

116TH CONGRESS
1ST SESSION

H. R. 2513

To ensure that persons who form corporations or limited liability companies in the United States disclose the beneficial owners of those corporations or limited liability companies, in order to prevent wrongdoers from exploiting United States corporations and limited liability companies for criminal gain, to assist law enforcement in detecting, preventing, and punishing terrorism, money laundering, and other misconduct involving United States corporations and limited liability companies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 3, 2019

Mrs. CAROLYN B. MALONEY of New York (for herself, Mr. KING of New York, and Mr. MALINOWSKI) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To ensure that persons who form corporations or limited liability companies in the United States disclose the beneficial owners of those corporations or limited liability companies, in order to prevent wrongdoers from exploiting United States corporations and limited liability companies for criminal gain, to assist law enforcement in detecting, preventing, and punishing terrorism, money laundering, and other misconduct involving United States corporations and limited liability companies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Corporate Trans-
5 parency Act of 2019”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) Nearly 2,000,000 corporations and limited
9 liability companies are being formed under the laws
10 of the States each year.

11 (2) Very few States require information about
12 the beneficial owners of the corporations and limited
13 liability companies formed under their laws.

14 (3) A person forming a corporation or limited
15 liability company within the United States typically
16 provides less information at the time of incorpora-
17 tion than is needed to obtain a bank account or driv-
18 er’s license and typically does not name a single ben-
19 eficial owner.

20 (4) Criminals have exploited State formation
21 procedures to conceal their identities when forming
22 corporations or limited liability companies in the
23 United States, and have then used the newly created
24 entities to commit crimes affecting interstate and
25 international commerce such as terrorism, prolifera-

1 tion financing, drug and human trafficking, money
2 laundering, tax evasion, counterfeiting, piracy, secu-
3 rities fraud, financial fraud, and acts of foreign cor-
4 ruption.

5 (5) Law enforcement efforts to investigate cor-
6 porations and limited liability companies suspected
7 of committing crimes have been impeded by the lack
8 of available beneficial ownership information, as doc-
9 umented in reports and testimony by officials from
10 the Department of Justice, the Department of
11 Homeland Security, the Department of the Treas-
12 ury, and the Government Accountability Office, and
13 others.

14 (6) In July 2006, the leading international anti-
15 money laundering standard-setting body, the Finan-
16 cial Action Task Force on Money Laundering (in
17 this section referred to as the “FATF”), of which
18 the United States is a member, issued a report that
19 criticizes the United States for failing to comply
20 with a FATF standard on the need to collect bene-
21 ficial ownership information and urged the United
22 States to correct this deficiency by July 2008. In
23 December 2016, FATF issued another evaluation of
24 the United States, which found that little progress
25 has been made over the last ten years to address

1 this problem. It identified the “lack of timely access
2 to adequate, accurate and current beneficial owner-
3 ship information” as a fundamental gap in United
4 States efforts to combat money laundering and ter-
5 rorist finance.

6 (7) In response to the 2006 FATF report, the
7 United States has urged the States to obtain bene-
8 ficial ownership information for the corporations and
9 limited liability companies formed under the laws of
10 such States.

11 (8) In contrast to practices in the United
12 States, all 28 countries in the European Union are
13 required to have corporate registries that include
14 beneficial ownership information.

15 (9) To reduce the vulnerability of the United
16 States to wrongdoing by United States corporations
17 and limited liability companies with hidden owners,
18 to protect interstate and international commerce
19 from criminals misusing United States corporations
20 and limited liability companies, to strengthen law en-
21 forcement investigations of suspect corporations and
22 limited liability companies, to set a clear, universal
23 standard for State incorporation practices, and to
24 bring the United States into compliance with inter-
25 national anti-money laundering standards, Federal

1 legislation is needed to require the collection of bene-
2 ficial ownership information for the corporations and
3 limited liability companies formed under the laws of
4 such States.

