



October 24, 2016

The Financial Crimes Enforcement Network
Policy Division
P.O. Box 39
Vienna, VA 22183

RE: RIN 1506–AB28
Customer Identification Programs, Anti-Money Laundering Programs, and Beneficial
Ownership Requirements for Banks Lacking a Federal Functional Regulator

Dear Sirs:

I am writing to comment on your proposed rule that would prescribe minimum standards for anti-money laundering programs for banks without a Federal functional regulator. I am currently, the CEO of American Share Insurance (ASI).

ASI is an Ohio based company that is the insurer of deposits for credit unions that are not federally insured. By way of background, ASI is a licensed and legally operating share guaranty corporation under Ohio Revised Code Section 1761, subject to annual licensure by the Ohio Department of Insurance and dual regulation by the Ohio Department of Insurance and the Ohio Department of Commerce. The company is also subject to regulatory oversight by the credit union authorities in its other eight states of operation.

ASI has been operating safely and soundly since 1974, only three years less than that of our federally insured counterpart, the National Credit Union Share Insurance Fund (NCUSIF) which the NCUA Board is empowered to administer.

Credit unions can choose to be state-chartered or federally chartered (in all but two states). Under the Federal Credit Union Act, state chartered credit unions may be federally insured, but it is not required. There are approximately 125 credit unions that are privately insured operating in nine states (Alabama, Maryland, Ohio, Illinois, Indiana, Nevada, California, Idaho and Texas).

ASI works closely with state regulators to conduct joint audits of privately insured credit unions every year (over 70% done jointly and annually). Disclosures to consumers regarding private share insurance are governed by federal law (Section 43 of the Federal Deposit Insurance Act) and administered under rules adopted by the CFPB.

It is critical to point out that a duly licensed state-chartered credit union, whether privately insured or federally insured, is subject to the exact same set of state laws, regulations and supervisory oversight. It is also important to note that most state credit union authorities have adopted the Federal law guidelines as to minimum net worth ratios, prompt correction action and member business lending, so as to maintain consistency in their practices between their federally insured and privately insured state licensees. Through contract, ASI recognizes the power of the state credit union authority to establish laws and regulations governing its insured credit unions. In addition, most state laws contain a “parity provision” reducing differences between the federal and state charter, further diminishing the likelihood of true regulatory differences.

The proposed rulemaking would require institutions, like privately insured credit unions, that do not have a federal functional regulator to adopt Anti-Money Laundering (AML) programs that, at a minimum, include: (1) The development of internal policies, procedures, and controls; (2) the designation of a compliance officer; (3) an ongoing employee training program; and (4) an independent audit function to test programs. It would impose a customer identification program (CIP). Finally, it would impose customer due diligence rules (CDD) similar to that of federally insured institutions.

We support such a proposal and believe that all privately insured credit unions, as regulated by the States, are currently engaged in Bank Secrecy Act compliance, such as the filing of currency transaction reports ("CTRs"), suspicious activity reports ("SARs"), and customer identification programs (CIP). As we canvassed state regulators, as you acknowledge, with the uniformity of state exams, privately insured credit unions are following the AML rules as laid out in this proposed rule-making.

FinCEN has asked for comments regarding implementation. Regulatory burdens for small credit unions are growing rapidly, forcing many out of business or into a merger. Almost all of the institutions we insure are below \$1 billion in assets, and many are much smaller. As FinCEN acknowledges, compliance with the beneficial ownership requirement would be expected to require additional training, information technology upgrades, and revisions to policies, procedures, and internal controls. We would request a sufficient amount of time, whether that be six months or a year, to implement the new regulations, so that credit unions can absorb the new rules and determine they are in compliance.

Once this rulemaking is finalized, we would welcome and encourage FinCEN to coordinate an outreach program with ASI, our nine state regulators and privately insured credit unions to ensure we are carrying out the intent of this proposal.

Thank you for your consideration of these views. Please do not hesitate to contact me at 614-973-7700.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis R. Adams". The signature is fluid and cursive, with a large initial "D" and "A".

DENNIS R. ADAMS
President/CEO