

# United States Senate

WASHINGTON, DC 20510

May 27, 2025

The Honorable Scott Bessent  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Ave NW  
Washington, DC 20220

**RE: Interim Final Rule Entitled “Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension”**

*Docket Number: FINCEN-2025-0001; (RIN) 1506-AB49*

Dear Secretary Bessent:

We write to express our disagreement with the Department of the Treasury’s March 26, 2025, interim final rule<sup>1</sup> requiring only entities previously defined as “foreign reporting companies” to report beneficial ownership information under the Corporate Transparency Act (“CTA”). This rule, by its own calculation, would eliminate any reporting requirement for more than 99 percent of the entities that were previously required to report.<sup>2</sup> The rule not only contravenes Congress’s intent as reflected in the CTA’s plain text and legislative history, but it also undermines the operation of a law Congress deemed essential to protecting Americans’ national security and public safety. We urge you to rescind this rule and, after providing the previously exempted entities ample time to comply, fully implement the CTA as envisioned by Congress.

**I. Congress drafted the text of the CTA to cover domestic entities and U.S. persons.**

The CTA,<sup>3</sup> part of the Anti-Money Laundering Act of 2020, was enacted into law within the National Defense Authorization Act for Fiscal Year 2021.<sup>4</sup> The CTA is the product of a years-long bipartisan legislative process, which included robust input and support from the first Trump Administration.<sup>5</sup> In enacting the CTA, Congress held hearings, considered verbal and written testimony, and built an extensive record to conclude that collecting beneficial ownership information on companies operating in the United States is necessary to combat drug cartels,

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<sup>1</sup> 90 Fed. Reg. 13688 (Mar. 26, 2025).

<sup>2</sup> *Id.* at 13695, n. 51.

<sup>3</sup> William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, §§ 6401-6403, 134 Stat. 3388, 4604-4625.

<sup>4</sup> *Id.* at §§ 6001-6511, 134 Stat. at 4547-4633.

<sup>5</sup> See generally *President’s FY 2019 Budget: Hrg., S. Comm. on Fin.*, 115th Cong. 20 (2018), <https://www.govinfo.gov/content/pkg/CHRG-115shrg35140/pdf/CHRG-115shrg35140.pdf>; Office of Mgmt. & Budget, Statement of Administration Policy (Oct. 22, 2019).

terrorist groups, foreign adversaries, human traffickers, and many others who wish harm to Americans.<sup>6</sup>

By its plain text, the CTA requires Treasury’s Financial Crimes Enforcement Network (“FinCEN”) to create a national directory of beneficial owners of companies within the United States, both domestic and foreign.<sup>7</sup> Specifically, the CTA defines a “reporting company” as a corporation, limited liability company, or other similar entity that is “created by the filing of a document with a secretary of state or a similar office under the law of a State or Indian Tribe,” or “formed under the law of a foreign country and registered to do business in the United States by the filing of a document with a secretary of state or a similar office under the laws of a State or Indian Tribe.”<sup>8</sup>

This broad statutory definition of “reporting company” encompasses any entity, including those formed within the United States by U.S. persons, underscored by the specific, enumerated list of exclusions that immediately follow.<sup>9</sup>

The CTA’s Sense of Congress, which repeatedly mentions domestic entities, evinces this understanding:

- (1) more than 2,000,000 corporations and limited liability companies are being *formed under the laws of the States* [emphasis added] each year;
- (2) *most or all States* [emphasis added] do not require information about the beneficial owners of the corporations, limited liability companies, or other similar entities *formed under the laws of the State* [emphasis added];
- (3) malign actors seek to conceal their ownership of corporations, limited liability companies, or other similar entities *in the United States* [emphasis added] to facilitate illicit activity . . . harming the national security interests of the United States and allies of the United States;
- (4) money launderers and others involved in commercial activity intentionally conduct transactions through corporate structures in order to evade detection, and may layer such structures . . . such that each time an investigator obtains ownership records for *a domestic* [emphasis added] or foreign entity, the newly

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<sup>6</sup> See, e.g., *President’s FY 2019 Budget: Hrg., S. Comm. on Fin.*, 115th Cong. 20 (2018); *Combating Illicit Financing By Anonymous Shell Companies Through The Collection Of Beneficial Ownership Information: Hrg., S. Comm. on Banking, Hous., & Urb. Affs.*, 116th Cong. (2019); *Corruption, Violent Extremism, Kleptocracy, and the Dangers of Failing Governance: Hrg., S. Comm. on Foreign Rels.*, 114th Cong. 5-13 (2016); *Keeping Foreign Corruption Out of the United States: Four Case Histories: Hrg., Permanent Subcomm. on Investigations, S. Comm. on Homeland Sec. & Gov’t Affs.*, 111th Cong. (2010).

