



Congress of the United States
House of Representatives
Washington, DC 20515

April 22, 2020

Mr. Jamie Dimon
Chief Executive Officer
JPMorgan Chase Bank
270 Park Avenue
New York, N.Y. 10017

Mr. Brian Moynihan
Chief Executive Officer
Bank of America
100 North Tryon Street
Charlotte, N.C. 28255

Mr. Charles W. Scharf
Chief Executive Officer
Wells Fargo Bank
420 Montgomery Street
San Francisco, C.A. 94104

Dear Mr. Dimon, Mr. Moynihan, and Mr. Scharf:

We are writing to draw your attention to the difficulties of “banking while Muslim” and urge you to work towards ending biased practices in your industry. The COVID-19 pandemic has highlighted the importance of charitable organizations and the need to ensure accessible banking. However, many individuals, entities, and types of activities are being inappropriately categorized as unbankable given their misperceived “high compliance risk.” We have noticed these *de-risking* practices disproportionately impact Muslim Americans and Muslim organizations and charities,¹ despite the emphasis by U.S. regulators that such organizations should not be categorically treated as high risk.

As you may know, in the wake of the September 11, 2001 terrorist attacks, anti-money laundering/financial crimes compliance (AML/FCC) obligations were created to protect against illicit financial activities and actors. New rules defined through the USA PATRIOT Act and other measures to strengthen the Bank Secrecy Act (BSA) have forced institutions to exclude participants from the financial system. These regulations have caused banks to de-risk, shutting

¹ See: “U.S. Muslim Charities and the War on Terror: A Decade in Review.” (2011). Charity and Security Network. < <http://www.charityandsecurity.org/system/files/USMuslimCharitiesAndTheWarOnTerror.pdf>>; Eckert, Sue E., Kay Guinane and Adrea Hall. (2017) “Financial Access for U.S. Nonprofits.” Charity and Security Network. < [https://www.charityandsecurity.org/system/files/FinancialAccessFullReport_2.21%20\(2\).pdf](https://www.charityandsecurity.org/system/files/FinancialAccessFullReport_2.21%20(2).pdf)>; Gordon, Stuart and Sherine El Taraboulsi-McCarthy. (2018). “Counter-terrorism, bank de-risking and humanitarian response: a path forward.” Policy Brief 72, Humanitarian Policy Group. < <https://www.odi.org/sites/odi.org.uk/files/resource-documents/12368.pdf>>; Salih, Huda. (July 4, 2017). “Banks’ de-risking and the effect on Muslim charities.” Risk Advisory. < <https://www.riskadvisory.com/news/banks-de-risking-and-the-effect-on-muslim-charities/>>. Hall, Kevin G. and Rob Wile. (December 17, 2018). “Are Muslim-owned accounts being singled out by big banks?”, McClatchyDC. <<https://www.mcclatchydc.com/latest-news/article221921090.html>>. Lee, Cheryl R. (2006). “Constitutional Cash: Are Banks Guilty of Racial Profiling in Implementing the United States Patriot Act?” Michigan Journal of Race and Law. 11(557): 557-604.

out individuals and organizations perceived to be too expensive to maintain AML/FCC compliance. As a result, many Muslim and Arab Americans, simply because of their Arabic names or their connections to Muslim countries, have been automatically labeled high-risk and are therefore unable to maintain access to financial services.

One recent example of an organization unfairly targeted by big banks is LaunchGood, a crowdfunding platform focused on serving the Muslim community. Despite internal policies that demonstrate their commitment and practice to comprehensive compliance and due diligence efforts, LaunchGood has been, and is being, shut out by multiple financial services providers. Most recently, the organization was warned by *WePay* and its financial partner, *Chase Bank*, that they would be losing their services and engagement ceased because they have perceived LaunchGood to be a high-risk organization. LaunchGood is a widely respected crowd funding platform, with tens of millions of dollars in transactions a year – driven by American donors looking to support legitimate causes. If this type of consistent banking discrimination can happen to them, what chance is there for smaller charities and nonprofit organizations, particularly those that are Muslim-affiliated?

