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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 SENATE OF THE UNITED STATES

JUNE 26, 2019

Mr. WYDEN (for himself, Mr. RUBIO, and Mr. WHITEHOUSE) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

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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. TRANSPARENT INCORPORATION PRACTICES.**

7 (a) IN GENERAL.—

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

12 **“§ 5333. Transparent incorporation practices**

13 “(a) REPORTING REQUIREMENTS.—

14 “(1) BENEFICIAL OWNERSHIP REPORTING.—

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

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

24 “(I) full legal name;

25 “(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 3(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 NOTIFICATION.—Each State
24 in which a corporation or limited liability com-
25 pany is being formed shall notify each applicant

1 of the requirements listed in subparagraphs (A)
2 and (B).

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

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

“(B) has verified the full legal name, address, and identity of each such person;

“(C) will provide the information described in subparagraph (A) and the proof of verification described in subparagraph (B) upon request of FinCEN; and

“(D) will retain the information and proof of verification under this paragraph until the end of the 5-year period beginning on the date that the corporation or limited liability company terminates under the laws of the State or Indian Tribe.

“(3) EXEMPT ENTITIES.—

“(A) IN GENERAL.—With respect to an applicant to form a corporation or limited liability company under the laws of a State or Indian Tribe, if such entity is described in subparagraph (C) or (D) of subsection (d)(4) and will

1 be exempt from the beneficial ownership disclo-
 2 sure requirements under this subsection, such
 3 applicant, or a prospective officer, director, or
 4 similar agent of the applicant, shall file a writ-
 5 ten certification with FinCEN—

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

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

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

20 “(B) EXISTING CORPORATIONS OR LIM-
 21 ITED LIABILITY COMPANIES.—On and after the
 22 date that is 2 years after the final regulations
 23 are issued to carry out this section, a corpora-
 24 tion or limited liability company formed under
 25 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 liability company in which the entity has or will have the ownership interest shall provide the in-

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

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

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

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

24 “(i) subject to subparagraph (C), a
 25 request, through appropriate protocols, by

1 a local, Tribal, State, or Federal law en-
2 forcement agency;

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

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

16 “(C) APPROPRIATE PROTOCOLS.—

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

23 “(ii) LIMITATION ON USE.—Beneficial
24 ownership information provided to a local,
25 Tribal, State, or Federal law enforcement

1 agency under this paragraph may only be
2 used for law enforcement, national secu-
3 rity, or intelligence purposes.

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

10 “(c) PENALTIES.—

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

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

18 “(B) willfully failing to provide complete or
19 updated beneficial ownership information to
20 FinCEN in accordance with this section; or

21 “(C) knowingly disclosing the existence of
22 a subpoena or other request for beneficial own-
23 ership information reported pursuant to this
24 section, except—

1 “(i) to the extent necessary to fulfill
2 the authorized request; or

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

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

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

10 “(B) may be fined under title 18, impris-
11 oned for not more than 3 years, or both.

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

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

20 “(5) CRIMINAL PENALTY FOR THE MISUSE OR
21 UNAUTHORIZED DISCLOSURE OF BENEFICIAL OWN-
22 ERSHIP INFORMATION.—The criminal penalties pro-
23 vided for under section 5322 shall apply to a viola-
24 tion of this section to the same extent as such crimi-
25 nal penalties apply to a violation described in section

1 5322, if the violation of this section consists of the
 2 misuse or unauthorized disclosure of beneficial own-
 3 ership information.

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

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

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

11 “(A) section 21 of the Federal Deposit In-
 12 surance Act (12 U.S.C. 1829b);

13 “(B) chapter 2 of title I of Public Law 91–
 14 508 (12 U.S.C. 1951 et seq.); and

15 “(C) this subchapter.

16 “(3) BENEFICIAL OWNER.—

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

22 “(i) exercises substantial control over
 23 a corporation or limited liability company;

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

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

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

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

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

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

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

24 “(v) a creditor of a corporation or
 25 limited liability company, unless the cred-

itor also meets the requirements of subparagraph (A); or

“(vi) a person whose ownership interest is below a de minimis threshold that the Secretary of the Treasury shall, by rule, establish.

