October 30, 2024

Submitted at Regulations.gov
Chief Counsel's Office
Attn: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, SW, Suite 3E-218
Washington, DC 20219

Submitted at Regulations.gov
Ann E. Misback, Secretary,
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Submitted at FDIC.gov
James P. Sheesley
Assistant Executive Secretary
Attn: Comments/Legal OES (EGRPRA)
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

> Re: OCC Docket ID OCC–2023–0016, FRB Docket No. OP–1828, FDIC EGRPA docket re: EGRPRA review of Bank Secrecy Act Compliance and Reports of Crimes or Suspected Crimes

Dear Sirs and Madams,

The National Consumer Law Center, on behalf of its low-income clients, submit these comments in connection with the Office of the Comptroller of the Currency's (OCC), Board of Governors of the Federal Reserve System's (FRB), and Federal Deposit Insurance Corporation's (FDIC) review under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA) of regulations regarding:

- Bank Secrecy Act Compliance, 12 CFR Parts 21 (Subpart C), 208.63 [Reg. H], and 326 (Subpart B)
- Reports of Crimes or Suspected Crimes, 12 CFR Parts 21 (Subpart B), 208.62-.63 [Reg. H], 353 12 CFR 163.180(d), and 225.4(f) [Reg. Y]

The Bank Secrecy Act (BSA) regulations and the regulations regarding the filing of suspicious activity reports (SARs) are outdated and need to be updated to strengthen and modernize the anti-money

laundering and countering the financing of terrorism (AML/CFT) program requirements for financial institutions and other entities and to protect consumers.

We support the proposed AML/CFT rule by the Financial Crimes Enforcement Network (FinCEN), but also urge additional steps to emphasize the importance of fraud prevention and fraud detection within the U.S. banking and payments system and ensure that vulnerable consumers are not excluded from the U.S. financial system. Our detailed views are contained in our comments on that proposed rule,[1] which we attach to these comments. We summarize those comments below.

Regulations should be updated to place stricter requirements on nonbank entities that engage in payment and banking services. The SAR form should be updated to catch information about accounts that receive fraudulent funds, and FinCEN should take additional measures to promote information sharing about payment fraud.

More clarity and guidance is also needed in regulations, implementing guidance, and examination manuals to ensure that financial institutions do not define risk too broadly. Financial institutions should not consider credit risk as a factor in developing and implementing an AML/CFT program, and without clarity, blunt-fisted, opaque identification requirements exclude vulnerable consumers from the U.S. banking system and allow for discrimination. Overly aggressive BSA/AML programs targeting fraud can lead to unnecessary bank account closures and freezes. Vulnerable populations such as immigrants, domestic violence survivors, and justice-impacted individuals may also experience financial exclusion exacerbated by overly broad BSA/AML programs.

Thank you for consideration of these comments. With any questions, please contact Carla Sanchez-Adams at csanchezadams@nclc.org.

Yours very truly,

/s/

Carla Sanchez-Adams
Senior Staff Attorney
National Consumer Law Center
(on behalf of its low-income clients)

---

[1] Comments of National Consumer Law Center to FinCEN on Rulemaking on Anti-Money Laundering and Countering the Financing of Terrorism Programs, Docket Number FINCEN–2024–0013 (Sept. 3, 2024), https://www.nclc.org/wp-content/uploads/2024/09/2024.09.03_Comments_FinCEN-Dept-Treasury-on-AML-Rulemaking.pdf.