In addition to encouraging ethnic and religious discrimination, the current application of AML/FCC regulations risks weakening our broader national security and humanitarian objectives. U.S.-based charities, crowd-funding platforms, non-governmental organizations (NGOs), and non-profit organizations (NPOs) provide vital assistance to worthy causes both here in the U.S. and globally. According to the 2009 UN Counter-Terrorism Implementation Task Force Report, NPOs also play a crucial role in fighting conditions conducive to terrorism and reducing the appeal of terrorism by building social structures and increasing intercommunity dialogue and understanding.² When charitable organizations do not have adequate financial access, they are forced to conduct transactions in unregulated channels, thereby decreasing transparency and undermining the intended national security goals of AML/FCC regulations.

A risk-based approach can be applied to AML/FCC regulations in order to modernize compliance systems to address these issues, and we encourage you to consider the guidance that has already been put forth by the U.S. Department of Treasury, the Financial Action Task Force (FATF), and others. For example, as emphasized in the Treasury Department's National Terrorist Financing Risk Assessment, "the US government does not view the charitable sector as a whole as presenting a uniform or unacceptably high risk of being used or exploited for money laundering, terrorist financing, or sanctions violations."³ In fact, organizations that make efforts to ensure transparency and demonstrate a comprehensive risk-based approach to combatting terrorist financing, can be viewed as less risky and should not continue to be de-risked by banks. While the intention of current regulations may be to ensure institution-specific and overall financial system security, such efforts should not lead to the denial of secure and sustainable financial sector engagement for otherwise legitimate and well-intentioned actors in the financial community.

² "Tackling the Financing of Terrorism." 2009. United Nations Counter-Terrorism Implementation Task Force. <https://www.un.org/counterterrorism/ctitf/sites/www.un.org.counterterrorism.ctitf/files/ctitf_financing_eng_final.pdf>.

³ "National Terrorist Financing Risk Assessment." 2018. U.S. Department of Treasury. <https://www.un.org/counterterrorism/ctitf/sites/www.un.org.counterterrorism.ctitf/files/ctitf_financing_eng_final.pdf>.

Banking as a charity/nonprofit and “banking while Muslim” are not crimes and must stop being treated as such. As elected officials, it is our responsibility to amplify the voices of those who feel powerless in the face of big banks and regulators. We are therefore advocating for a more inclusive financial system, and we reject the notion that there is a binary choice between creating financial inclusion and protecting our financial system from abuse by illicit actors. These are, in fact, complementary goals. We urge you to take seriously the guidance of the U.S. Treasury and other groups by undertaking a more holistic application of the risk-based approach of AML/FCC regulations. We urge you to take seriously the guidance of the U.S. Treasury and other groups to undertake a more holistic application of the risk-based approach of AML/FCC regulations.

Additionally, we request that you provide us with answers to the following questions:

1. Can you provide specific data to demonstrate your institution’s stated commitment to non-discrimination policies, and can these policies be made public?
2. How are you analyzing explicitly publicly provided information—such as yearly declarations provided by IRS form 990, or "Return of Organization Exempt From Income Tax," — into the assessment of potential risks associated with charities that seek services from your institution?
3. How is your institution engaging or consulting “badge” programs such as Charity Navigator and Guidestar in your assessment of charities’ AML/FCC efforts and their *actual* risk exposure to illicit finance vulnerabilities?
4. How are you implementing the guidance from the U.S. Treasury that has explicitly stated that not all charities pose a risk to terrorist financing, and has this resulted in a net increase of engagement of charities/NPOs by your institution?

The holy month of Ramadan begins this week. As Muslims around the world embark on this season of charitable giving, and as the urgent need for humanitarian aid continues amid the coronavirus pandemic, it is imperative that we address the issue of banking discrimination. Thank you for your attention to this matter, and we look forward to your response.

Sincerely,



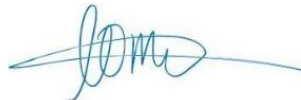
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