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TEXTRON

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FinCEN
P.O. Box 39
Vienna, VA 22183
ATTN: ANPRM – Sections 352 and 326 – Vehicle Seller Regulations

Ladies and Gentlemen:

Textron Inc. respectfully submits its comments on the above-referenced ANPRM via electronic mail. Textron is one of America's largest and best performing multi-industry companies, headquartered in Providence, RI. Textron ranks 164th on the FORTUNE 500 list of largest U.S. Companies, with revenues of $11 Billion, 49,000 employees and a diverse, global customer base. Familiar brand names in our family of companies include Cessna Aircraft, Bell Helicopter, E-Z-GO, Jacobsen, OmniQuip, Textron Systems, Textron Financial Corporation and Cessna Finance Corporation. Today, we continue to expand our leadership positions in five core business segments: Aircraft; Industrial Products; Finance; Industrial Components and Fastening Systems.

Textron companies in three of our five core business segments, Aircraft, Industrial Products and Finance, could be affected by the ANPRM and any regulation of vehicle sellers which may be issued under the USA PATRIOT Act. In addition, the Finance segment could be directly affected by any regulation of finance companies under the act. Since the businesses, products and markets of the potentially affected companies in each segment are quite diverse, our responses to the questions posed by the ANPRM are organized, to some extent, by segment.

Together, the revenues of the three core business segments potentially affected compose 69% of Textron's revenues. The affected companies include Cessna Aircraft and Bell Helicopter Textron, aerospace manufacturers engaged in aircraft sales worldwide, Textron Financial Corporation and Cessna Finance Corporation, finance companies also engaged in aircraft sales incidental to their finance businesses, E-Z-GO, Jacobsen and OmniQuip, manufacturers of golf cars, mowers and turf care equipment and telescoping fork lifts, respectively, and Textron Systems, a manufacturer of specialty marine craft, armored vehicles, and light tanks, sold predominantly to domestic and foreign military and police organizations.

These aircraft manufacturing and finance businesses pose a low money laundering risk; have safeguards in place to guard against these risks; are subject to existing money laundering, export control, aircraft registration, operation and maintenance, financial licensing and other pertinent laws and regulations; receive payments through a banking system which is subject to new and existing regulations designed to detect and deter money laundering; and should, therefore, be exempt from regulation as "financial institutions" under 31 U.S.C. § 5312(a)(2). Textron is a participating member in the General Aviation Manufacturers Association ("GAMA") and the Aerospace Industries Association ("AIA"). Both of these aircraft industry trade associations have submitted comments in response to the above-referenced ANPRM, urging the Treasury Department to promulgate regulations exempting aircraft manufacturers and sellers from compliance with the most stringent requirements of Sections 326 and 352 of the USA PATRIOT Act. We endorse the views of GAMA and the AIA in connection with your consideration of the application of these provisions to aircraft manufacturers and sellers.

We want to emphasize that Textron Inc. is a strong supporter of the policies and programs associated with legislative and regulatory efforts to deter and combat terrorism and international money laundering. Our support of the exemption proposed by GAMA and the AIA is based on our concern that marginal, if any, anti-terrorism benefit would be realized from imposing additional requirements on aircraft manufacturers and sellers. In our view, any additional burden on aircraft sales -- particularly, costly and time and labor-consuming "know your customer" requirements -- should only be imposed on the aircraft industry, if the additional costs and burdens can be justified by material and significant anti-terrorism benefits. We believe that this view is consistent with the Congressional mandate in Section 352 (c) of the USA Patriot Act giving the Secretary of the Treasury the direction to "prescribe regulations that consider *the extent to which* the requirements imposed under this section are commensurate with the size, location, and activities of the financial institutions to which such regulations shall apply." (Emphasis added.)

As GAMA's response to the ANPRM points out, the aircraft manufacturing industry is already subject to substantial regulatory and record-keeping requirements. Imposing additional requirements under the USA PATRIOT Act on aircraft manufacturers would pose a significant risk of eroding sales and United States exports in a key United States dominated manufacturing industry -- an industry suffering from the effects of the worst recession and new order slowdown in over fifteen years. Extremely detailed and burdensome requirements could likely drive aircraft sales to foreign competitors, unburdened by similar requirements. For example, more than 8,100 United States transportation-manufacturing sector jobs -- almost all of them in aircraft manufacturing -- have been lost since September 11, 2001, in Wichita, Kansas, Cessna's home and the home of Boeing, Raytheon Aircraft and Bombardier Learjet.[1] Current

