure and increase the duration of the Cashes Ledge Closure Area, reduce the GOM cod trip limit to 200 lb/day