<sup>7</sup> *Supra* note 3 at § 6403, 134 Stat. at 4605-4625.

<sup>8</sup> *Id.* at § 6403, 134 Stat. at 4607.

<sup>9</sup> See *id.*; 31 U.S.C. § 5336(a)(11)(B).

identified entity is yet another corporate entity, necessitating a repeat of the same process;

(5) Federal legislation providing for the collection of beneficial ownership information for corporations, limited liability companies, or other similar entities *formed under the laws of the States* [emphasis added] is needed to—(A) set a clear, Federal standard for incorporation practices; (B) protect vital United States national security interests; (C) protect interstate and foreign commerce; (D) better enable critical national security, intelligence, and law enforcement efforts to counter money laundering, the financing of terrorism, and other illicit activity; and (E) bring the United States into compliance with international anti-money laundering and countering the financing of terrorism standards.<sup>10</sup>

## **II. Legislative history shows that Congress intended domestic entities to report beneficial ownership information.**

Statements from members of Congress indicate that legislators had unexcepted domestic entities (i.e. those that are “formed” rather than “registered” in the United States) in mind when drafting and passing the CTA, and intended any exemptions from reporting to be narrow:

- In a December 2020 floor statement regarding the House passing the FY21 NDAA, Senator Sherrod Brown stated that the CTA “finally requires comprehensive reporting by *U.S. companies* [emphasis added] of their actual owners.”<sup>11</sup> Senator Brown also stated, “[t]he basic justification behind the bill’s exemptions is that each exempt category refers to entities that already disclose their beneficial owners to the government in one way or another . . . . Each of *the exemptions should be interpreted as narrowly as possible* [emphasis added] to exclude entities that do not disclose their beneficial owners to the government.”<sup>12</sup>
- In a December 2020 floor statement on the FY21 NDAA, Representative Patrick McHenry described the differences between an earlier version and the final version of the CTA in the NDAA, stating that the earlier text “is replaced with new language that I negotiated, along with Senate Banking Committee Chairman Crapo . . . . [T]he language included in the conference report protects *our nation’s small businesses* [emphasis added].”<sup>13</sup>
- In another December 2020 floor statement, Representative Carolyn Maloney stated, “When a terrorist cell or a criminal organization wants to move or hide money, they usually do it right here in the United States with a shell company . . . . My bill will end the abuse of anonymous shell companies in the United States by requiring companies to

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<sup>10</sup> *Supra* note 3 § 6402(1)-(5), 134 Stat. at 4604.

<sup>11</sup> 166 CONG. REC. S7310 (daily ed. Dec. 9, 2020) (statement of Sen. Sherrod Brown).

<sup>12</sup> *Id.* at S7311.

<sup>13</sup> 166 CONG. REC. H6932 (daily ed. Dec. 8, 2020) (statement of Rep. Patrick McHenry).

disclose their true beneficial owners to the Treasury Department *at the time the company is formed* [emphasis added].”<sup>14</sup>

- In a February 2018 hearing before the Senate Judiciary Committee entitled “Beneficial Ownership: Fighting Illicit International Financial Networks Through Transparency,” Senator Chuck Grassley noted, “money has flooded into the United States as the United Kingdom and other European countries have been smart enough to enact laws and regulations to improve beneficial ownership transparency . . . . As one expert put it, it’s easier to incorporate a company *in the United States* [emphasis added] than it is to get a library card.”<sup>15</sup>

Executive branch officials from both Democratic and Republican administrations discussed the enacted CTA and its earlier iterations as requiring reporting by domestic entities:

- In 2019, the Trump administration issued a Statement of Administration Policy supporting an earlier draft of the CTA, which stated, “This legislation would require corporations and limited liability companies *in the United States* [emphasis added] to disclose their beneficial owners, a measure that will help prevent malign actors from leveraging anonymity to exploit these entities for criminal gain.”<sup>16</sup>
- In a February 2023 hearing, Eric Lorber, then-Senior Advisor to the Under Secretary on Terrorism and Financial Intelligence at the Treasury Department, stated, “pre-Corporate Transparency Act, an individual could go to a State, form a corporation, and then not be required to submit the natural persons who were the owners or the controllers of that corporation. So in theory, a Russian oligarch could go to a U.S. State, and form a corporation in somebody else’s name. There would be no verification component, and they could subsequently funnel money through that shell company into U.S. assets, and it may be very, very difficult to detect. That was the issue that the Corporate Transparency Act, at a high level, was trying to solve.”<sup>17</sup>
- In a May 2019 hearing, Kenneth Blanco, then-Director of FinCEN, highlighted a series of crimes committed using U.S. shell companies and stated, “criminal conspiracies thrived at least in part because these wrongdoers could hide their identities and their illicit assets behind the secrecy of shell companies.”<sup>18</sup> At the same hearing, the then-Acting Deputy Assistant Director of the FBI’s Criminal Investigative Division stated, “the lack of transparency in the U.S. continues to attract criminals looking to take advantage of our financial system . . . . Corporate ownership transparency is crucial to the FBI’s ability to identify and disrupt illegal activities across a variety of threats.”<sup>19</sup>

