



January 4, 2018

The Honorable Steve Pearce
United States House of Representatives
2432 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Blaine Luetkemeyer
United States House of Representatives
2230 Rayburn House Office Building
Washington, D.C. 20515

Dear Representatives Pearce and Luetkemeyer,

We are pleased to write in support of the draft *Counter Terrorism and Illicit Finance Act*, cosponsored by Chairmen Pearce and Luetkemeyer. We believe the bill will modernize our nation’s anti-money laundering and countering the financing of terrorism (AML/CFT) regime and help prevent the use of shell companies to launder money by cloaking the identities of their beneficial owners from law enforcement.

The bill targets anonymously owned shell companies by establishing a beneficial ownership reporting requirement on closely held, non-public legal entities. Importantly, the bill would also provide financial institutions with access to reported information to assist them with their customer due diligence compliance efforts. Small businesses will soon be required to provide such information to their banks and other financial institutions under FinCEN’s customer due diligence (CDD) rule. The draft bill appropriately coordinates the definition of beneficial ownership with FinCEN’s rule. It is our hope that this will help reduce the anticipated burden of complying with the requirements of the CDD rule. Financial institutions should be able to rely on the information reported by businesses to FinCEN, which would, in turn, reduce the reporting burden on those businesses.

We agree with the founder of the Small Business Majority that “providing the name, address and identification of the true owner of a business is not a burden. They are well aware of who controls and who benefits from their proceeds. The definition in the discussion draft is clear, easy to follow, and workable for small businesses who have no need to hide their owners’ identity.”

Currently, the lack of a beneficial ownership requirement allows criminals, money launderers, kleptocrats, and terrorist financiers, to obscure their identities from law enforcement. The federal government and, importantly, the law enforcement community do not have ready access to such information to assist them with their investigations into alleged money laundering and human trafficking activities, a critical gap in the current regime. We are pleased to see this easily exploited loophole addressed in the draft bill. The provision is an important reason why we support the bill and why the bill has drawn support of the Fraternal Order of Police and the National District Attorneys Association.

In addition to the beneficial ownership language, we are encouraged by the provisions in the bill to help clarify the complex regulatory reporting structure by requiring the Treasury Secretary to: (a) set national priorities for the AML/CFT regime; (b) facilitate information sharing and feedback between financial institutions and law enforcement; and (c) encourage the use of technology and artificial intelligence within financial institutions’ anti-money laundering programs.

We are pleased to support this bill and stand ready to assist your efforts to modernize and enhance the effectiveness and efficiency of our nation’s AML/CFT regime. We look forward to working with you on this important endeavor.

Sincerely,

The Clearing House Association
The American Bankers Association
The National Association of Federal Credit Unions
Mid-Size Bank Coalition of America
Independent Community Bankers of America
Credit Union National Association
The Financial Services Roundtable
Regional Bank Coalition
Bankers Association for Finance and Trade
Institute of International Bankers
Consumer Bankers Association
Securities Industry and Financial Markets Association