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[1] Aircraft are generally high cost items. The average purchase price of Textron commercial aircraft is roughly $2,500,000 per unit. Therefore, unlike automobiles and other motor vehicles, the commercial market for aircraft is relatively thin. In 2002, Textron's aircraft sales subsidiaries (Bell Helicopter Textron Inc., Cessna Aircraft Company, Textron Financial Corporation, and Cessna Finance Corporation) sold a combined total of fewer than 1,300 commercial units. These

predictions suggest that this trend may continue until 2004, or beyond. As a result, this is an industry that could be severely harmed by the imposition of additional regulation and related record-keeping costs. Furthermore, new regulation of captive aircraft finance subsidiaries, such as Cessna Finance, both as aircraft sellers and as finance companies, would further damage United States aircraft manufacturers' ability to meet sales challenges in a depressed global market and simultaneously deal with lowered aircraft collateral values and increased loan losses attendant to the ongoing downturn.

In addition to our comments relating to Textron's aircraft manufacturing and sales functions, we offer these additional views with respect to our non-aircraft vehicle manufacturing businesses – E-Z-GO, Jacobson, OmniQuip, and Textron Systems. In our view, these "vehicle" manufacturers involve an extremely low money laundering risk and are not likely to have been contemplated by Congress to fall within the requirements of Sections 326 and 352 of the USA Patriot Act. The E-Z-GO Division of Textron Inc. manufactures and sells electric- and gasoline-powered golf cars, as well as turf maintenance and industrial and multi-purpose vehicles. The Jacobsen Division of Textron Inc. manufactures and sells a full range of riding mowers and turf maintenance equipment for the professional lawn care, sports field and commercial grounds maintenance markets. OmniQuip manufactures and sells telescoping fork lifts for use in residential and non-residential construction and some military material handling applications. Textron Systems has two businesses that are engaged in the manufacture and sale of vehicles and boats: (1) Cadillac Gage Textron Inc. is engaged in the manufacture and sale of a product line of armored vehicles and light tanks to United States and qualified foreign government customers; and (2) Textron Marine & Land Systems Division is engaged in the manufacture and sale of specialty marine craft, most notably, the Landing Craft Air Cushion and the Motor Life Boat. These are sold exclusively to United States government customers and qualified foreign customers. Both Cadillac Gage and Textron Marine & Land System's products are considered "defense items" and their sale is subject to a strict licensing regime and strict regulation under the International Traffic in Arms Regulations ("ITAR") administered by the Office of Defense Trade Controls ("ODTC") of the United States Department of State.

Although these non-aircraft products are commonly referred to as vehicles, it seems evident that they are not the kind of "vehicles" described in 31 U.S.C. § 5312 (a)(2)(T). These Textron products are all special use items such as riding lawn mowers, telescoping fork lifts, golf cars, and light armored vehicles. In addition, the sale of military/police vehicles and watercraft is already heavily documented and regulated, and it involves transactions exclusively with United States and other approved government purchasers. None of these non-aircraft business units presents an obvious or significant money laundering risk. We request that when

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totals include sales of new and used complete aircraft (rather than spares and replacement parts). They do not include United States and foreign military aircraft sales, since those transactions, by definition, involve no likelihood of money laundering activity. (*See generally*, Submission, dated April 2, 2003 of AIA to FinCEN in response to ANPRM.)

regulations are issued pursuant to the ANPRM, such specialty vehicles be specifically excluded from their application to avoid any risk of confusion. [2]

If we can answer any questions or provide you with further information regarding any Textron company, please contact David Blakemore, Vice President & General Counsel, Cessna Finance Corporation, P.O. Box 308, 220 W. Douglas, Suite 300, Wichita, KS 67201-0308, phone 316-660-1256, fax 316-660-1264, e-mail dblakemore@cfc.textron.com. Thank you for your consideration.

Sincerely,

Textron Inc

Terrence O'Donnell
Executive Vice President and General Counsel

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[2] Some suggested criteria for granting an exemption to specialty vehicles include the following: (1) conveyances not originally designed and manufactured for on-road use; (2) conveyances not subject to National Highway Traffic & Safety Administration's (NHTSA) standards and regulations; (3) conveyances not required to be titled under State or Federal law and regulations; (4) conveyances that are not required by Federal law or regulations to have vehicle identification numbers; (5) equipment designed solely for farming, cultivation, landscaping, land moving, and/or construction activities; and (6) conveyances designed and manufactured for the use of military and/or police organizations and subject to ITAR. There is no provision of the USA PATRIOT Act or the Bank Secrecy Act that suggests that Congress ever intended to bring the manufacture and sale of such vehicles within the definition of "financial institution." We would be happy to provide any information needed to help your office fashion an appropriate definition of specialty vehicles for exclusion from the requirements of any USA PATRIOT Act regulations promulgated.