5 **SEC. 3. TRANSPARENT INCORPORATION PRACTICES.**

6 (a) IN GENERAL.—

7 (1) AMENDMENT TO THE BANK SECRECY
8 ACT.—Chapter 53 of title 31, United States Code, is
9 amended by inserting after section 5332 the fol-
10 lowing new section:

11 **“§ 5333. Transparent incorporation practices**

12 **“(a) REPORTING REQUIREMENTS.—**

13 **“(1) BENEFICIAL OWNERSHIP REPORTING.—**

14 **“(A) IN GENERAL.—**Each applicant to
15 form a corporation or limited liability company
16 under the laws of a State or Indian Tribe shall
17 file a report with FinCEN containing a list of
18 the beneficial owners of the corporation or lim-
19 ited liability company that—

20 **“(i) except as provided in paragraph**
21 **(3), and subject to paragraph (2), identi-**
22 **fies each beneficial owner by—**

23 **“(I) full legal name;**

24 **“(II) date of birth;**

1 “(III) current residential or busi-
2 ness street address; and

3 “(IV) a unique identifying num-
4 ber from a non-expired passport
5 issued by the United States, a non-ex-
6 pired personal identification card, or a
7 non-expired driver’s license issued by
8 a State; and

9 “(ii) if the applicant is not a bene-
10 ficial owner, also provides the identification
11 information described in clause (i) relating
12 to such applicant.

13 “(B) UPDATED INFORMATION.—Each cor-
14 poration or limited liability company formed
15 under the laws of a State or Indian Tribe
16 shall—

17 “(i) submit to FinCEN an annual fil-
18 ing containing a list of—

19 “(I) the current beneficial owners
20 of the corporation or limited liability
21 company and the information de-
22 scribed in subparagraph (A) for each
23 such beneficial owner; and

24 “(II) any changes in the bene-
25 ficial owners of the corporation or lim-

1 ited liability company during the pre-
2 vious year; and

3 “(ii) pursuant to any rule issued by
4 the Secretary of the Treasury under sub-
5 paragraph (C), update the list of the bene-
6 ficial owners of the corporation or limited
7 liability company within the time period
8 prescribed by such rule.

9 “(C) RULEMAKING ON UPDATING INFOR-
10 MATION.—Not later than 9 months after the
11 completion of the study required under section
12 4(a)(1) of the Corporate Transparency Act of
13 2019, the Secretary of the Treasury shall con-
14 sider the findings of such study and, if the Sec-
15 retary determines it to be necessary or appro-
16 priate, issue a rule requiring corporations and
17 limited liability companies to update the list of
18 the beneficial owners of the corporation or lim-
19 ited liability company within a specified amount
20 of time after the date of any change in the list
21 of beneficial owners or the information required
22 to be provided relating to each beneficial owner.

23 “(D) STATE AND INDIAN TRIBE NOTIFICA-
24 TION.—Each State and Indian Tribe in which
25 a corporation or limited liability company is

1 being formed shall notify each applicant of the
2 requirements listed in subparagraphs (A) and
3 (B).

4 “(2) CERTAIN BENEFICIAL OWNERS.—If an ap-
5 plicant to form a corporation or limited liability com-
6 pany or a beneficial owner, or similar agent of a cor-
7 poration or limited liability company who is required
8 to provide identification information under this sub-
9 section, does not have a non-expired passport issued
10 by the United States, a non-expired personal identi-
11 fication card, or a non-expired driver’s license issued
12 by a State, each such person shall provide to
13 FinCEN the full legal name, current residential or
14 business street address, a unique identifying number
15 from a non-expired passport issued by a foreign gov-
16 ernment, and a legible and credible copy of the
17 pages of a non-expired passport issued by the gov-
18 ernment of a foreign country bearing a photograph,
19 date of birth, and unique identifying information for
20 each beneficial owner, and each application described
21 in paragraph (1)(A) and each update described in
22 paragraph (1)(B) shall include a written certification
23 by a person residing in the State or Indian country
24 under the jurisdiction of the Indian Tribe forming

1 the entity that the applicant, corporation, or limited
2 liability company—

3 “(A) has obtained for each such beneficial
4 owner, a current residential or business street
5 address and a legible and credible copy of the
6 pages of a non-expired passport issued by the
7 government of a foreign country bearing a pho-
8 tograph, date of birth, and unique identifying
9 information for the person;

10 “(B) has verified the full legal name, ad-
11 dress, and identity of each such person;

12 “(C) will provide the information described
13 in subparagraph (A) and the proof of verifica-
14 tion described in subparagraph (B) upon re-
15 quest of FinCEN; and

16 “(D) will retain the information and proof
17 of verification under this paragraph until the
18 end of the 5-year period beginning on the date
19 that the corporation or limited liability company
20 terminates under the laws of the State or In-
21 dian Tribe.

