June 15, 2022

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| The Honorable Chris Van HollenChairmanCommittee on AppropriationsFinancial Services and General GovernmentU.S. SenateWashington, DC 20510  | The Honorable Cindy Hyde-SmithRanking MemberCommittee on AppropriationsFinancial Services and General GovernmentU.S. SenateWashington, DC 20510 |

**RE: Increased FY2023 Appropriations for the Financial Crimes Enforcement Network (FinCEN)**

Dear Chairman Van Hollen and Ranking Member Hyde-Smith,

On behalf of the Financial Accountability and Corporate Transparency (FACT) Coalition, we urge the Subcommittee on Financial Services and General Government to approve increased appropriations for the Financial Crimes Enforcement Network (FinCEN) to **$210.3 million**, in alignment with the President’s FY2023 budget request.[[1]](#footnote-1)

The FACT Coalition is a non-partisan alliance of more than 100 state, national, and international organizations promoting policies to combat the harmful impacts of corrupt financial practices.[[2]](#footnote-2)

***FinCEN Fulfills Necessary Role Protecting the U.S. Financial System from Illicit Finance***

According to the Treasury Department, illicit proceeds equaling a staggering 2 percent of U.S. gross domestic product (GDP) move through our financial system each year.[[3]](#footnote-3) Meanwhile FinCEN, responsible for protecting the U.S. economy, has a budget of approximately 0.0006 percent of total U.S. GDP.[[4]](#footnote-4) It is absolutely critical that our nation’s financial crime fighters have the necessary resources to protect the U.S. financial system.

In December, Treasury Secretary Janet Yellen stated that, likely, “...right now, the best place to hide and launder ill-gotten gains is actually the United States.”[[5]](#footnote-5) The 2022 Financial Secrecy Index supports this assertion, naming the United States as the top financial secrecy jurisdiction in the world.[[6]](#footnote-6) As the inaugural 2021 U.S. Strategy to Counter Corruption noted, U.S. financial secrecy poses real dangers to average Americans, undermining public health, public safety, and national security.[[7]](#footnote-7)

FinCEN plays a critical role in addressing these dangers. As the financial intelligence unit (FIU) of the United States, FinCEN analyzes financial data to identify trends and helps law enforcement and national security officials uncover illicit flows. Further, FinCEN is responsible for implementing structural reforms – such as those named in the U.S. Strategy on Countering Corruption – to prevent abuse of the U.S. financial system by the criminal and corrupt. The importance of this bureau of the Treasury Department has only become clearer in light of U.S. sanctions against oligarchs allied with President Putin in his illegal invasion of Ukraine.[[8]](#footnote-8)

***Lack of Resourcing Jeopardizes Enforcement of U.S. Anti-Money Laundering Laws***

In April testimony before the House Financial Services Committee, Acting FinCEN Director Himamauli Das sounded the alarm on how FinCEN’s limited budget has hamstrung the bureau in facing the range of threats it is tasked to counter: “Our team is incredibly talented, but they’re incredibly small as well, and they’re just outmatched to the challenge — not in competence but in terms of resources alone.”[[9]](#footnote-9)

The fact remains that FinCEN is seriously understaffed and under-resourced to responsibly execute its mission both as an analytical and a policymaking body. From 2015 to 2020, FinCEN’s budget increased a modest 3 percent (inflation adjusted),[[10]](#footnote-10) to cover staffing, hardware, tech licensing, travel, and other needs of the bureau.

Thanks to the efforts of congressional appropriators, FinCEN recently received two, one-time infusions of funds through Ukraine aid packages passed by Congress. These funds, however, in large part serve only as a short-term surge to boost FinCEN’s critical role in supporting international sanction efforts.

These infusions are therefore insufficient for covering the discretionary budget shortfalls needed to empower FinCEN to fulfill its broader mission. A May 2022 Transparency International report shows that FinCEN’s budget pales in comparison to other countries’ financial intelligence units. As a rough metric, the report measures the amount of Suspicious Activity Reports (SARs) filed in contrast to the total staff a country’s FIU has employed. In certain jurisdictions like Germany, the ratio of SARs to FIU staff measured approximately 500 to one. In the United States, that same metric measured 10,000 SARs per FinCEN employee.[[11]](#footnote-11)

Added to this burden is the fact that, as discussed above, FinCEN has additional, irreplaceable responsibilities compared to many FIUs, such as with respect to implementing key structural reforms necessary to bolster anti-money laundering enforcement. The need for increased staffing and technology for this crucial bureau within the Treasury Department is clear.