“(C) SUBSTANTIAL ECONOMIC BENEFITS
DEFINED.—

“(i) IN GENERAL.—For purposes of subparagraph (A)(iii), a natural person receives substantial economic benefits from the assets of a corporation or limited liability company if the person has an entitlement to more than a specified percentage of the funds or assets of the corporation or limited liability company, which the Secretary of the Treasury shall, by rule, establish.

“(ii) RULEMAKING CRITERIA.—In establishing the percentage under clause (i), the Secretary of the Treasury shall seek to—

“(I) provide clarity to corporations and limited liability companies with respect to the identification and

1 disclosure of a natural person who re-
 2 ceives substantial economic benefits
 3 from the assets of a corporation or
 4 limited liability company; and

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

12 “(4) CORPORATION; LIMITED LIABILITY COM-
 13 PANY.—The terms ‘corporation’ and ‘limited liability
 14 company’—

15 “(A) have the meanings given such terms
 16 under the laws of the applicable State or Indian
 17 Tribe;

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

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

24 “(i) a business concern that is an
 25 issuer of a class of securities registered

1 under section 12 of the Securities Ex-
2 change Act of 1934 (15 U.S.C. 781) or
3 that is required to file reports under sec-
4 tion 15(d) of that Act (15 U.S.C. 78o(d));

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

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

16 “(iv) a credit union (as defined in sec-
17 tion 101 of the Federal Credit Union Act
18 (12 U.S.C. 1752));

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

22 “(vi) a broker or dealer (as defined in
23 section 3 of the Securities Exchange Act of
24 1934 (15 U.S.C. 78c)) that is registered

1 under section 15 of the Securities Ex-
2 change Act of 1934 (15 U.S.C. 78o);

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

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

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

1 “(x) a registered entity (as defined in
2 section 1a of the Commodity Exchange Act
3 (7 U.S.C. 1a)), or a futures commission
4 merchant, introducing broker, commodity
5 pool operator, or commodity trading advi-
6 sor (as defined in section 1a of the Com-
7 modity Exchange Act (7 U.S.C. 1a)) that
8 is registered with the Commodity Futures
9 Trading Commission;

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

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

19 “(xiii) a church, charity, nonprofit en-
20 tity, or other organization that is described
21 in section 501(c), 527, or 4947(a)(1) of
22 the Internal Revenue Code of 1986, that
23 has not been denied tax exempt status, and
24 that has filed the most recently due annual
25 information return with the Internal Rev-

1 enue Service, if required to file such a re-
2 turn;

3 “(xiv) any business concern that—

4 “(I) employs more than 20 em-
5 ployees on a full-time basis in the
6 United States;

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

11 “(III) has an operating presence
12 at a physical office within the United
13 States; or

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

19 “(D) do not include any individual busi-
20 ness concern or class of business concerns
21 which the Secretary of the Treasury and the
22 Attorney General of the United States have
23 jointly determined, by rule or otherwise, to be
24 exempt from the requirements of subsection (a),
25 if the Secretary and the Attorney General joint-

1 ly determine that requiring beneficial ownership
2 information from the business concern would
3 not serve the public interest and would not as-
4 sist law enforcement efforts to detect, prevent,
5 or prosecute terrorism, money laundering, tax
6 evasion, or other misconduct.

7 “(5) FINCEN.—The term ‘FinCEN’ means the
8 Financial Crimes Enforcement Network of the De-
9 partment of the Treasury.

10 “(6) INDIAN COUNTRY.—The term ‘Indian
11 country’ has the meaning given that term in section
12 1151 of title 18.

13 “(7) INDIAN TRIBE.—The term ‘Indian Tribe’
14 has the meaning given that term under section 102
15 of the Federally Recognized Indian Tribe List Act of
16 1994 (25 U.S.C. 5130).

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

22 “(9) STATE.—The term ‘State’ means any
23 State, commonwealth, territory, or possession of the
24 United States, the District of Columbia, the Com-
25 monwealth of Puerto Rico, the Commonwealth of the

1 Northern Mariana Islands, American Samoa, Guam,
2 or the United States Virgin Islands.”.

3 (2) RULEMAKING.—

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

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

17 (i) bring the rule into conformance
18 with this Act and the amendments made
19 by this Act;

20 (ii) account for financial institutions’
21 access to comprehensive beneficial owner-
22 ship information filed by corporations and
23 limited liability companies, under threat of
24 civil and criminal penalties, under this Act

1 and the amendments made by this Act;
 2 and

3 (iii) reduce any burdens on financial
 4 institutions that are, in light of the enact-
 5 ment of this Act and the amendments
 6 made by this Act, unnecessary or duplica-
 7 tive.