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<sup>14</sup> *Id.* at H6928 (statement of Rep. Carolyn Maloney).

<sup>15</sup> *Beneficial Ownership: Fighting Illicit International Financial Networks Through Transparency*, Hrg., S. Comm. on Judiciary, 115th Cong. (2018) (statement of Sen. Charles Grassley).

<sup>16</sup> Office of Mgmt. & Budget, Statement of Administration Policy (Oct. 22, 2019).

<sup>17</sup> *Combatting the Economic Threat from China*: Hrg., H. Comm. on Fin. Servs., 118th Cong. 61 (2023).

<sup>18</sup> *Combating Illicit Financing By Anonymous Shell Companies Through The Collection Of Beneficial Ownership Information*: Hrg., S. Comm. on Banking, Hous., & Urb. Affs., 116th Cong. 5 (2019).

<sup>19</sup> *Id.* at 6-7.

- In response to Questions for the Record for a February 2018 hearing, former Treasury Secretary Steven Mnuchin stated, “*U.S. companies* [emphasis added] with hidden beneficial owners have been used by arms dealers, narco-traffickers, proliferators of weapons of mass destruction, and facilitators of massive health-care and mortgage frauds, among other abuses.”<sup>20</sup>
- In response to Questions for the Record for a July 2018 nomination hearing, Justin Muzinich, then-nominee to be Deputy Secretary, stated, “Treasury recognizes the vulnerabilities that exist in corporate formation without the disclosure of beneficial ownership information . . . . The collection of beneficial ownership information is critical both at the time of account opening and when a company is being incorporated.”<sup>21</sup>

From both the text of the statute and the contemporaneous statements of members and testimony of executive branch officials, Congress plainly intended the CTA’s beneficial ownership information reporting requirements to cover domestic entities in order to maximize the national security and law enforcement benefits of such information. While there was much discussion on how to reduce the administrative burden of reporting, no evidence in the record supports a categorical exemption of all domestic entities envisioned by this Interim Final Rule.

### **III. Domestic entities’ beneficial ownership information is essential to national security, intelligence, and law enforcement agency efforts to prosecute money laundering, terrorism and proliferation financing, and other crimes.**

In enacting the CTA, Congress built an extensive record concluding that the United States’ failure to require domestic entities to disclose their true beneficial owners threatens our national security and public safety. It is unclear on what basis you, the Attorney General, and the Secretary of Homeland Security have determined that the reporting of beneficial ownership information by domestic entities and their beneficial owners “would not serve the public interest” and “would not be highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes.”<sup>22</sup>

Over the years, executive branch officials from both Democratic and Republican administrations have emphasized the national security, intelligence, and law enforcement utility of this information:

- In an April 2024 hearing on Chinese money laundering organizations, Brian Nelson, then-Under Secretary of the Treasury for Terrorism and Financial Intelligence, stated, “now that we have a beneficial ownership registry set up [...], we believe this is going to be an incredibly valuable tool for law enforcement.”<sup>23</sup>

<sup>20</sup> *President’s FY 2019 Budget: Hrg., S. Comm. on Fin.*, 115th Cong. 46 (2018).

<sup>21</sup> *Nominations of Justin G. Muzinich and Michael J. Desmond: Hrg., S. Comm. on Fin.*, 115th Cong. 62 (2018).

<sup>22</sup> *Supra* note 1, at 13691.

<sup>23</sup> *Chinese Money Laundering Organizations: Cleaning Cartel Cash: Hrg., S. Caucus on Int’l Narcotics Control*, 118th Cong. 33 (2024).