***Underfunding Further Delays Essential Reforms to U.S. Anti-Money Laundering Framework***

Meanwhile, FinCEN’s anti-money laundering responsibilities are only increasing. FinCEN is one of the leaders tasked with carrying out the U.S. Strategy on Countering Corruption. The Strategy has recognized immense vulnerabilities in the U.S. entity formation, real estate, and private investment sectors.[[12]](#footnote-12) FinCEN is responsible for carrying out rulemakings in each of these arenas with appropriate haste, especially in light of U.S. national security demands vis-a-vis Russia.

Chief among FinCEN’s responsibilities is the implementation of the bipartisan Corporate Transparency Act, which would effectively end the abuse of most anonymous entities in the United States.

In his April testimony, Acting Director Das addressed the committee on the CTA, stating, “As you are aware, we are missing deadlines, and we will likely continue to do so,” until resource needs are met. FinCEN must be given resources so that it is able to satisfy congressionally mandated timelines, and to issue final rules implementing the statute by no later than January 1, 2023, for the rule to go into effect by no later than January 1, 2024.

***Conclusion***

In recognition of FinCEN’s increasingly important mandate, the Biden Administration has requested a 30 percent increase for FinCEN’s FY2023 discretionary funds above previous enacted levels, raising the total amount to $210.3 million. **We encourage the Senate Appropriations Committee to approve the full $210.3 million for FinCEN**.

Thank you for your consideration. If you have any questions, you can contact Erica Hanichak (ehanichak@thefactcoalition.org).

Sincerely,

Ian Gary

*Executive Director*

Ryan Gurule

*Policy Director*

Erica Hanichak

*Government Affairs Director*

Cc:

Sen. Patrick Leahy*, Chairman of the Senate Appropriations Committee*

Sen. Richard Shelby*, Ranking Member of the Senate Appropriations Committee*

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2. The FACT Coalition, “About Us,” <https://thefactcoalition.org/about-us/coalition-members-and-supporters/> [↑](#footnote-ref-2)
3. U.S. Treasury Department, “Treasury Strategic Plan 2022-2026,” P. 23, March 2022, <https://home.treasury.gov/system/files/266/TreasuryStrategicPlan-FY2022-2026.pdf>. [↑](#footnote-ref-3)
4. Transparency International, “Up to the Task? The state of play in countries committed to freezing and seizing Russian dirty money,” May 24, 2022, <https://images.transparencycdn.org/images/2022-Report-Up-to-the-task.pdf>. [↑](#footnote-ref-4)
5. U.S. Treasury Department, “Remarks by Secretary of the Treasury Janet L. Yellen at the Summit for Democracy,” December 9, 2021, <https://home.treasury.gov/news/press-releases/jy0524>. [↑](#footnote-ref-5)
6. Tax Justice Network, 2022 Financial Secrecy Index, <https://thefactcoalition.org/u-s-ranked-most-secretive-financial-jurisdiction-in-the-world/>. [↑](#footnote-ref-6)
7. White House, “U.S. Strategy on Countering Corruption,” December 2021, <https://www.whitehouse.gov/wp-content/uploads/2021/12/United-States-Strategy-on-Countering-Corruption.pdf>. [↑](#footnote-ref-7)
8. See FACT sheet, “Enforce U.S. Sanctions and Protect the U.S. Financial System: Approve Appropriations for the Financial Crimes Enforcement Network and Office of Terrorism and Financial Intelligence,” April 2022, “<https://thefactcoalition.org/wp-content/uploads/2022/04/FY-23-FinCEN-Funding-FINAL-April-2022.pdf>. [↑](#footnote-ref-8)
9. Himamauli Das, FinCEN, Testimony before the House Financial Services Committee, April 28, 2022, <https://financialservices.house.gov/events/eventsingle.aspx?EventID=409259>. [↑](#footnote-ref-9)
10. Global Financial Integrity, “Enhancing National Security by Reimagining FinCEN,” March 1, 2021, <https://gfintegrity.org/report/enhancing-national-security-by-reimagining-fincen/>. [↑](#footnote-ref-10)
11. Transparency International, “Up to the Task? The state of play in countries committed to freezing and seizing Russian dirty money,” May 24, 2022, <https://images.transparencycdn.org/images/2022-Report-Up-to-the-task.pdf>. [↑](#footnote-ref-11)
12. White House, “U.S. Strategy on Countering Corruption,” December 2021, <https://www.whitehouse.gov/wp-content/uploads/2021/12/United-States-Strategy-on-Countering-Corruption.pdf>. [↑](#footnote-ref-12)