

**SJM 8005 - S AMD 524**

By Senator Hasegawa

**ADOPTED 02/06/2024**

1 Strike everything after page 1, line 4 and insert the following:

2 "We, your Memorialists, the Senate and House of Representatives  
3 of the State of Washington, in legislative session assembled,  
4 respectfully represent and petition as follows:

5 WHEREAS, The State of Washington welcomes refugees and immigrants  
6 who bravely leave behind everything familiar to seek safety, build a  
7 better life, and provide resources for loved ones in their country of  
8 origin; and

9 WHEREAS, Approximately one in every seven Washington residents is  
10 an immigrant and another one in every seven Washington residents is a  
11 native-born United States citizen with at least one immigrant parent;  
12 and

13 WHEREAS, Many immigrants to Washington transfer money to loved  
14 ones in their country of origin in the form of remittances, and money  
15 remitted by migrants competes with international aid as one of the  
16 largest financial inflows to developing countries; and

17 WHEREAS, Many immigrants have continued to try to send money to  
18 their families despite uncertain and changing employment  
19 circumstances following the COVID-19 pandemic and recovery; and

20 WHEREAS, The federal government has national security interests  
21 that have resulted in measures by federal agencies to block  
22 remittances that present significant security risks, and the federal  
23 Bank Secrecy Act and related Anti-Money Laundering rules (BSA/AML)  
24 impose due diligence, recordkeeping, reporting, and compliance  
25 program requirements on financial institutions with respect to  
26 remittances to foreign countries; and

27 WHEREAS, Some of the countries to which immigrants to Washington  
28 want to remit money have little or no central banking infrastructure,  
29 which makes compliance with BSA/AML rules difficult or impossible,  
30 and prevents immigrants from being able to remit money in a safe,  
31 reliable manner; and

1           WHEREAS, Financial institutions such as banks and credit unions  
2 play a pivotal role in facilitating commerce and enabling individuals  
3 to build financial prosperity; and

4           WHEREAS, Many of the local or community-based money transmitters  
5 that service underserved diverse communities in Washington have been  
6 excluded from obtaining or maintaining accounts from traditional  
7 financial institutions and have seen their accounts closed without  
8 explanation or justification, leaving underserved communities without  
9 banking options; and

10          WHEREAS, Many financial institutions appear to be engaging in de-  
11 risking, whereby they terminate or restrict business relationships  
12 with clients or categories of clients in order to avoid, rather than  
13 manage, risk; and

14          WHEREAS, De-risking has detrimentally impacted the ability of  
15 smaller, Washington-based money transmitters to serve underserved  
16 diverse communities, to the benefit of larger money transmitters that  
17 operate on a nationwide basis; and

18          WHEREAS, De-risking also presents a threat to public safety, as  
19 unbanked businesses often must store and transport large sums of cash  
20 at great risk to owners and their employees; and

21          WHEREAS, The state of Washington has an interest in promoting  
22 financial inclusion and in ensuring that every individual or business  
23 operating in compliance with the law can access regulated financial  
24 systems; and

25          WHEREAS, The federal National Defense Authorization Act (NDAA)  
26 for fiscal year 2021 expresses Congress's sense that "anti-money  
27 laundering, countering the financing of terrorism, and sanctions  
28 policies must ensure that the policies do not unduly hinder or delay  
29 legitimate access to the international financial systems for  
30 underserved individuals, entities, and geographic areas;" and

31          WHEREAS, The NDAA directed the United States Government  
32 Accountability Office (GAO) to analyze financial services de-risking  
33 and report to Congress, and directed the United States Department of  
34 Treasury and others to review reporting requirements now in effect  
35 and propose changes to reduce unnecessarily burdensome regulation and  
36 to develop a strategy to reduce de-risking and related adverse  
37 consequences; and

38          WHEREAS, The United States Department of Treasury issued their  
39 report on April 25, 2023, "The Department of the Treasury's De-  
40 Risking Strategy" with key findings and recommendations that include

1 promoting consistent supervisory expectations that consider the  
2 impacts of de-risking; proposing regulations that require financial  
3 institutions to have reasonably designed and risk-based AML/CFT  
4 programs supervised on a risk basis, taking into consideration the  
5 effects of financial inclusion; and building on Treasury's work to  
6 modernize the United States sanctions regime and its recognition of  
7 the need to specifically calibrate sanctions to mitigate unintended  
8 economic, political, and humanitarian impacts, as outlined in *The*  
9 *Treasury 2021 Sanctions Review*; and

10 WHEREAS, The Washington state department of financial  
11 institutions has worked with representatives of local and community-  
12 based money transmitters, banks, and credit unions in Washington to  
13 develop enhanced regulatory guidance and a model account agreement to  
14 clarify expectations for financial institutions that might offer  
15 account services to affected money transmitters; and

16 WHEREAS, The Washington state department of financial  
17 institutions has forwarded that guidance to federal bank and credit  
18 union regulators for their review and comment in 2022; and

19 WHEREAS, Collaboration between federal bank and credit union  
20 regulators, the Washington state department of financial  
21 institutions, and industry stakeholders could lead to significant  
22 progress towards rolling back blanket de-risking by depository  
23 institutions with respect to local and community-based money  
24 transmitters;

25 NOW, THEREFORE, Your Memorialists respectfully pray that:

26 (1) Congress pass and the President sign legislation implementing  
27 strategies and recommendations that result from:

28 (a) Reports by the GAO and the Treasury Department in response to  
29 the NDAA; and

30 (b) Review of the Washington state department of financial  
31 institutions' regulatory guidance for depository institutions;

32 (2) Such legislation also include:

33 (a) Directives to federal financial regulatory agencies to  
34 develop regulations that clearly and specifically require financial  
35 institutions to have reasonably designed and risk-based AML programs  
36 supervised on a risk basis, taking into consideration the effects of  
37 financial inclusion;

38 (b) Provisions giving federal banking regulators clarity on how  
39 to improve examiners' ability to evaluate banks' BSA/AML compliance  
40 as applied to money transmitter accounts;

1 (c) A requirement that financial institutions disclose a specific  
2 reason when denying or closing an account; and

3 (d) Provisions to help financial institutions mitigate the cost  
4 of due diligence required to comply with BSA/AML provisions impacting  
5 money transmitters; and

6 (3) The President direct federal bank and credit union regulators  
7 to work with the Washington state department of financial  
8 institutions and industry stakeholders to support efforts to develop  
9 new and creative solutions to improve banking access for local or  
10 community-based money transmitters.

11 BE IT RESOLVED, That copies of this Memorial be immediately  
12 transmitted to the Honorable Joseph R. Biden, Jr., President of the  
13 United States, the President of the United States Senate, the Speaker  
14 of the House of Representatives, and each member of Congress from the  
15 State of Washington."

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