

Date: May 7, 2019

To: Members of the House Financial Services Committee

From: James Ballentine, Executive Vice President, Congressional Relations & Political Affairs

Re: American Bankers Association Support for H.R. 2513, the Corporate Transparency Act of 2019 and H.R. 2514, the “COUNTER Act”

On behalf of the members of the American Bankers Association (ABA), I write to express our support for H.R. 2513, the Corporate Transparency Act of 2019 and H.R. 2514, the “Coordinating Oversight, Upgrading and Innovating Technology, and Examiner Reform Act of 2019 (COUNTER Act), as amended. These measures scheduled for consideration before the Committee this week will bring clarity and transparency to the beneficial ownership and anti-money laundering/bank secrecy system and also bring welcome and needed improvements.

ABA commends Representative Carolyn Maloney (D-NY), Chairwoman of the Subcommittee on Investor Protection, Entrepreneurship and Capital Markets, for her steadfastness on the issue of beneficial ownership over the past several Congresses. H.R. 2513 is a bipartisan piece of legislation that would require corporations and limited liability companies to self-report beneficial owners to the Financial Crime Enforcement Network (FinCEN) at the time of formation of the entity. Further, the bill would require all companies within two years to file such information with FinCEN. While financial institutions go to great lengths to know their customer and follow all requirements to know the beneficial owner, there is no formal system in place to ensure that shell companies are not hiding money to facilitate illegal activities. H.R. 2513 would allow for the collection of the information and ensure that annual and ongoing updates are made on beneficial owners. While this legislation may be transformative for the United States, it would simply bring the U.S. in line with other developed countries. This measure is long overdue and **ABA urges members of the Committee to support H.R. 2513.**

The Committee will also consider another important measure H.R. 2514, introduced by Representative Emanuel Cleaver (D-MO), Chairman of the Subcommittee on National Security, International Development, and Monetary Policy. This measure makes substantive changes in the Anti-Money Laundering (AML)/Bank Secrecy Act (BSA) structure and implements some important oversight of BSA. Having a robust BSA/AML compliance program in place is something that banks take very seriously. Banks have been and continue to be partners with law enforcement and want to ensure that anyone that attempts to use the banking system for illicit activities are caught. The resources devoted to compliance, especially BSA compliance, are significant for the banking industry, particularly community banks.

As noted, banks work in a cooperative manner with law enforcement on BSA/AML. One area of major concern for the banking industry is the lack of feedback from law enforcement on the value of information sharing on suspicious activity. Banks file literally thousands of suspicious activity reports (SARs), but are unsure if this information is helpful to law enforcement. We are

pleased that the bill enhances requirements for feedback from law enforcement and enhances the 314 information sharing process. Additionally, the legislation requires threat pattern information to be shared with the financial sector. These changes will assist the banking industry and could relieve some of the compliance burdens that hinder bank's ability to serve their customers. ABA and our member banks recognize the important role that we play in the fight against terrorist financing, money laundering, and other financial crimes. We support government efforts to track illegal financial transactions by terrorists and criminals effectively. However, we want to make sure that neither banks nor law enforcement are distracted by massive reporting of legitimate activity by law-abiding people. This legislation makes some important changes to the AML/BSA system and **ABA urges members of the Committee to support H.R. 2514.**

Additionally, ABA would support an amendment to update the outdated thresholds for certain currency transaction and suspicious activity reports. Such an amendment begins the process of modernizing this 50-year-old law by revising the thresholds to help reduce excessive filings.

We appreciate the Committee's interest in these important matters and we look forward to continuing to work with members of Congress and others to improve the statutory and regulatory BSA regime to help protect the integrity of the financial system and the American public.