



February 14, 2023

Kenneth A. Blanco
Director
Financial Crimes Enforcement Network
Policy Division
P.O. Box 39
Vienna, VA 22183

Re: RIN 1506-AB49, Docket Number FINCEN-2021-0005

Filed via Federal E-rulemaking Portal: <http://www.regulations.gov>.

Dear Director Blanco:

CrossState Credit Union Association (CrossState) appreciates this opportunity to provide comments from credit unions on the Financial Crimes Enforcement Network's (FinCEN) Notice of Proposed Rulemaking (NPRM) regarding access by authorized recipients to beneficial ownership information (BOI) that will be reported to FinCEN pursuant to Section 6403 of the Corporate Transparency Act (CTA). CrossState is a regional trade association that advocates for nearly 500 credit unions located in the State of New Jersey and Commonwealth of Pennsylvania.

CrossState and its member credit unions generally support all aspects of the proposed rulemaking as financial institutions (FI) will benefit from being able to access BOI from FinCEN. Financial institutions are challenged by the lack of a centralized source of information on legal entity ownership in the United States. Having the information available for law enforcement and financial institutions will improve the current system that has been in place under the 2016 Customer Due Diligence (CDD) Rule.¹ Under the CDD Rule, financial institutions are collecting the information, but it is not being reported to any other agencies. Reporting BOI when an entity is formed should assist fulfilling the purposes of the Bank Secrecy Act (BSA) - to prevent and combat money laundering, terrorist financing, and other illegal activity.

CrossState supports the constraints that will be imposed on FIs requesting BOI from FinCEN to facilitate its CDD requirements. The proposal indicates that FinCEN anticipates that an FI would be able to make the certifications of having consent and a permissible purpose via a checkbox when requesting BOI via the beneficial ownership IT system. This is not overly burdensome. CrossState appreciates that FinCEN expects to offer online training about the system when it becomes available.

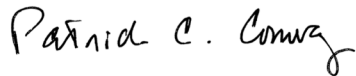
¹ See 31 CFR 1010.230

Additionally, CrossState strongly encourages FinCEN to not impose additional security and information handling protocols on FIs. FIs are subject to stringent security and confidentiality standards and those standards should be sufficient for receiving BOI from FinCEN. Allowing FIs to meet the requirement to safeguard BOI by extending the same processes used to comply with regulations issued pursuant to section 501 of Gramm-Leach-Bliley would avoid duplicative or inconsistent requirements for information security and protocols. It would also be less burdensome for FIs to administer without sacrificing a high level of protection.

Finally, CrossState urges FinCEN to make sure that companies required to report BOI to FinCEN do not have the capability to indicate "unknown" or "unable to obtain" in fields that provide critical information about the legal entity during the reporting phase. Financial institutions, law enforcement, and other government agencies will be using BOI reported to FinCEN to combat illegal activity that can cause harm to the United States financial services system and consumers. It is crucial that the data that is reported to FinCEN fulfills its purpose. Relatedly, CrossState and its member credit unions would support the addition of a process or procedure that FIs can follow if it is unable to obtain complete BOI from the system.

Thank you for the opportunity to provide comments on this important issue and we look forward to additional rulemaking that will help to implement the CTA.

With best regards,



Patrick C. Conway
President & CEO

cc: CrossState Board
CrossState Government Relations Committee
CrossState Regulatory Review Committee