



INCORPORATION TRANSPARENCY AND LAW ENFORCEMENT ASSISTANCE ACT

The United States has become a favorite destination for criminals looking to shield assets in anonymous shell corporations. Lax registration requirements allow terrorists, tax cheats, and corrupt foreign officials to form and own companies in the United States without identifying themselves. Legislation is needed to make corporate ownership information available to law enforcement agencies.

Senators Sheldon Whitehouse and Dianne Feinstein have introduced the Incorporation Transparency and Law Enforcement Assistance Act (S. 2489), legislation that would:

- Require the fifty states to obtain information on the true owners of corporations and LLCs formed under state law and to make the information available to law enforcement upon receipt of a subpoena or summons; and
- Extend current money-laundering due diligence requirements that currently apply to banks to lawyers and other professionals that help form business entities.

Disclosure requirement would include:

- Identification of beneficial owners by name, current address, and non-expired passport or state-issued driver's license;
- Identification of any affiliated legal entity that will exercise control over the incorporated entity; and
- Consistent updating of lists of beneficial owners no later than 60 days after any change in ownership.

Civil penalties of up to \$1 million could apply to those who:

- Submit false or fraudulent beneficial ownership information;
- Do not provide complete or updated information; or
- Knowingly disclose subpoena, summons, or other requests for beneficial ownership information without authorization.

This bill offers the information law enforcement needs to investigate financial crimes, and the transparency requirements:

- Are narrowly tailored so as not to be overly burdensome on either incorporating entities or the states themselves; and
- Exempt businesses that are unlikely to be used to launder money such as companies regulated by federal banking regulators or the SEC.