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United States Senate

WASHINGTON, DC 20510-0305

October 3, 2014

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The Honorable Jacob J. Lew
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Lew:

I write to inquire about potential unintended consequences of the Treasury Department's enforcement of anti-money laundering laws. Over the past year, several bank branches in Arizona towns along the U.S.-Mexico border have closed their doors while others have dropped customers engaged in cross-border transactions. Local interests have raised concern regarding the economic impacts of these closures and restrictions. It is their understanding that they are the result of financial institutions seeking to reduce their risk of non-compliance with the Bank Secrecy Act (BSA) and other anti-money laundering laws.

I respectfully request answers to the following questions:

1. Are you aware of recent closings and restrictions in bank services related to anti-money laundering efforts?
2. Are such closures occurring outside the U.S.-Mexico border region?
3. To what extent have the BSA and other anti-money laundering laws been effective at preventing or interdicting illicit behavior?
4. Has the Treasury Department and other financial regulators heard concern regarding the burden associated with compliance with such regulatory efforts?
5. Are the Treasury Department and other financial regulators working with financial institutions to ensure that the costs and risks associated with BSA compliance are not needlessly restricting business activities?

Certainly it is in everyone's interest to provide a regulatory environment that allows for vibrant cross-border commerce while maintaining strong safeguards against the flow of illicit activity into the United States. An appropriate balance between anti-money laundering laws and the economic need of border communities can hopefully be maintained.

Thank you for your attention to this matter, in strict accordance with all existing rules, regulations, and ethical guidelines. Please contact Kristen Fallon of my staff at Kristen_Fallon@flake.senate.gov or (202) 224-4521 should there be any questions.

Sincerely



Jeff Flake
United States Senator

cc: Comptroller Thomas J. Curry, Office of the Comptroller of the Currency
Chairman Martin J. Gruenberg, Federal Deposit Insurance Corporation
Chairman Janet L. Yellen, Federal Reserve System
Chairman Debbie Matz, National Credit Union Administration

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