



National Coin & Bullion Association
Sample Letter to Your Senators

[DATE]

[YOUR ADDRESS]

The Honorable [SENATOR'S FIRST LAST NAME]
US Senate
Washington, DC 20510

Dear Senator [LAST NAME]:

As the owner of a small business in the rare coin and bullion industry, I am concerned about the potential impact of the Anti-Money Laundering Act of 2020 on my firm. The minimum financial thresholds for certain AML reporting requirements are woefully out of date, which has placed unnecessary burdens on my business. Also, new reporting requirements may create additional challenges if not tailored to small businesses.

To address these issues, I would like to point out my specific concerns and recommendations related to the AML Act of 2020.

Raise the minimum threshold for reporting currency transactions

When the Bank Secrecy Act was enacted in 1970, a \$10,000 threshold was established for reporting currency received in a trade or business. Now, 51 years later, that \$10,000 amount adjusted for inflation has increased by more than 580%, to the equivalent of about \$68,000 today. To think of it another way, \$10,000 today would have had a value of about \$1,500 dollars in 1970.

As a dealer in bullion and rare coins, I am required to file a report to FinCEN any time I receive more than \$10,000 in currency in a single sales transaction. The impact of not adjusting the \$10,000 threshold for inflation has led to an increased cost to my business. It has also led to an increasingly adversarial relationship between dealers like me and financial institutions. Banks do not want large or frequent cash deposits due the substantial additional paperwork in Cash Transaction Reports and Suspicious Activity Reports, but dealers in precious metals, stones, and jewels are afraid to accept check payments due to the risks of checks not clearing and the resulting significant financial losses, given the narrow profit margins on the types of products covered by these regulations.

Therefore, I am requesting that the minimum threshold for reporting cash transactions be raised from the current \$10,000 to somewhere between \$40,000 and \$50,000, in order to reduce the reporting burdens on dealers in precious metals, stones, and jewels.

Raise the minimum threshold for compliance

As rare coin and bullion dealer I am currently required to have an Anti-Money Laundering compliance program in place if I both buy \$50,000 and sell \$50,000 of "Covered Goods" in a year. Covered goods include precious metals in coin or bar form (as well as precious stones and jewels, which some dealers also buy and sell). When this threshold was enacted into law in 2006, the price of gold was about \$513 per ounce and a dealer had to buy and sell at least 94 ounces of gold to qualify. As of the end of May 2021, the price of gold was about \$1,900 per ounce. So instead of buying and selling 94 ounces of gold, the threshold for compliance is now

only 28 ounces, 26% of what it was in 2006. The result is that “mom and pop” dealers who infrequently trade precious metals must incur the cost and time of AML compliance. If the threshold for regulation were to be adjusted for the price of gold, the minimum amount would now be about \$185,000 instead of \$50,000.

Therefore, to minimize the burden on small coin and bullion dealers, I recommend that the minimum threshold for AML compliance be raised from the current \$50,000 to \$150,000 with periodic adjustments based on changes in the price of precious metals.

Beneficial ownership regulations

In an effort to track shell companies, the new regulations will require smaller businesses to register with FinCEN. This component of the AML Act of 2020 could have an adverse financial impact on our industry, as *many* dealers do not generate more than \$5,000,000 in revenue and *very, very* few have more than 20 employees. Thus, a significant number of our businesses will be required to comply with the Beneficial Ownership requirements. On the surface, simply registering beneficial owners with FinCEN seems straightforward, however this regulation has the potential to pose exceptional burdens. For example, it is not clear if I will also be obliged to verify through the FinCEN database that each offshore and domestic supplier or buyer I work with is registered. And if I do, that opens a Pandora’s box of costs and risks. I would have to implement exorbitantly expensive data-security measures, maintain detailed records of the access to the database, and have annual audits performed to verify that the information I received from FinCEN has been accessed appropriately and used in a manner required by law. These requirements are more appropriate to banks and other financial institutions that possess the resources and funds for compliance, not for small coin and bullion dealers.

Therefore, I recommend that dealers in precious metals (as well as those who deal in precious stones and jewels) not be required to verify customers and suppliers in the FinCEN beneficial owners database. Members of our industry already know to access the Office of Foreign Asset Control (OFAC) database when dealing with new offshore customers and suppliers.

I hope that you will remember the needs of small business owners like me as these regulations come up for review. Thank you for your kind consideration of my concerns.

Sincerely,

[NAME/TITLE/BUSINESS NAME/PHONE/EMAIL]