22 “(3) EXEMPT ENTITIES.—

23 “(A) IN GENERAL.—With respect to an ap-
24 plicant to form a corporation or limited liability
25 company under the laws of a State or Indian

1 Tribe, if such entity is described in subpara-
2 graph (C) or (D) of subsection (d)(4) and will
3 be exempt from the beneficial ownership disclo-
4 sure requirements under this subsection, such
5 applicant, or a prospective officer, director, or
6 similar agent of the applicant, shall file a writ-
7 ten certification with FinCEN—

8 “(i) identifying the specific provision
9 of subsection (d)(4) under which the entity
10 proposed to be formed would be exempt
11 from the beneficial ownership disclosure re-
12 quirements under paragraphs (1) and (2);

13 “(ii) stating that the entity proposed
14 to be formed meets the requirements for
15 an entity described under such provision of
16 subsection (d)(4); and

17 “(iii) providing identification informa-
18 tion for the applicant or prospective offi-
19 cer, director, or similar agent making the
20 certification in the same manner as pro-
21 vided under paragraph (1) or (2).

22 “(B) EXISTING CORPORATIONS OR LIM-
23 ITED LIABILITY COMPANIES.—On and after the
24 date that is 2 years after the final regulations
25 are issued to carry out this section, a corpora-

tion or limited liability company formed under the laws of the State or Indian Tribe before such date shall be subject to the requirements of this subsection unless an officer, director, or similar agent of the entity submits to FinCEN a written certification—

“(i) identifying the specific provision of subsection (d)(4) under which the entity is exempt from the requirements under paragraphs (1) and (2);

“(ii) stating that the entity meets the requirements for an entity described under such provision of subsection (d)(4); and

“(iii) providing identification information for the officer, director, or similar agent making the certification in the same manner as provided under paragraph (1) or (2).

“(C) EXEMPT ENTITIES HAVING OWNERSHIP INTEREST.—If an entity described in subparagraph (C) or (D) of subsection (d)(4) has or will have an ownership interest in a corporation or limited liability company formed or to be formed under the laws of a State or Indian Tribe, the applicant, corporation, or limited li-

1 ability company in which the entity has or will
2 have the ownership interest shall provide the in-
3 formation required under this subsection relat-
4 ing to the entity, except that the entity shall
5 not be required to provide information regard-
6 ing any natural person who has an ownership
7 interest in, exercises substantial control over, or
8 receives substantial economic benefits from the
9 entity.

10 “(4) RETENTION AND DISCLOSURE OF BENE-
11 FICIAL OWNERSHIP INFORMATION BY FINCEN.—

12 “(A) RETENTION OF INFORMATION.—Ben-
13 efiticial ownership information relating to each
14 corporation or limited liability company formed
15 under the laws of the State or Indian Tribe
16 shall be maintained by FinCEN until the end of
17 the 5-year period (or such other period of time
18 as the Secretary of the Treasury may, by rule,
19 determine) beginning on the date that the cor-
20 poration or limited liability company termi-
21 nates.

22 “(B) DISCLOSURE OF INFORMATION.—
23 Beneficial ownership information reported to
24 FinCEN pursuant to this section shall be pro-
25 vided by FinCEN only upon receipt of—

1 “(i) subject to subparagraph (C), a
2 request, through appropriate protocols, by
3 a local, Tribal, State, or Federal law en-
4 forcement agency;

5 “(ii) a request made by a Federal
6 agency on behalf of a law enforcement
7 agency of another country under an inter-
8 national treaty, agreement, or convention,
9 or an order under section 3512 of title 18
10 or section 1782 of title 28; or

11 “(iii) a request made by a financial
12 institution, with customer consent, as part
13 of the institution’s compliance with due
14 diligence requirements imposed under the
15 Bank Secrecy Act, the USA PATRIOT
16 Act, or other applicable Federal, State, or
17 Tribal law.

