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

June 29, 2020

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Charles E. Schumer  
Minority Leader  
United States Senate  
Washington, DC 20510

**Re: NAFCU Urges your support of the *Anti-Money Laundering Act of 2020* as an amendment to S. 4049, the *National Defense Authorization Act for Fiscal Year 2021***

Dear Leader McConnell and Leader Schumer:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to voice our support for including the bipartisan *Anti-Money Laundering Act of 2020* (AML Act) as an amendment to S. 4049, the *National Defense Authorization Act for Fiscal Year 2021* (FY 2021 NDAA). NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 120 million consumers with personal and small business financial service products.

As you are aware, the AML Act represents the extensive work of Senate Banking Committee Chairman Mike Crapo (R-ID) and Ranking Member Sherrod Brown (D-OH) to reach a bipartisan compromise based on S. 2563, the *Improving Laundering Laws and Increasing Comprehensive Information Tracking of Criminal Activity in Shell Holdings Act* (ILLICIT CASH Act). The ILLICIT CASH Act, in turn, was crafted by a bipartisan group of Senate Banking Committee members, including 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). We appreciate the bipartisan work by the Senate Banking Committee, and we think that the AML Act is a much-needed step in the right direction to improve corporate transparency and modernize the *Bank Secrecy Act* (BSA)/anti-money laundering (AML) system.

Credit unions strongly support efforts to combat criminal activity in the financial system. NAFCU has consistently recognized the importance of the Financial Crimes Enforcement Network (FinCEN), BSA, and AML/countering the financing of terrorism (CFT) requirements in assisting in the prevention of tax evasion, money laundering and terrorist financing. 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 remain a burden to implement, and we believe that the system is in need of improvements and reform. We were pleased to see the House pass H.R. 2513, the *Corporate Transparency Act of 2019*, and H.R. 2514, the *COUNTER Act of 2019*, earlier this Congress that would help strengthen and improve the BSA/AML system. We urge the Senate to follow suit by passing the AML Act as part of the FY 2021 NDAA.

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We would like to highlight several aspects of the legislation that we believe would help community financial institutions such as credit unions more effectively target their resources in order to make our financial system safer.

First, the AML Act would take the crucial step of requiring companies to disclose their true beneficial ownership information to FinCEN for the purposes of a newly created nonpublic database of beneficial ownership information. Financial institutions would be able to request confirmation of beneficial ownership information for purposes of compliance with the Customer Due Diligence (CDD) rule. As you know, the CDD rule has been highly burdensome for small financial institutions to implement, and the creation of this database would be enormously helpful for compliance purposes. Even more importantly, criminal actors frequently conceal their identities through anonymous shell companies, and as one of the few developed countries to not maintain a registry of beneficial ownership information, the United States has become a haven for these types of corporate entities. It is critical that you act now to establish a beneficial ownership database so we can address this illicit activity.

Secondly, the AML Act would make critical modernizations and improvements to our BSA/AML system. The legislation takes many steps that NAFCU strongly supports, including: requiring regulators to establish risk-based AML/CFT policy priorities, allowing credit unions to effectively target their resources toward higher-risk customers and activities; establishing a “FinCEN Exchange” to facilitate public/private information sharing on BSA issues; establishing various programs to increase knowledge and coordination amongst the Federal regulators on AML/CFT matters; directing FinCEN and other Federal regulators to establish a streamlined, automated Suspicious Activity Report (SAR) filing process for noncomplex reports; and improving the feedback loop between financial institutions and regulators, including requiring law enforcement to periodically report on SAR trends. Overall, the AML Act is an important step to improve the BSA/AML regulatory compliance regime for law enforcement and community institutions such as credit unions, and it merits inclusion in the FY 2021 NDAA.

As you know, this legislation has strong bipartisan support, as well as backing from both the financial industry and law enforcement. We urge you to capitalize on this momentum and include the AML Act as part of the FY 2021 NDAA. NAFCU thanks you for your attention to this important issue, and we look forward to continuing to work with you to modernize and strengthen the BSA/AML system. 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 (571) 289-7550 or [sjacobs@nafcu.org](mailto:sjacobs@nafcu.org).

Sincerely,



Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the United States Senate