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October 1, 2019

The Honorable Tom Cotton
United States Senate
Washington, DC 20510

The Honorable Mark Warner
United States Senate
Washington, DC 20510

The Honorable Mike Rounds
United States Senate
Washington, DC 20510

The Honorable Doug Jones
United States Senate
Washington, DC 20510

The Honorable Bob Menendez
United States Senate
Washington, DC 20510

The Honorable John Kennedy
United States Senate
Washington, DC 20510

The Honorable Catherine Cortez Masto
United States Senate
Washington, DC 20510

The Honorable Jerry Moran
United States Senate
Washington, DC 20510

Dear Senators Cotton, Warner, Rounds, Jones, Menendez, Kennedy, Cortez Masto, and Moran,

On behalf of America's credit unions, I am writing to express our support of S. 2563, The Improving Laundering Laws and Increasing Comprehensive Information Tracking of Criminal Activity in Shell Holdings (ILLICIT CASH) Act. The Credit Union National Association (CUNA) represents America's credit unions and their 115 million members.

Credit unions support efforts to track money laundering and terrorist financing, but also believe it is important to strike the right balance between the compliance costs to financial institutions, like credit unions, and the benefits to the federal government. Thus, we are encouraged by the *ILLICIT Cash Act*. This bill addresses the redundancies, unnecessary burdens, and opportunities for efficiencies within the Bank Secrecy Act/Anti-Money Laundering (BSA/AML) statutory framework. However, it is important to note that regulatory regimes like the Bank Secrecy Act can cause an undue burden, particularly for smaller financial institutions, and should be a scalable framework.

We appreciate several of the areas addressed in the bill, including the following provisions:

Title I:

- Requires that Treasury establish national exam and supervision priorities intended to supplement and guide financial institutions, financial regulators, and law enforcement on handling AML-CFT (combatting the financing of terrorism) threats.
- Establishes a Treasury financial institution liaison to seek and receive comments from financial institutions regarding AML-CFT rules and regulations and examinations, including regarding the banking regulators.

The requirements of Title I will aid credit unions by providing them with greater direction regarding the issues and areas Treasury and FinCEN determine to be most relevant and useful in their AML-CFT efforts. The information required by Title I may also result in greater examination consistency.

Further, the liaison position required by Title I will be of great value to credit unions and other financial institutions. Specifically, it should provide an efficient mechanism for the financial services industry to inform Treasury of specific sticking points within the AML-CFT rules and regulations that could be addressed.

Title II:

- Requires annual reports from DOJ to Treasury on the use of BSA reporting by law enforcement.
- Requires periodic law enforcement feedback to financial institutions on their suspicious activity reports.
- This periodic feedback shall also be coordinated and conducted in the presence of financial regulators.
- Reviews and streamlines reporting requirements to ensure a “high degree of usefulness” for CTR/SAR filings, including a review of reporting fields, as well as a review of appropriate ways to promote financial inclusions and avoid unnecessary de-risking.
- Requires Treasury and the Attorney General to review the CTR and SAR thresholds and determine whether any changes are necessary.
- Requires a formal review of all AML-CFT regulations and guidance with public comment to remove outdated or unnecessary regulations and guidance.

The Title II requirement for the DOJ to share information with Treasury will provide Treasury with information that can be used to make important changes to enhance the effectiveness of Treasury’s rules and regulations.

Credit unions have long urged for Treasury to provide feedback regarding the impact their BSA reporting has had in FinCEN’s efforts to fight financial terrorism. Any requirements to promote such feedback to credit unions is of great value and will help encourage continued reporting going forward.

We certainly support efforts to review CTR/SAR filings with an eye to enhancing effectiveness and efficiency. CTR/SAR filings are an extremely time intensive part of credit unions’ reporting requirements.

Review of the CTR and SAR thresholds is a much-needed step. CUNA and credit unions have been advocating for such increases for several years.

Formal review of AML-CFT regulations and guidance is a great opportunity for credit unions and other affected members of the public to weigh in for improvements.

Title III:

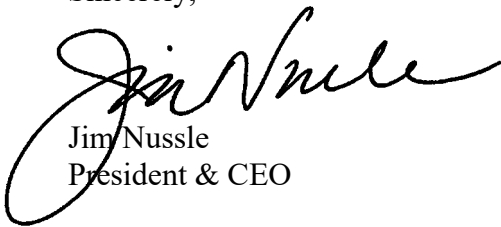
- Establishes a path for financial institutions to share de-identified AML-CFT information for purposes of identifying suspicious activity.
- The ability to share certain AML-CFT information will be of great value in identifying suspicious activity.

We support this effort to track money laundering and terrorist financing and are pleased that this legislation addresses some of the redundancies and unnecessary burdens within the BSA/AML framework. We appreciate that this legislation requires a review of the Currency Transaction Report (CTR) and Suspicious

Activity Report (SAR) thresholds. As this legislation moves forward however, we would encourage the Committee to consider raising and/or indexing for inflation the CTR and SAR thresholds. The dollar amount thresholds included in the BSA/AML have not been updated since the law was originally enacted in 1970. In today's market the \$10,000 CTR threshold has the same buying power as \$1,500 when the law was enacted nearly fifty years ago – according to the Consumer Pricing Index's Inflation Calculator provided by the Bureau of Labor and Statistics. And yet, credit unions are required to report every cash transaction of \$10,000 or more, even when the credit union knows that the transaction has no criminal implications.

On behalf of America's credit unions and their 115 million members, thank you for the opportunity to share our views and introducing this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large loop at the beginning and end.

Jim Nussle
President & CEO