18 “(C) APPROPRIATE PROTOCOLS.—

19 “(i) PRIVACY.—The protocols de-
20 scribed in subparagraph (B)(i) shall pro-
21 tect the privacy of any beneficial ownership
22 information provided by FinCEN to a
23 local, Tribal, State, or Federal law enforce-
24 ment agency.

1 “(ii) LIMITATION ON USE.—Beneficial
2 ownership information provided to a local,
3 Tribal, State, or Federal law enforcement
4 agency under this paragraph may only be
5 used for law enforcement, national secu-
6 rity, or intelligence purposes.

7 “(b) NO BEARER SHARE CORPORATIONS OR LIM-
8 ITED LIABILITY COMPANIES.—A corporation or limited li-
9 ability company formed under the laws of a State or In-
10 dian Tribe may not issue a certificate in bearer form evi-
11 dencing either a whole or fractional interest in the cor-
12 poration or limited liability company.

13 “(c) PENALTIES.—

14 “(1) IN GENERAL.—It shall be unlawful for any
15 person to affect interstate or foreign commerce by—

16 “(A) knowingly providing, or attempting to
17 provide, false or fraudulent beneficial ownership
18 information, including a false or fraudulent
19 identifying photograph, to FinCEN in accord-
20 ance with this section;

21 “(B) willfully failing to provide complete or
22 updated beneficial ownership information to
23 FinCEN in accordance with this section; or

24 “(C) knowingly disclosing the existence of
25 a subpoena or other request for beneficial own-

1 ership information reported pursuant to this
2 section, except—

3 “(i) to the extent necessary to fulfill
4 the authorized request; or

5 “(ii) as authorized by the entity that
6 issued the subpoena, or other request.

7 “(2) CIVIL AND CRIMINAL PENALTIES.—Any
8 person who violates paragraph (1)—

9 “(A) shall be liable to the United States
10 for a civil penalty of not more than \$10,000;
11 and

12 “(B) may be fined under title 18, United
13 States Code, imprisoned for not more than 3
14 years, or both.

15 “(3) LIMITATION.—Any person who negligently
16 violates paragraph (1) shall not be subject to civil or
17 criminal penalties under paragraph (2).

18 “(4) WAIVER.—The Secretary of the Treasury
19 may waive the penalty for violating paragraph (1) if
20 the Secretary determines that the violation was due
21 to reasonable cause and was not due to willful ne-
22 glect.

23 “(5) CRIMINAL PENALTY FOR THE MISUSE OR
24 UNAUTHORIZED DISCLOSURE OF BENEFICIAL OWN-
25 ERSHIP INFORMATION.—The criminal penalties pro-

1 vided for under section 5322 shall apply to a viola-
2 tion of this section to the same extent as such crimi-
3 nal penalties apply to a violation described in section
4 5322, if the violation of this section consists of the
5 misuse or unauthorized disclosure of beneficial own-
6 ership information.

7 “(d) DEFINITIONS.—For the purposes of this section:

8 “(1) APPLICANT.—The term ‘applicant’ means
9 any natural person who files an application to form
10 a corporation or limited liability company under the
11 laws of a State or Indian Tribe.

12 “(2) BANK SECRECY ACT.—The term ‘Bank Se-
13 crecy Act’ means—

14 “(A) section 21 of the Federal Deposit In-
15 surance Act;

16 “(B) chapter 2 of title I of Public Law 91–
17 508; and

18 “(C) this subchapter.

19 “(3) BENEFICIAL OWNER.—

20 “(A) IN GENERAL.—Except as provided in
21 subparagraph (B), the term ‘beneficial owner’
22 means a natural person who, directly or indi-
23 rectly, through any contract, arrangement, un-
24 derstanding, relationship, or otherwise—

1 “(i) exercises substantial control over
2 a corporation or limited liability company;

3 “(ii) owns 25 percent or more of the
4 equity interests of a corporation or limited
5 liability company; or

6 “(iii) receives substantial economic
7 benefits from the assets of a corporation or
8 limited liability company.