- In an April 2024 hearing on the national security, public health, and rule of law threats posed by opaque shell companies, Elaine Dezenski, then-former Acting Assistant Secretary for Policy at the Department of Homeland Security testified, “beneficial ownership information is vital to addressing the drug epidemic and other dangers to the homeland. Indeed, we cannot successfully counter drug, terror, corruption, or other illicit threats to the United States without reliable beneficial ownership information.”<sup>24</sup>
- In a May 2023 hearing on the threats China poses, Elizabeth Rosenberg, then-Assistant Treasury Secretary for Terrorist Financing and Financial Crimes stated, “the CTA, in particular, for beneficial ownership, that will go a long way toward one of our greatest vulnerabilities and deficiencies in this system, which is the anonymous companies’ problem.”<sup>25</sup>
- In the May 2019 hearing, then-Director of FinCEN Blanco stated, “[h]ad beneficial ownership information been available and more quickly accessible to law enforcement and others, it would have been harder and more costly for them [wrongdoers] to hide what they were doing.”<sup>26</sup> The then-Acting Deputy Assistant Director of the FBI’s Criminal Investigative Division stated, “[i]ncreased transparency of beneficial ownership will assist law enforcement in every category of case we investigate, from national security to criminal matters.”<sup>27</sup>
- In response to Questions for the Record for a January 2019 nomination hearing, William P. Barr, then-nominee to be Attorney General, agreed that “allowing law enforcement to obtain the identities of the beneficial owners of shell companies would help law enforcement to uncover and dismantle criminal networks,” explaining that his “understanding is that when bad actors exploit front companies, shell companies, other legal structures, and nominees, this creates challenges for prosecutors and investigators seeking to identify the true owners of these entities.”<sup>28</sup>
- In response to Questions for the Record for a February 2018 hearing, then-Treasury Secretary Steven Mnuchin stated, “Treasury’s ability to combat tax evasion and to detect, deter, and disrupt money laundering and terrorist financing would be greatly enhanced through reporting of beneficial ownership information at the time of company formation.”<sup>29</sup>

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<sup>24</sup> *Opaque Shell Companies: A Risk to National Security, Public Health, and Rule of Law: Hrg., S. Caucus on Int’l Narcotics Control*, 118th Cong. (2024) (written statement of Elaine Dezenski).

<sup>25</sup> *Countering China: Advancing U.S. National Security, Economic Security, and Foreign Policy: Hrg., S. Comm. on Banking, Hous., & Urb. Affs.*, 118th Cong. 33 (2023).

<sup>26</sup> *Supra* note 18 at 5.

<sup>27</sup> *Id.* at 7.

<sup>28</sup> *Confirmation Hearing on the Nomination of Hon. William Pelham Barr to be Attorney General of the United States: Hrg., S. Comm. on Judiciary*, 116th Cong. 716 (2019).

<sup>29</sup> *President’s FY 2019 Budget: Hrg., S. Comm. on Fin.*, 115th Cong. 46 (2018).

- In a November 2018 hearing, the then-Acting Deputy Assistant Director of the FBI's Criminal Investigative Division stated, "We need a more effective beneficial ownership system. From a law enforcement perspective, the financial intelligence that that would gain for us would be insurmountable. It would be fantastic."<sup>30</sup>
- In a June 2018 hearing, Dennis Lormel, then-former Chief of the FBI's Financial Crimes Program, stated, "I have been advocating for beneficial ownership legislation since 2012. I have testified at hearings or briefed Congressional members and staff dating back to October 2001, about the vulnerabilities shell companies present to our financial system. This is especially true in dealing with the threat of terrorism, spies and criminals."<sup>31</sup>

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The Treasury Department's decision to categorically exempt all U.S. persons and domestic entities from the CTA's beneficial ownership information reporting requirements is inconsistent with the text and original policy goals of the CTA. We encourage you to rescind this interim final rule and fully implement the CTA so that law enforcement and national security agencies around the country have access to information necessary to prevent human trafficking, terrorist financing, border smuggling, drug distribution, sanctions evasion, and many other categories of criminal activity.

Sincerely,



Sheldon Whitehouse  
United States Senator



Charles E. Grassley  
United States Senator

<sup>30</sup> *Combating Money Laundering and Other Forms of Illicit Finance: Regulator and Law Enforcement Perspectives on Reform: Hrg., S. Comm. on Banking, Hous., & Urb. Affs.*, 115th Cong. 14 (2018).

<sup>31</sup> *Combating Money Laundering and Other Forms of Illicit Finance: How Criminal Organizations Launder Money and Innovative Techniques for Fighting Them: Hrg., Subcomm. on Nat'l Sec. & Int'l Trade & Fin. of the S. Comm. on Banking, Hous., & Urb. Affs.*, 115th Cong. 37 (2018).