

Congress of the United States

Washington, DC 20510

October 19, 2016

The Honorable Rick Metsger
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314

Dear Chairman Metsger:

We write regarding the trending practice of “de-risking” and to request information on what action the National Credit Union Administration (NCUA) has taken to address impacts associated with this trend.

As you are no doubt aware, financial institutions have generally noted concerns about enforcement and supervisory risk when terminating certain accounts. In other words, they have likely concluded that they cannot earn a sufficient financial return on these accounts to offset the risk of punitive enforcement action by regulators or prosecutors. Significant uncertainty resulting from a perceived lack of standardization in applying laws related to de-risking compounds the costs in this cost-benefit analysis for credit unions.

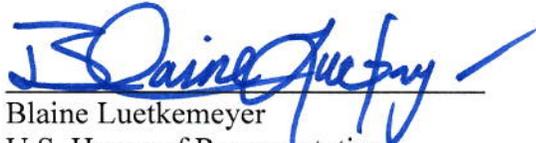
To date, the NCUA has neglected to issue any supervisory guidance on the practice and its position remains unclear. However, credit unions in our states have made it clear that the de-risking trend is very real and may result from actions taken by NCUA’s regulatory and supervisory staff to influence a credit union’s decision to exit a line of business or to terminate a customer relationship.

We recognize the critical importance of financial regulatory efforts to combat money laundering and terrorism, as well as the responsibility of credit unions to conduct their due diligence in assessing the nature and risk associated with all customer accounts. However, the implementation of federal anti-money laundering efforts must be pursued with an eye toward unnecessary and unintended impacts to law abiding citizens and businesses. It is important to recognize that the loss of financial access can actually subvert anti-money laundering efforts by driving certain financial activities into untraceable banking alternatives.

Accordingly, we request that you clarify the NCUA position on de-risking and examine your agency’s execution of anti-money laundering regulations and other sanctions laws compliance. Specifically, we are requesting information on whether or not the NCUA has encouraged credit unions to de-risk due to a customer’s specific location or line of business. In addition, please describe the methodologies employed by NCUA to ensure the standardization of examinations of compliance with anti-money laundering laws.

We appreciate your prompt attention to this matter and request a response from you by November 1, 2016.

Sincerely,



Blaine Luetkemeyer
U.S. House of Representatives



Jeff Flake
United States Senate