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

10 (A) in section 5321(a)—

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

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

18 (B) in section 5322, by striking “section
 19 5315 or 5324” each place it appears and insert-
 20 ing “section 5315, 5324, or 5333”.

21 (4) TABLE OF CONTENTS.—The table of con-
 22 tents of chapter 53 of title 31, United States Code,
 23 is amended by inserting after the item relating to
 24 section 5332 the following:

“Sec. 5333. Transparent incorporation practices.”.

25 (b) FUNDING AUTHORIZATION.—

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

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

12 (A) Upon application by FinCEN, and
13 without further appropriation, the Secretary of
14 the Treasury shall make available to the
15 FinCEN unobligated balances described in sec-
16 tion 9705(g)(4)(B) of title 31, United States
17 Code, in the Department of the Treasury For-
18 feiture Fund established under section 9705(a)
19 of title 31, United States Code.

20 (B) Upon application by FinCEN, after
21 consultation with the Secretary of the Treasury,
22 and without further appropriation, the Attorney
23 General of the United States shall make avail-
24 able to FinCEN excess unobligated balances (as
25 defined in section 524(c)(8)(D) of title 28,

1 United States Code) in the Department of Jus-
2 tice Assets Forfeiture Fund established under
3 section 524(c) of title 28, United States Code.

4 (3) MAXIMUM AMOUNTS.—

5 (A) DEPARTMENT OF THE TREASURY.—

6 The Secretary of the Treasury may not make
7 available to FinCEN a total of more than
8 \$30,000,000 under paragraph (2)(A).

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

13 (c) FEDERAL CONTRACTORS.—Not later than the
14 first day of the first full fiscal year beginning at least 1
15 year after the date of enactment of this Act, the Adminis-
16 trator for Federal Procurement Policy shall revise the
17 Federal Acquisition Regulation maintained under section
18 1303(a)(1) of title 41, United States Code, to require any
19 contractor or subcontractor who is subject to the require-
20 ment to disclose beneficial ownership information under
21 section 5333 of title 31, United States Code, as added by
22 subsection (a), to provide the information required to be
23 disclosed under such section to the Federal Government
24 as part of any bid or proposal for a contract with a value

1 threshold in excess of the simplified acquisition threshold
2 under section 134 of title 41, United States Code.

3 **SEC. 3. STUDIES AND REPORTS.**

4 (a) UPDATING OF BENEFICIAL OWNERSHIP INFOR-
5 MATION.—

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

9 (A) the necessity of a requirement for cor-
10 porations and limited liability companies to up-
11 date the list of their beneficial owners within a
12 specified amount of time after the date of any
13 change in the list of beneficial owners or the in-
14 formation required to be provided relating to
15 each beneficial owner, taking into account the
16 annual filings required under section
17 5333(a)(1)(B)(i) of title 31, United States
18 Code, as added by section (2(a), and the infor-
19 mation contained in such annual filings; and

20 (B) the burden that a requirement to up-
21 date the list of beneficial owners within a speci-
22 fied period of time after a change in such list
23 of beneficial owners would impose on corpora-
24 tions and limited liability companies.

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

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

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

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

21 (2) identifying each State or Indian Tribe that
22 requires persons seeking to form or register partner-
23 ships, trusts, or other legal entities under the laws
24 of the State or Indian Tribe to provide information
25 about the beneficial owners (as that term is defined

1 in section 5333(d)(1) of title 31, United States
2 Code, as added by section 2(a)) or beneficiaries of
3 such entities, and the nature of the required infor-
4 mation;

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

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

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

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

20 (c) EFFECTIVENESS OF INCORPORATION PRAC-
21 TICES.—Not later than 5 years after the date of enact-
22 ment of this Act, the Comptroller General of the United
23 States shall conduct a study and submit to Congress a
24 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 (d) DEFINITIONS.—In this section, the terms “bene-
12 ficial owner”, “corporation”, and “limited liability com-
13 pany” have the meanings given those terms under section
14 5333(d) of title 31, United States Code, as added by sec-
15 tion 2(a).

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