9 “(B) EXCEPTIONS.—The term ‘beneficial
10 owner’ shall not include—

11 “(i) a minor child, as defined in the
12 State or Indian Tribe in which the entity
13 is formed;

14 “(ii) a person acting as a nominee,
15 intermediary, custodian, or agent on behalf
16 of another person;

17 “(iii) a person acting solely as an em-
18 ployee of a corporation or limited liability
19 company and whose control over or eco-
20 nomic benefits from the corporation or lim-
21 ited liability company derives solely from
22 the employment status of the person;

23 “(iv) a person whose only interest in
24 a corporation or limited liability company
25 is through a right of inheritance;

1 “(v) a creditor of a corporation or
2 limited liability company, unless the cred-
3 itor also meets the requirements of sub-
4 paragraph (A); or

5 “(vi) a person whose ownership inter-
6 est is below a de minimis threshold that
7 the Secretary of the Treasury shall, by
8 rule, establish.

9 “(C) SUBSTANTIAL ECONOMIC BENEFITS
10 DEFINED.—

11 “(i) IN GENERAL.—For purposes of
12 subparagraph (A)(ii), a natural person re-
13 ceives substantial economic benefits from
14 the assets of a corporation or limited liabil-
15 ity company if the person has an entitle-
16 ment to more than a specified percentage
17 of the funds or assets of the corporation or
18 limited liability company, which the Sec-
19 retary of the Treasury shall, by rule, estab-
20 lish.

21 “(ii) RULEMAKING CRITERIA.—In es-
22 tablishing the percentage under clause (i),
23 the Secretary of the Treasury shall seek
24 to—

1 “(I) provide clarity to corpora-
2 tions and limited liability companies
3 with respect to the identification and
4 disclosure of a natural person who re-
5 ceives substantial economic benefits
6 from the assets of a corporation or
7 limited liability company; and

8 “(II) identify those natural per-
9 sons who, as a result of the substan-
10 tial economic benefits they receive
11 from the assets of a corporation or
12 limited liability company, exercise a
13 dominant influence over such corpora-
14 tion or limited liability company.

15 “(4) CORPORATION; LIMITED LIABILITY COM-
16 PANY.—The terms ‘corporation’ and ‘limited liability
17 company’—

18 “(A) have the meanings given such terms
19 under the laws of the applicable State or Indian
20 Tribe;

21 “(B) include any non-United States entity
22 eligible for registration or registered to do busi-
23 ness as a corporation or limited liability com-
24 pany under the laws of the applicable State or
25 Indian Tribe;

1 “(C) do not include any entity that is—

2 “(i) a business concern that is an
3 issuer of a class of securities registered
4 under section 12 of the Securities Ex-
5 change Act of 1934 (15 U.S.C. 781) or
6 that is required to file reports under sec-
7 tion 15(d) of that Act (15 U.S.C. 78o(d));

8 “(ii) a business concern constituted,
9 sponsored, or chartered by a State or In-
10 dian Tribe, a political subdivision of a
11 State or Indian Tribe, under an interstate
12 compact between two or more States, by a
13 department or agency of the United
14 States, or under the laws of the United
15 States;

16 “(iii) a depository institution (as de-
17 fined in section 3 of the Federal Deposit
18 Insurance Act (12 U.S.C. 1813));

19 “(iv) a credit union (as defined in sec-
20 tion 101 of the Federal Credit Union Act
21 (12 U.S.C. 1752));

22 “(v) a bank holding company (as de-
23 fined in section 2 of the Bank Holding
24 Company Act of 1956 (12 U.S.C. 1841));

1 “(vi) a broker or dealer (as defined in
2 section 3 of the Securities Exchange Act of
3 1934 (15 U.S.C. 78c)) that is registered
4 under section 15 of the Securities Ex-
5 change Act of 1934 (15 U.S.C. 78o);

6 “(vii) an exchange or clearing agency
7 (as defined in section 3 of the Securities
8 Exchange Act of 1934 (15 U.S.C. 78c))
9 that is registered under section 6 or 17A
10 of the Securities Exchange Act of 1934
11 (15 U.S.C. 78f and 78q-1);

