

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.

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## 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

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## 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 jointly  
4 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-

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

6 (iii) reduce any burdens on financial  
7 institutions that are, in light of the enact-  
8 ment of this Act and the amendments  
9 made by this Act, unnecessary or dupli-  
10 cative.

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

13 (A) in section 5321(a)—

14 (i) in paragraph (1), by striking “sec-  
15 tions 5314 and 5315” each place it ap-  
16 pears and inserting “sections 5314, 5315,  
17 and 5333”; and

18 (ii) in paragraph (6), by inserting  
19 “(except section 5333)” after “sub-  
20 chapter” each place it appears; and

21 (B) in section 5322, by striking “section  
22 5315 or 5324” each place it appears and insert-  
23 ing “section 5315, 5324, or 5333”.

24 (4) TABLE OF CONTENTS.—The table of con-  
25 tents 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.

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