



BANK SECRECY ACT/ ANTI-MONEY LAUNDERING/ BENEFICIAL OWNERSHIP ISSUE BRIEF



National Association of Federally-Insured Credit Unions

BACKGROUND

Credit unions support efforts to combat criminal activity in the financial system. 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 have a good working relationship with FinCEN, and believe that the publication of periodic BSA/AML guidance is very helpful. However, BSA/AML requirements can be a burden to implement. NAFCU believes that the BSA/AML system is in need of improvements and reform, and we are pleased that Congress is working on bipartisan solutions to strengthen and improve the BSA/AML system.

FEDERAL LEGISLATIVE EFFORTS

The House passed two NAFCU-supported measures in October:

H.R. 2514, the COUNTER Act

- › House passed by a unanimous voice vote on October 28, 2019
- › Introduced by Representatives Emmanuel Cleaver (D-MO) and Steve Stivers (R-OH)
- › Takes important steps to have FinCEN encourage more coordination between law enforcement priorities and credit union examiners and to help train examiners on countering the financing of terrorism (CFT) and AML issues
- › Seeks AML improvements by encouraging innovation and providing exemptive relief to facilitate the testing of new technologies and innovations
- › Addresses the community institution compliance burdens from Suspicious Activity Reports (SARs) and Currency Transaction Reports (CTRs), including programs to create a modified SAR in certain instances and indexing the CTR level for inflation.

H.R. 2513, the Corporate Transparency Act

- › House passed H.R. 2513, which was amended to include much of the COUNTER Act, in a bipartisan vote of 249-173 on October 22, 2019

- › Introduced by Representatives Carolyn Maloney (D-NY) and Pete King (R-NY)
- › 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 creation of a database of beneficial ownership information that would be available to law enforcement agencies and financial institutions

In the Senate, a bipartisan group of Senators on the Banking Committee have introduced NAFCU-supported legislation:

S. 2563, the ILLICIT CASH Act

- › Introduced by Senators Mark Warner (D-VA), Tom Cotton (R-AR), Doug Jones (D-AL), Mike Rounds (R-SD), Robert Menendez (D-NJ), John Kennedy (R-LA), Catherine Cortez Masto (D-NV) and Jerry Moran (R-KS) on September 26, 2019
- › Modernizes and improves the BSA/AML system by establishing risk-based AML/ CFT priorities, improving communication between law enforcement, regulators and financial institutions, reviewing and streamlining reporting requirements, and encouraging the development of new technologies
- › Creates a database of beneficial ownership information that would be available to law enforcement agencies and financial institutions (like the Corporate Transparency Act)