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June 11, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of community banks across the country, with more than 52,000 locations, I write to thank you for scheduling today's markup. ICBA reiterates our call for all members of the Financial Services Committee to vote YES on the Corporate Transparency Act of 2019 (H.R. 2513), sponsored by Representative Carolyn Maloney. In particular, we are pleased with changes made by the Manager's Amendment in response to concerns raised about the bill. ICBA also urges members of the committee to support the National Flood Insurance Program Reauthorization Act of 2019 (H.R. 3167), sponsored by Chairwoman Waters.

H.R. 2513 would require non-exempt corporations and limited liability companies to disclose their "beneficial owners" to the Financial Crimes Enforcement Network (FinCEN) at the time the company is formed and on an annual basis thereafter, noting any changes in beneficial ownership. This requirement would create more transparency and thereby deter the abuse of anonymous legal entities for money laundering, corruption, fraud, terrorist financing and sanctions evasion. Any penalties imposed would apply only to fraudulent activity or willful failure to comply. H.R. 2513 creates limitations and waivers to provide relief for persons who violate the requirements through reasonable cause and not due to willful neglect.

H.R. 2513 does not create broad access to beneficial ownership information stored by FinCEN. It provides that this information may only be shared with federal, state, local, or tribal law enforcement agencies for law enforcement, national security, or intelligence purposes. Further, Representative Maloney's Manager's Amendment would create robust protocols for safeguarding beneficial ownership information, including limiting access to this information within law enforcement agencies to authorized users whose identity is verified through appropriate mechanisms, such as two-factor authentication; audit trails of requests for beneficial ownership information, and annual audits to be conducted by law enforcement agencies that have received information as well as by FinCEN.

H.R. 2513 would further require FinCEN to modify its Customer Due Diligence Rule, which requires banks to collect information on the beneficial owners of legal entities that open accounts, to remove any redundancies with the new requirement.

ICBA strongly supports H.R. 2513 because FinCEN collection of beneficial owner information, as opposed to its collection by banks, would provide uniformity and consistency across the United States. Making

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the formation of an entity contingent on receiving beneficial owner information more directly would create a strong incentive for equity owners and investors to provide such information.

H.R. 3167 would reauthorize the National Flood Insurance Program (NFIP) through Sept. 30, 2024 and make reforms to the program concerning affordability, mapping, and mitigation. The NFIP provides critical support to community banks by providing affordable, reliable flood insurance for both residential and commercial properties securing both consumer and business loans.

Thank you again for marking up these important bills. This legislation is critical to community banks and their ability to best serve their customers and communities.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Members of the House Committee on Financial Services

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