MINNESOTA CREDIT UNION NETWORK, CHRISTOPHER PETERSEN

Proposal and Comment Information

Title: Anti-Money Laundering and Countering the Financing of Terrorism Programs, R-1835

Comment ID: FR-0000-0133-02-C21

Subject

Docket ID No. R-1835 and RIN 7100-AG78

Submitter Information

Organization Name: Minnesota Credit Union Network

Organization Type: Organization

Name: Christopher Petersen

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Dear Mr. McDonough,

Please find our comment letter on the above matter.

Best regards,

Dan Le

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General Counsel

Minnesota Credit Union Network

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[cid:d81c48b0-12dc-4c7c-b905-9ab0f446a1b4]<https://www.mncun.org/100years.html>

August 20, 2026

Benjamin W. McDonough
Secretary Board of Governors of the Federal Reserve System
20th Street and Constitution Ave NW
Washington, DC 20551

Re: Notice of Proposed Rulemaking – Anti-Money Laundering and Countering the Financing of Terrorism Programs Docket ID No. R-1835 and RIN 7100-AG78

Dear Mr. McDonough:

The Regulatory Review Committee of Minnesota Credit Union Network ("MnCUN") appreciates the opportunity to comment on the notice of proposed rulemaking issued by the National Credit Union Administration, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency regarding Anti-Money Laundering and Countering the Financing of Terrorism ("AML/CFT") Programs.

MnCUN and its 80-member credit unions support modernizing AML/CFT supervision to focus on effectiveness, risk-based resource allocation, and useful information for law enforcement and national security. The final rule, however, must be calibrated to the cooperative structure, membership focus, and limited resources of credit unions.

MnCUN' s impact analysis shows that the proposed amendments would impose the greatest relative cost on small credit unions, the greatest operational lift on mid-size credit unions, and targeted governance and documentation burdens on larger credit unions. The final rule should make clear that examiner expectations must scale with size, complexity, and actual risk.

1. MnCUN supports modernization that preserves genuine risk-based discretion.

MnCUN supports moving AML/CFT supervision away from procedural checklists and toward documented, outcomes-based risk management. Credit unions should be permitted to allocate resources to the risks most relevant to their members, products, services, and delivery channels.

MnCUN requests that the final rule expressly preserve that discretion. Examiners should not criticize a credit union for reducing monitoring, controls, or testing in lower-risk areas when the decision is supported by a current risk assessment. NCUA and FinCEN should also provide a simplified risk-assessment template, board reporting template, or safe-harbor documentation standard for small and low-risk credit unions, particularly those below $500 million in assets.

2. The final rule should define when a program is "maintained" in all material respects.

MnCUN supports distinguishing whether an AML/CFT program has been established from whether it has been maintained in all material respects. That distinction must separate serious program weaknesses from isolated, technical, or promptly remediated operational issues.

The final rule should define a "material" failure and explain how examiners will evaluate alert backlogs, staffing transitions, system enhancements, model tuning, and other ordinary implementation challenges. Institutions should not face material-program criticism for gaps that are identified, escalated, and remediated through effective governance.

3. Supervisory expectations and enforcement thresholds should be applied consistently.

MnCUN supports the Agencies' statement that formal enforcement should be reserved for significant or systemic AML/CFT failures. The Agencies should define those terms and apply them consistently across examination teams, regions, and agencies.

Absent exigent circumstances or willful misconduct, institutions should receive supervisory feedback and a reasonable opportunity to remediate before escalation. The Agencies should also explain how these thresholds interact with Matters Requiring Board Attention or similar supervisory findings.

4. FinCEN's national AML/CFT priorities should be incorporated through documented consideration, not mechanical control requirements.

MnCUN supports incorporating FinCEN's national AML/CFT priorities into institutional risk assessments, but those priorities should not become mechanical control requirements.

The final rule should confirm that documented consideration is sufficient when a priority is demonstrably low risk for a credit union. Institutions should not be required to create new monitoring rules, systems, or staffing for every national priority regardless of exposure. The Agencies should also provide a reasonable implementation and examiner transition period when FinCEN revises the priorities.

5. Staffing and resource expectations should be proportional and examiner guidance should avoid imposing bank-like standards on credit unions.

The NPR will affect credit unions differently. Small credit unions will face the heaviest relative burden for documentation, board reporting, vendor coordination, and training. Mid-size credit unions may need additional AML, fraud, and data capacity as products and digital channels expand. Larger credit unions may need targeted enhancements to governance, analytics, quality assurance, and board metrics.

MnCUN requests that staffing adequacy be evaluated in context, not against large-bank models or rigid FTE benchmarks. Examiners should consider field of membership, product mix, transaction volume, geography, vendor reliance, fraud exposure, and documented residual risk. Scalable tools, including shared resources, league, or CUSO templates, outside testing, vendor-supported monitoring, and streamlined board reporting should be expressly permitted for smaller and less complex credit unions.

6. Customer due diligence expectations should reflect the credit union model.

MnCUN supports harmonizing customer due diligence requirements, but the final rule must reflect the credit union model. Examiners should account for membership relationships, field-of-membership limits, and credit union account structures when reviewing beneficial ownership, ongoing due diligence, and member relationship monitoring.

7. The final rule should clarify the meaning of "preventing" illicit financial activity.

MnCUN supports detecting, preventing, and identifying illicit financial activity, but the final rule must clarify what "prevention" means in an AML/CFT program.

Guidance should identify when fraud referrals, suspicious activity reporting, account restrictions, law enforcement engagement, or other controls are expected. The Agencies should also harmonize AML/CFT expectations with fraud prevention, cybersecurity, elder financial exploitation, account takeover, ACH and wire fraud, and suspicious activity reporting so credit unions may rely on one integrated risk assessment rather than duplicative supervisory frameworks.

8. AML/CFT officer accountability should allow distributed leadership and delegated operating models.

MnCUN supports requiring AML/CFT responsibilities to be conducted by persons in the United States who are accessible to regulators. The final rule should not, however, require one individual to both establish and maintain the program and manage day-to-day compliance.

MnCUN requests confirmation that distributed leadership and delegated operating models remain permissible where accountability is clear and governance provides effective oversight, independence, and escalation without negatively impacting smaller asset-size credit unions with the benefits of the Administration's Deregulation efforts.

9. The FinCEN consultation framework should be transparent and predictable.

MnCUN supports coordination among FinCEN and the prudential regulators, but the consultation process must be transparent. The Agencies should state whether institutions will be informed when consultation occurs, how differing supervisory views will be reconciled, and whether consultation may affect examination, remediation, or enforcement timelines.

MnCUN supports modernizing AML/CFT supervision, but the final rule must preserve proportionality, avoid one-size-fits-all supervisory expectations, and give credit unions clear standards they can implement with confidence. MnCUN urges the Agencies to adopt the clarifications requested above before finalizing the rule.

Thank you for the opportunity to comment.

Respectfully submitted,

Christopher Petersen

Christopher Petersen, Chair
Regulatory Review Committee

cc: MnCUN Regulatory Review Committee