

Crapo Statement at Money Laundering Hearing
November 29, 2018

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks during a full committee hearing entitled, “Combating Money Laundering and Other Forms of Illicit Finance: Regulatory and Law Enforcement Perspectives on Reform.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“The hearing will come to order.

“This morning marks the fourth time this year that members of the Banking Committee meet to evaluate the regulatory scheme of the Bank Secrecy Act in terms of efficiency in reporting and effectiveness of enforcement.

“The purpose of these hearings is to assess the current BSA framework against the challenges faced by the public and private sectors in confronting the risks posed by the constantly evolving money laundering, sanctions evasion and terrorist financing methods used by illicit financiers in the United States.

“The goal of this Committee is always to search for a means to more effectively target and prevent these activities, while imposing the least burden on those in industry tasked with being the gatekeepers to the United States financial system.

“The first two hearings, held in January, lead with witnesses from the private sector on the first day, followed a week later by witnesses from the Treasury and Justice Departments.

“The focus of these two full committee hearings centered on discussions for potential reforms of the current U.S. regulatory framework in areas such as greater information sharing among financial institutions and the government, efforts to sharpen suspicious activity reporting by encouraging a risk-based approach over more quantifiable metrics, and the importance of requiring the collection of beneficial ownership information at the time of incorporation, rather than relying exclusively on the current Customer Due Diligence procedures.

“Over the summer, Senators Sasse and Donnelly continued the work of the Committee by holding a third hearing, as Chair and Ranking of the National Security subcommittee, on how criminal organizations launder money and the need for modernizing the anti-money laundering regime to better address the requirements of both financial institutions and law enforcement.

“Senator Sasse correctly assessed that the anti-money laundering regime must constantly innovate to keep up with the bad actors that continuously update their methods of accessing the U.S. financial system.

“In fact, each of these hearings have, from the beginning, culminated in strong bipartisan support to reform the existing regime largely by finding clear-headed measures designed to encourage the innovation necessary to combat illicit financing while also encouraging regulators to focus on more tangible threats, and law enforcement to increase interagency cooperation and improve information sharing throughout the process.

“While not yet settled on any one particular reform or fix, members of the Committee are united on the idea that there is room for change in a decades-old system that will yield a modernized BSA anti-money laundering regime that works for law enforcement, financial institutions, their regulators, and the man in the street, who is the ultimate beneficiary of a strong U.S. financial system.

“Today, the Committee will continue its probe for new ideas on reform from the Financial Crimes Enforcement Network, or FinCEN; the Office of the Comptroller of the Currency, or OCC; and, from the FBI, which ultimately cannot be hampered by a misplaced reform in its mission to chase down the criminals and the illicit proceeds they generate.

“We are especially fortunate to have with us, today, the Director of FinCEN, Mr. Ken Blanco, who as Director is the chief Administrator of BSA.

“Before FinCEN he was a former top prosecutor at the Department of Justice, the Acting Assistant Attorney General of the Criminal Division, and a one-time head of its Anti-Money Laundering and Asset Recovery Section.

“Also testifying are Mr. Steven D’Antouno, Chief of the Financial Crimes Section at the FBI, and Ms. Grovetta Gardineer, who is Senior Deputy Comptroller for Compliance at the OCC.

“I thank our witnesses for sticking with us after the Committee had to postpone this hearing. But, this is an important hearing where we must take the time to talk about the issues surrounding innovation, financial integrity, public confidence, and crime from the perspective of regulators and law enforcement.

“In that regard, and since we last intended to hold this hearing, an arrest was reported of a senior FinCEN employee for unlawfully removing and disclosing to a member of the media Suspicious Activity Reports or ‘SARs,’ which were held in FinCEN’s custody.

“In fact, this was a highly unusual and complicated insider occurrence of sensitive SAR information being disclosed, but it underscores the employee’s alleged crime as a critical challenge to the integrity of the financial system and the public’s confidence in it.

“More than ever, with the advent of the innovative application of big data analytics available to law enforcement to deal with ever-increasing information flows, it is

incumbent on all custodians of sensitive information to fully comply with the confidentiality rules of the BSA and particularly for the government to take all necessary steps to ensure that it can protect this vast amount of data entrusted to it.

“I greatly appreciate this opportunity to engage in a discussion with the experts today to help us find a way to advance innovation in the BSA compliance and enforcement regimes to better direct the resources of government and financial institutions aimed at protecting the integrity of the U.S. financial system, and the businesses that are America’s bedrock.”

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