

Corporate Transparency Act of 2017

The United States has become a favorite destination for criminal organizations looking to use anonymous shell corporations to finance terrorism, launder money, and perpetrate fraud. The Corporate Transparency Act of 2017 will gather beneficial ownership information from companies that thus far have been able to thwart law enforcement and evade oversight.

- Anonymous U.S. shell companies have been used to funnel money and weapons to Office of Foreign Asset Control (OFAC) designated terrorist organizations.
- A Financial Crimes Enforcement Network (FinCEN) examination luxury real estate deals involving shell companies and found that 30% involve an individual involved in another instance of suspicious activity.

What this bill does:

- Directs the Treasury Department to issue regulations requiring corporations and limited liability companies formed in the United States to file information about their beneficial ownerships with either a state or the federal government.

Provides minimum disclosure standards for states that elect to participate:

- Treasury would issue minimum ownership disclosure standards for states. The standards would require the identification of beneficial owners by name, current address, and non-expired passport or state-issued driver's license;
- Adoption of these standards by the states is voluntary, however if a state chooses NOT to adopt the minimum standards then companies incorporating in that state would have to register with FinCEN.
- States would be required to update lists of beneficial owners no later than 60 days after any change in ownership.

Provides civil and criminal penalties for 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, with fines of up to \$10,000 and 3 years in prison.

Access to beneficial ownership information:

- **This bill will offer the transparency law enforcement needs to investigate these kinds of financial crimes.**
- The beneficial ownership information would be non-public and available only to appropriate state and federal authorities and to financial institutions who must comply with Know-Your-Customer requirements of the Bank Secrecy Act.
- The bill's language is so narrow that most legitimate businesses are already exempt from the bill's requirements, including publically traded companies and entities over a threshold size (20 employees and \$5 million gross receipts and an operating presence in the U.S.).