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MEMORANDUM

January 11, 2021

To Our Clients and Friends

Re: Congress Passes Anti-Money Laundering Act of 2020

The Anti-Money Laundering Act of 2020,¹ enacted as part of the National Defense Authorization Act, makes sweeping changes to the Bank Secrecy Act and FinCEN's authority and operations.

The legislation includes the following provisions:

- Requires companies to file reports with FinCEN regarding beneficial owners and changes in beneficial ownership and establishes a federal database for such information
- Specifies how an AML program can be reasonably designed and risk-based
- Expands FinCEN's authority to interact with other regulators and provide feedback to financial institutions and state regulators
- Defines the term "financial institution" to include parties that exchange or transmit virtual currencies
- Authorizes the Treasury Secretary to treat virtual currency as monetary instruments
- Expands the Treasury Department and Justice Department's subpoena power for foreign banks with United States correspondent accounts, including requesting records relating to any account at the foreign bank
- FinCEN is to review streamlining SAR requirements to reduce reporting burden
- The Treasury Department may impose additional penalties for repeat BSA violations and provides for a ten-year prohibition on serving on the board of a financial institution for "egregious violations" of the BSA
- Expands awards and protections for whistleblowers that contribute information to successful AML enforcement actions
- Establishes a Subcommittee on Innovation and Technology within the BSA Advisory Group to advise the government on how to encourage and support technological innovation in AML
- Requires FinCEN to consult with state regulators and other federal banking agencies regarding streamlined and automated reporting

¹ Division F, Section 6001-6511 of Public Law No: 116-283.

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- Establishes a pilot program for sharing SAR-related information within a financial group
- Requires the Government Accountability Office and FinCEN to conduct studies and submit a report to Congress on financial services de-risking.

The act requires regulations be issued within one year specifying how companies can comply with the Act.

A copy of the Act is available on our website at <http://schwartzandballen.com/news.html>

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