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**National Association of Federally-Insured Credit Unions**

October 22, 2019

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

**Re: NAFCU support for H.R. 2513, the *Corporate Transparency Act of 2019* and the *COUNTER Act of 2019***

Dear Speaker Pelosi and Leader McCarthy:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to voice our support for H.R. 2513, the *Corporate Transparency Act of 2019*. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 118 million consumers with personal and small business financial service products. NAFCU strongly supports H.R. 2513, as well as the manager's amendment offered by Financial Services Committee Chairwoman Maxine Waters (amendment #2) that adds the text of H.R. 2514, the *Coordinating Oversight, Upgrading and Innovating Technology, and Examiner Reform Act of 2019* (the *COUNTER Act of 2019*), to the legislation. We urge you to pass this package when it comes before the House today.

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 terrorist 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 BSA/AML guidance is very helpful. However, BSA/AML requirements still remain a burden to implement. We believe that the BSA/AML system is in need of improvements and reform, and we are pleased that the House is prepared to pass this legislation to strengthen and improve the system.

NAFCU supports the efforts found in H.R. 2513, the *Corporate Transparency Act of 2019*, offered by Representative Carolyn Maloney ("Division A" of the legislation with the Waters amendment). The act would help financial institutions, including credit unions, comply with the new Customer Due Diligence (CDD) Rule by requiring companies to disclose their true "beneficial owners" to FinCEN for the creation of a database of beneficial ownership information that would be available to law enforcement agencies and financial institutions.

Furthermore, NAFCU supports the efforts found in H.R. 2514, the *COUNTER Act of 2019*, offered by Representative Emanuel Cleaver (added to H.R. 2513 as "Division B" by the Waters amendment). In particular, we support FinCEN encouraging more coordination between law enforcement and credit union examiners on BSA/AML priorities. Our members have consistently reported a lack of consistency among examiners in reviewing BSA policies and procedures, which makes it difficult to accurately anticipate how extensively to prepare for an exam.

Additionally, many of our members have indicated that prudential examiners are too heavily focused on auditing absolute numbers of Suspicious Activity Report (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. Instead, NAFCU believes that FinCEN should encourage prudential examiners to conduct more holistic and systemic audits, such as reviewing a credit union's procedures and practices. We are pleased to see that the legislation addresses this issue by directing FinCEN to study and design a modified SAR that would reduce compliance burdens on financial institutions.

Moreover, we support the legislation's efforts to modernize the Currency Transaction Report (CTR) threshold by indexing it for inflation. As you are well aware, the current \$10,000 threshold has not been updated for almost 50 years, and we routinely hear from credit unions about the sheer volume of CTRs that they are filing for unexceptional transactions due to this outdated threshold. We are also pleased that the legislation directs Treasury to study how CTR and SAR requirements can be streamlined to ensure that law enforcement is receiving necessary information while reducing burdens on financial institutions.

NAFCU also supports the bill's focus on modernizing the AML system, which includes encouraging innovation and providing exemptive relief to facilitate the testing of new technologies and innovations. For example, some of NAFCU's member credit unions would like to see an updated database for SAR and CTR filings to streamline the narrative reporting that law enforcement often requests from financial institutions. We also support the efforts in the bill to increase information sharing and allow the sharing of compliance resources in this area. Taken together, these steps can help strengthen and improve the system.

Finally, we look forward to continuing to work with Congress to modernize and strengthen the BSA/AML system. NAFCU continues to believe that it would be helpful to community institutions if FinCEN would provide opportunities for technical grants or training to help assist with the cost of software or technological capabilities to reduce the number of man-hours involved with BSA compliance. Such a move would be in direct alignment with FinCEN's objectives, as training and technological subsidies would enable more credit unions to have robust BSA/AML procedures in-place, thereby furthering FinCEN's goals. We also believe there is a need for enhanced training for examiners on countering the financing of terrorism (CFT) and AML issues, and believe this would be an important step to help improve the credit union experience with examiners in this area.

Overall, this legislation is an important step to improve the BSA/AML regulatory compliance regime for community institutions such as credit unions. NAFCU urges the House to support this important package when it comes to the floor later today. Should you have any questions or require any additional information, please do not hesitate to contact me or Sarah Jacobs, NAFCU's Associate Director of Legislative Affairs, at 703-842-2231.

Sincerely,



Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the U.S. House of Representatives