



March 15, 2023

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

Re: Docket Number FINCEN-2021-0005 and RIN 1506-AB49/AB59

Dear Madam or Sir:

We are writing on behalf of First Financial Northwest Bank “FFNWB” headquartered just outside of Seattle in Renton, Washington. We are a community-based, FDIC regulated commercial bank with just over \$1.4 billion in assets and with 15 branches located throughout King, Snohomish, and Pierce counties. We have traditionally operated as a thrift/savings bank and over the years, have transitioned to a commercial bank model. Most of our loans are real estate secured and held in portfolio, largely comprised of SFR, multifamily, non-residential and construction loans.

We would like to take this opportunity to thank FinCEN for your leadership and hard work to draft a proposal on which stakeholders can provide feedback.

FFNWB is committed to the goals of the Corporate Transparency Act which will allow law enforcement to counter money laundering, the financing of terrorism, and other illicit activity that undermines our financial system.

We believe that the Beneficial Ownership Information (BOI) Access and Safeguards Notice of Proposed Rulemaking (NPRM) is well intentioned in creating the Beneficial Ownership Secure System (BOSS) and rules regarding its access; however, we have concerns about its ability to streamline the BOI process for both banks and businesses and about the reliability of BOI entered the system.

We would like to address two different areas under your request for comments. The first area is listed below.

FinCEN proposes that FIs be required to obtain the reporting company’s consent to request the reporting company’s BOI from FinCEN. FinCEN invites commenters to indicate what barriers or challenges FIs may face in fulfilling such a requirement, as well as any other considerations.

First Financial Northwest Bank’s serves many new, startup businesses in the communities we serve. We also serve small businesses having less than 20 employees and non-profits. Most of the businesses will be subject to BOI and will need to register in BOSS. We have a concern that BOSS may slow down the new account process for both our customers and the bank and create more compliance obligations than the proposal intends because of lack of clarity. The first area that needs to be addressed is how we can obtain customer consent, whether consent is based on a per





customer basis or a per account basis and will consent automatically be terminated when the customer closes their account? Second, if a customer comes into the bank wanting to open a new account and states they have registered in BOSS but we are unable to confirm the customer's registration (system down, system issues, information is not up to date etc.), are we allowed to obtain BOI on our current form in lieu of obtaining a report/transcript with the information we need for CDD? Third, if we obtain BOI from BOSS which conflicts with information we already have on file for the customer and we cannot reconcile the information, are we obligated to reconcile the information? If the information cannot be reconciled, are we obligated to file a Suspicious Activity Report (SAR) and report the discrepancy to FinCen? If the discrepancy is due to information being incorrectly provided by the company applicant, we have just filed a SAR that isn't warranted. Will it be FinCEN's or the bank's job to verify information provided? Fourth, if we pull a BOI report and add the information to our BSA/AML software, this will create an obligation to run the information against OFAC/SDN/314a lists. Fifth, how do we comply with ongoing CDD requirements if a customer's BOI changes? Does BOSS have a reporting system that notifies banks obtaining consent of changes made to BOI? Lastly, the idea of beneficial owners being able to use a FinCEN identifier seems to run contrary to the original purpose of the Act which is to create more transparency with shell companies. If a bank relies on a BOI report with identifiers in lieu of KYC/CIP, information, we will be unable to fully conduct our CDD/EDD. Also, we have noted that company applicants can mark "unknown" for CIP information gathered on beneficial owners which is also contrary to the purposes of the Corporate Transparency Act.

The second area for request for comment is below.

FinCEN proposes to require FIs to limit BOI disclosure to FI directors, officers, employees, contractors, and agents within the United States. Would this restriction impose undue hardship on FIs? What are the practical implications and potential costs of this limitation?

We have no offices or branches of our bank in a foreign country; however, we wanted to clarify a couple points regarding the storage and access of BOI. The first question is how FinCEN defines contractors and agents? These terms need to be defined so that banks can build confidentiality and security verbiage into agreements with contractors and agents. A second question related to the comment question is whether access to BOI needs to be limited to officers and employees who are doing CDD/EDD? Do banks need to restrict access in their document retention systems?

We look forward to using a BOI system that will improve corporate transparency and streamline compliance requirements for both banks and businesses.

Sincerely,

**Suzanne
Nester**

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