12 “(viii) an investment company (as de-
13 fined in section 3 of the Investment Com-
14 pany Act of 1940 (15 U.S.C. 80a-3)) or
15 an investment adviser (as defined in sec-
16 tion 202(11) of the Investment Advisers
17 Act of 1940 (15 U.S.C. 80b-2(11))), if the
18 company or adviser is registered with the
19 Securities and Exchange Commission, or
20 has filed an application for registration
21 which has not been denied, under the In-
22 vestment Company Act of 1940 (15 U.S.C.
23 80a-1 et seq.) or the Investment Adviser
24 Act of 1940 (15 U.S.C. 80b-1 et seq.);

1 “(ix) an insurance company (as de-
2 fined in section 2 of the Investment Com-
3 pany Act of 1940 (15 U.S.C. 80a–2));

4 “(x) a registered entity (as defined in
5 section 1a of the Commodity Exchange Act
6 (7 U.S.C. 1a)), or a futures commission
7 merchant, introducing broker, commodity
8 pool operator, or commodity trading advi-
9 sor (as defined in section 1a of the Com-
10modity Exchange Act (7 U.S.C. 1a)) that
11 is registered with the Commodity Futures
12 Trading Commission;

13 “(xi) a public accounting firm reg-
14 istered in accordance with section 102 of
15 the Sarbanes-Oxley Act (15 U.S.C. 7212)
16 or an entity controlling, controlled by, or
17 under common control of such a firm;

18 “(xii) a public utility that provides
19 telecommunications service, electrical
20 power, natural gas, or water and sewer
21 services, within the United States;

22 “(xiii) a church, charity, nonprofit en-
23 tity, or other organization that is described
24 in section 501(c), 527, or 4947(a)(1) of
25 the Internal Revenue Code of 1986, that

1 has not been denied tax exempt status, and
2 that has filed the most recently due annual
3 information return with the Internal Rev-
4 enue Service, if required to file such a re-
5 turn;

6 “(xiv) any business concern that—

7 “(I) employs more than 20 em-
8 ployees on a full-time basis in the
9 United States;

10 “(II) files income tax returns in
11 the United States demonstrating more
12 than \$5,000,000 in gross receipts or
13 sales; and

14 “(III) has an operating presence
15 at a physical office within the United
16 States; or

17 “(xv) any corporation or limited liabil-
18 ity company formed and owned by an enti-
19 ty described in clause (i), (ii), (iii), (iv),
20 (v), (vi), (vii), (viii), (ix), (x), (xi), (xii),
21 (xiii), or (xiv); and

22 “(D) do not include any individual busi-
23 ness concern or class of business concerns
24 which the Secretary of the Treasury and the
25 Attorney General of the United States have

1 jointly determined, by rule or otherwise, to be
2 exempt from the requirements of subsection (a),
3 if the Secretary and the Attorney General joint-
4 ly determine that requiring beneficial ownership
5 information from the business concern would
6 not serve the public interest and would not as-
7 sist law enforcement efforts to detect, prevent,
8 or prosecute terrorism, money laundering, tax
9 evasion, or other misconduct.

10 “(5) FINCEN.—The term ‘FinCEN’ means the
11 Financial Crimes Enforcement Network of the De-
12 partment of the Treasury.

13 “(6) INDIAN COUNTRY.—The term ‘Indian
14 country’ has the meaning given that term in section
15 1151 of title 18.

16 “(7) INDIAN TRIBE.—The term ‘Indian Tribe’
17 has the meaning given that term under section 102
18 of the Federally Recognized Indian Tribe List Act of
19 1994.

20 “(8) PERSONAL IDENTIFICATION CARD.—The
21 term ‘personal identification card’ means an identi-
22 fication document issued by a State, Indian Tribe,
23 or local government to an individual solely for the
24 purpose of identification of that individual.

1 “(9) STATE.—The term ‘State’ means any
2 State, commonwealth, territory, or possession of the
3 United States, the District of Columbia, the Com-
4 monwealth of Puerto Rico, the Commonwealth of the
5 Northern Mariana Islands, American Samoa, Guam,
6 or the United States Virgin Islands.”.

