

April 4, 2016

Financial Crimes Enforcement Network
Department of the Treasury
P.O. Box 39
Vienna, Virginia 22183

Re: Bank Secrecy Act Currency Transaction Report Revised Layout and Proposed Additional Data Fields

To Whom It May Concern:

On behalf of the 1.453 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the Financial Crimes Enforcement Network's (FinCEN) proposal to revise the layout of the Bank Secrecy Act's Currency Transaction Report (CTR) and to require additional data fields.

Credit Union Concerns with BSA Requirements

HCUA supports FinCEN's objective of improving the tracking of money laundering and terrorist financing. In addition, we support reasonable protections, including those under the Bank Secrecy Act (BSA), aimed at reducing financial crimes. However, we urge FinCEN to ensure any regulatory changes it pursues are as minimally burdensome on credit unions as possible. Credit unions continue to struggle to comply with numerous new and amended regulatory requirements from a handful of federal regulators.

Coordination and Consistency: HCUA encourages greater regulatory and examination consistency among different regulators, including the National Credit Union Administration, state credit union regulators, and FinCEN. Greater consistency would also be helpful with the interpretation of requirements regarding BSA reports. Further, we support efforts by FinCEN and other regulators to work together on additional guidance on BSA compliance and to minimize the overlap of regulations among different agencies.

Transaction Reporting Threshold: We encourage FinCEN to work with regulators to support meaningful legislative and regulatory changes to minimize the costs and problems financial institutions encounter in meeting BSA and anti-money laundering (AML) requirements. Increasing reporting thresholds would help reduce some of these compliance costs. Investigating and filing Suspicious Activity Reports (SAR) and CTRs remains very costly, as doing so requires constant vigilance and reporting by credit union employees. We support increasing the CTR threshold from the \$10,000 level established decades ago to \$20,000 and at least doubling other key thresholds, such as the \$3,000 trigger for reporting wire transfers and \$5,000 threshold for filing a SAR. In addition, credit unions support ways to improve and reduce the reporting of SARs and CTRs that have limited usefulness to law enforcement.

Proposed Changes to the CTR

HCUA appreciates that FinCEN is not proposing any new regulatory requirements related to currency transaction reporting. However, it is important to note that any regulatory changes—even absent additional regulatory requirements—may cause credit unions to expend time and resources to understand and make updates to reflect such changes. Since publishing a revised CTR in March 2011, FinCEN has become aware that the current report is not configured to allow for alternative reporting models that have developed in the last few years, such as reports filed by a parent company on behalf of its subsidiary. Prior to this, the CTR was predominantly filed by the financial institution where the transaction occurred. The current CTR was not designed to record different filing and transaction locations. FinCEN also was made aware that the current CTR does not provide a means of indicating “shared branching” transactions. Thus, FinCEN is proposing changes to the report to address these issues.

Comments regarding the Proposed Changes

As noted above, HCUA supports FinCEN’s objective of improving the tracking of money laundering and terrorist financing. However, we have concerns and/or comments regarding several of the proposed changes to the CTR.

Addition of Part IV: The proposal would add a new Part IV to record the entity actually filing the report through the BSA E-Filing System. A check box would be added to Part III to indicate when the information in Part IV is the same for Part III.

We support the addition of Part IV. Including the transacting location on the form will make research easier if more information is needed after the CTR has been filed. In addition, we support the proposed check box in Part III to indicate whether the reporting and transacting locations are the same, as this will save valuable time when completing the form.

Definition of “Teller”: FinCEN has been advised by several non-bank financial institutions that the reference to “teller(s)” in the instructions is confusing and misleading since nonbank financial institutions normally do not employ “tellers.” Therefore, FinCEN is proposing to define “teller” for the purpose of completing a CTR as: “An individual employed by a covered financial institution that accepts currency in the normal course of business at the covered financial institution.”

We support the proposed definition of teller. While credit unions do employ “tellers,” providing a standard definition may provide clarity for nonbank financial institutions.

Specifying the Filing Institution: One of the reasons FinCEN is proposing changes to the CTR is to accommodate alternative reporting models that have developed in the last few years. Prior to such models, FinCEN noted that the CTR was generally filed by the financial institution where the transaction occurred.

It is our understanding that credit unions that participate in shared branching typically file the CTR at the credit union where the transaction occurred (transacting credit union). Having the transacting credit union file the CTR appears most logical since it is the institution that directly

interacts with the member who conducted the transaction triggering the filing of a CTR. However, we do see value in having the transacting credit union notify the member's credit union that a CTR was filed. Such information is useful to the member's credit union for purposes of tracking, looking for patterns, and possible SAR filing. Shared branching agreements often include such a notification requirement.

As always, we appreciate the opportunity to comment on this issue. We will be happy to respond to any questions.

Sincerely,

A handwritten signature in black ink that reads "Bradley D. Douglas". The signature is written in a cursive, flowing style.

Brad Douglas
President/CEO