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National Association of Federal Credit Unions | www.nafcu.org

March 6, 2013

The Honorable Tim Johnson
Chairman
Senate Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Michael Crapo
Ranking Member
Senate Committee on Banking, Housing
and Urban Affairs
United States Senate
Washington, D.C. 20510

Re: Compliance and Enforcement of the Bank Secrecy Act

Dear Chairman Johnson and Ranking Member Crapo:

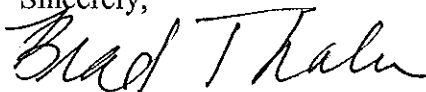
On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the interests of our nation's federal credit unions, I write today in conjunction with the scheduled hearing on compliance and enforcement of the Bank Secrecy Act. As the committee continues important oversight over the administration of the Bank Secrecy Act and its anti-money laundering rules, NAFCU would like to draw the committee's attention to Financial Crimes Enforcement Network's (FinCEN) Advance Notice of Proposed Rulemaking (ANPR) with respect to adopting a customer due diligence (CDD program).

While NAFCU fully appreciates the importance of the Bank Secrecy Act requirements with respect to national security, NAFCU cannot support the ANPR and urges FinCEN to carefully consider the issues raised by credit unions should the agency move forward. Under the ANPR, a credit union would be required to conduct due diligence and verify the identity of members when opening accounts, understand the purpose and intended nature of the account, identify and verify the beneficial owners of all members pursuant to a risk-based approach, and monitor the member relationship and undertake further due diligence as needed.

If adopted as proposed, the rule would require credit unions to devote additional resources and personnel for BSA-related regulatory compliance. New or additional systems, software, artificial intelligence application and human resources would be needed. Given that much of the objectives that the ANPR seeks to achieve are already being accomplished through compliance with current FinCEN guidelines, including the agency's BSA/AML exam manual, the benefit to codifying the guidelines and adding requirement to identify "beneficial owners" and to conduct due diligence measures on an ongoing basis, are not significant enough to warrant the cost and burden.

Thank you for your attention to this matter of importance for credit unions and their 95 million member-owners. NAFCU is hopeful that the committee will be mindful of FinCEN's work on this issue moving forward. Should you have any questions or require additional information please do not hesitate to contact me or NAFCU's Senior Associate Director of Legislative Affairs Jillian Pevo at (703) 963-7082 or jpevo@nafcu.org.

Sincerely,

A handwritten signature in cursive script that reads "Brad Thaler".

Brad Thaler

Vice President of Legislative Affairs

cc: Members of the Senate Banking Committee