

September 26, 2019

The Honorable Thomas Cotton
326 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Mark Warner
703 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mike Rounds
502 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Doug Jones
330 Hart Senate Office Building
Washington, D.C. 20510

Dear Senators Cotton, Warner, Rounds, and Jones:

On behalf of the members of the American Bankers Association (ABA), I write to express our support for S. 2563, the ILLICIT Cash Act. For many years, ABA has worked diligently to help make the United States' regime to combat money laundering and terrorist financing more effective and efficient. We are pleased that you have taken time to consider the views of many stakeholders and introduced a bipartisan proposal to address this important issue.

ABA believes that the ILLICIT Cash Act is a step in the right direction to make the anti-money laundering/combating the financing of terrorism (AML/CFT) process more efficient. Having a robust AML/CFT compliance program in place is something that banks take very seriously. Banks have been, and continue to be, supportive of law enforcement efforts to ensure that anyone who attempts to use the banking system for illicit activities is caught. ABA has long advocated steps that would improve communications and feedback from law enforcement, and the bill includes several steps that would do just that. These changes, such as requiring threat pattern information to be shared with the financial sector, will help the banking industry focus resources in the most efficient and effective way to serve law enforcement priorities.

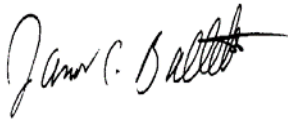
ABA also supports provisions in the bill that would adapt new technologies to combat money laundering and terrorism-financing. While we support efforts to track illegal financial transactions by terrorists and criminals, we want to make sure that neither banks nor law enforcement are distracted by excessive reporting of legitimate activity by law-abiding citizens. This legislation makes some important changes to the AML/CFT system towards that goal.

The legislation also includes a national registry for beneficial owners that would be far more comprehensive, effective, and efficient than relying on individual financial institutions to collect the information. While financial institutions go to great lengths to know their customers and follow all requirements to know the beneficial owners, there is no formal system in place to identify beneficial owners and ensure that shell companies are not hiding money or other illegal activities. While this process may be transformative for the United States, it would simply bring the U.S. in line with other developed countries. This provision is overdue and we applaud you for including this measure as part of the ILLICIT Cash Act.

The time is ripe to update the AML/ CFT system, which has not fundamentally changed since the Bank Secrecy Act was adopted in 1970. Although there are other changes that would prove beneficial, ABA believes that this bill is a significant step in the right direction.

We look forward to continuing to work with you on this issue and we urge members of the Senate to support this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "James C. Ballentine". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James C. Ballentine

cc: Chairman Mike Crapo, Senate Banking, Housing and Urban Affairs Committee
Ranking Member Sherrod Brown, Senate Banking, Housing and Urban Affairs Committee
Members of the United States Senate