7 (2) RULEMAKING.—

8 (A) IN GENERAL.—Not later than 1 year
9 after the date of enactment of this Act, the Sec-
10 retary of the Treasury shall issue regulations to
11 carry out this Act and the amendments made
12 by this Act, including, to the extent necessary,
13 to clarify the definitions in section 5333(d) of
14 title 31, United States Code.

15 (B) REVISION OF FINAL RULE.—Not later
16 than 1 year after the date of enactment of this
17 Act, the Secretary of the Treasury shall revise
18 the final rule titled “Customer Due Diligence
19 Requirements for Financial Institutions” (May
20 11, 2016; 81 Fed. Reg. 29397) to—

21 (i) bring the rule into conformance
22 with this Act and the amendments made
23 by this Act;

24 (ii) account for financial institutions’
25 access to comprehensive beneficial owner-

ship information filed by corporations and limited liability companies, under threat of civil and criminal penalties, under this Act and the amendments made by this Act; and

(iii) reduce any burdens on financial institutions that are, in light of the enactment of this Act and the amendments made by this Act, unnecessary or duplicative.

(3) CONFORMING AMENDMENTS.—Title 31, United States Code, is amended—

(A) in section 5321(a)—

(i) in paragraph (1), by striking “sections 5314 and 5315” each place it appears and inserting “sections 5314, 5315, and 5333”; and

(ii) in paragraph (6), by inserting “(except section 5333)” after “subchapter” each place it appears; and

(B) in section 5322, by striking “section 5315 or 5324” each place it appears and inserting “section 5315, 5324, or 5333”.

(4) TABLE OF CONTENTS.—The table of contents of chapter 53 of title 31, United States Code,

1 is amended by inserting after the item relating to
2 section 5332 the following:

“Sec. 5333. Transparent incorporation practices.”.

3 (b) FUNDING AUTHORIZATION.—

4 (1) IN GENERAL.—To carry out section 5333 of
5 title 31, United States Code, as added by subsection
6 (a), funds shall be made available to the Financial
7 Crimes Enforcement Network (in this subsection re-
8 ferred to as “FinCEN”) to pay reasonable costs re-
9 lating to compliance with the requirements of such
10 section.

11 (2) FUNDING SOURCES.—Funds shall be pro-
12 vided to FinCEN to carry out the purposes de-
13 scribed in paragraph (1) from one or more of the
14 following sources:

15 (A) Upon application by FinCEN, and
16 without further appropriation, the Secretary of
17 the Treasury shall make available to the
18 FinCEN unobligated balances described in sec-
19 tion 9703(g)(4)(B) of title 31, United States
20 Code, in the Department of the Treasury For-
21 feiture Fund established under section 9703(a)
22 of title 31, United States Code.

23 (B) Upon application by FinCEN, after
24 consultation with the Secretary of the Treasury,
25 and without further appropriation, the Attorney

1 General of the United States shall make avail-
2 able to FinCEN excess unobligated balances (as
3 defined in section 524(c)(8)(D) of title 28,
4 United States Code) in the Department of Jus-
5 tice Assets Forfeiture Fund established under
6 section 524(c) of title 28, United States Code.

7 (3) MAXIMUM AMOUNTS.—

8 (A) DEPARTMENT OF THE TREASURY.—

9 The Secretary of the Treasury may not make
10 available to FinCEN a total of more than
11 \$30,000,000 under paragraph (2)(A).

12 (B) DEPARTMENT OF JUSTICE.—The At-
13 torney General of the United States may not
14 make available to FinCEN a total of more than
15 \$10,000,000 under paragraph (2)(B).

16 (c) FEDERAL CONTRACTORS.—Not later than the
17 first day of the first full fiscal year beginning at least 1
18 year after the date of the enactment of this Act, the Ad-
19 ministrators for Federal Procurement Policy shall revise
20 the Federal Acquisition Regulation maintained under sec-
21 tion 1303(a)(1) of title 41, United States Code, to require
22 any contractor or subcontractor who is subject to the re-
23 quirement to disclose beneficial ownership information
24 under section 5333 of title 31, United States Code, to pro-
25 vide the information required to be disclosed under such

1 section to the Federal Government as part of any bid or
2 proposal for a contract with a value threshold in excess
3 of the simplified acquisition threshold under section 134
4 of title 41, United States Code.

