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National Association of Federally-Insured Credit Unions

June 13, 2018

The Honorable Jeb Hensarling
Chairman
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

Re: Tomorrow's Mark-up of H.R. 6068, the *Counter Terrorism and Illicit Finance Act*

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I am writing to express our support for H.R. 6068, the *Counter Terrorism and Illicit Finance Act*, ahead of the scheduled mark-up tomorrow.

NAFCU has consistently recognized the importance of the Financial Crimes Enforcement Network (FinCEN), *Bank Secrecy Act* (BSA), and Anti-Money Laundering (AML) requirements in assisting in the prevention of tax evasion, money laundering and terror financing. Credit unions support efforts to combat criminal activity in the financial system. Our members have a good working relationship with FinCEN, and they consistently inform us that the publication of periodic AML/BSA guidance is very helpful. However, BSA requirements still remain a burden to implement, especially with the ever-growing tidal wave of new regulations since the financial crisis. That is why we are pleased to support this legislation that takes important steps to update and modernize the BSA/AML regime.

In particular, we support the increases in the Suspicious Activity Report (SAR) and Currency Transaction Report (CTR) thresholds in the legislation. The current thresholds are outdated and have not been updated to keep up with inflation, leading to increased filings that create additional regulatory burdens on credit unions. We are also pleased to see that the legislation would require the Secretary of the Treasury to work to streamline and improve the current reporting requirements.


We appreciate H.R. 6068's focus on encouraging more coordination between law enforcement priorities and financial institution examiners. Many of our members have indicated that prudential examiners are too heavily focused on auditing absolute numbers of SAR filings and absolute compliance. As an example, many of our members have experienced situations where an examiner makes a finding on a SAR based on a purely technical issue, such as a strict timing deadline, which does not truly affect the usefulness of the SAR. Clarifying priorities for the nation's BSA/AML policy will help in this regard.

H.R. 6068 also contains important provisions that help ensure financial institutions can innovate and share information in the BSA/AML space. We are also pleased to see language regarding FinCEN establishing a no-action letter process.

Finally, we are pleased to see that the legislation would provide an 18-month safe harbor for good faith compliance with the new FinCEN Customer Due Diligence (CDD) Rule, and require studies regarding the collection of beneficial ownership information as part of the CDD Rule. We would also support, and encourage the Committee to consider, expanding the bill to include language to help ensure that credit unions have access to beneficial ownership information collected by states relating to corporations or limited liability companies formed under state laws. We support H.R. 6068 as introduced, but believe that it could be improved by adding such provisions as it moves through the legislative process.

NAFCU appreciates this opportunity to share our thoughts and express our support for H.R. 6068. Should you have any questions or require any additional information, please do not hesitate to contact me or Allyson Browning, NAFCU's Associate Director of Legislative Affairs, at 703-842-2836.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Thaler', with a horizontal line extending to the right.

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Financial Services Committee