5 **SEC. 4. STUDIES AND REPORTS.**

6 (a) UPDATING OF BENEFICIAL OWNERSHIP INFOR-
7 MATION.—

8 (1) STUDY.—The Secretary of the Treasury, in
9 consultation with the Attorney General of the United
10 States, shall conduct a study to evaluate—

11 (A) the necessity of a requirement for cor-
12 porations and limited liability companies to up-
13 date the list of their beneficial owners within a
14 specified amount of time after the date of any
15 change in the list of beneficial owners or the in-
16 formation required to be provided relating to
17 each beneficial owner, taking into account the
18 annual filings required under section
19 5333(a)(1)(B)(i) of title 31, United States
20 Code, and the information contained in such
21 annual filings; and

22 (B) the burden that a requirement to up-
23 date the list of beneficial owners within a speci-
24 fied period of time after a change in such list

1 of beneficial owners would impose on corpora-
2 tions and limited liability companies.

3 (2) REPORT.—Not later than 1 year after the
4 date of enactment of this Act, the Secretary of the
5 Treasury shall submit a report on the study required
6 under paragraph (1) to the Committee on Financial
7 Services of the House of Representatives and the
8 Committee on Banking, Housing, and Urban Affairs
9 of the Senate

10 (3) PUBLIC COMMENT.—The Secretary of the
11 Treasury shall seek and consider public input, com-
12 ments, and data in order to conduct the study re-
13 quired under subparagraph paragraph (1).

14 (b) OTHER LEGAL ENTITIES.—Not later than 2
15 years after the date of enactment of this Act, the Comp-
16 troller General of the United States shall conduct a study
17 and submit to the Congress a report—

18 (1) identifying each State or Indian Tribe that
19 has procedures that enable persons to form or reg-
20 ister under the laws of the State or Indian Tribe
21 partnerships, trusts, or other legal entities, and the
22 nature of those procedures;

23 (2) identifying each State or Indian Tribe that
24 requires persons seeking to form or register partner-
25 ships, trusts, or other legal entities under the laws

1 of the State or Indian Tribe to provide information
2 about the beneficial owners (as that term is defined
3 in section 5333(d)(1) of title 31, United States
4 Code, as added by this Act) or beneficiaries of such
5 entities, and the nature of the required information;

6 (3) evaluating whether the lack of available
7 beneficial ownership information for partnerships,
8 trusts, or other legal entities—

9 (A) raises concerns about the involvement
10 of such entities in terrorism, money laundering,
11 tax evasion, securities fraud, or other mis-
12 conduct; and

13 (B) has impeded investigations into enti-
14 ties suspected of such misconduct; and

15 (4) evaluating whether the failure of the United
16 States to require beneficial ownership information
17 for partnerships and trusts formed or registered in
18 the United States has elicited international criticism
19 and what steps, if any, the United States has taken
20 or is planning to take in response.

21 (c) EFFECTIVENESS OF INCORPORATION PRAC-
22 TICES.—Not later than 5 years after the date of enact-
23 ment of this Act, the Comptroller General of the United
24 States shall conduct a study and submit to the Congress
25 a report assessing the effectiveness of incorporation prac-

1 tices implemented under this Act and the amendments
2 made by this Act in—

3 (1) providing law enforcement agencies with
4 prompt access to reliable, useful, and complete bene-
5 ficial ownership information; and

6 (2) strengthening the capability of law enforce-
7 ment agencies to combat incorporation abuses, civil
8 and criminal misconduct, and detect, prevent, or
9 punish terrorism, money laundering, tax evasion, or
10 other misconduct.

11 **SEC. 5. DEFINITIONS.**

12 In this Act, the terms “beneficial owner”, “corpora-
13 tion”, and “limited liability company” have the meaning
14 given those terms, respectively, under section 5333(d) of
15 title 31, United States Code.

○