

Congress of the United States
Washington, DC 20515

November 3, 2021

The Honorable Janet Yellen
Secretary of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Secretary Yellen:

We write to thank you for the Treasury Department's continuing commitment to ending the abuses of anonymous shell companies by tax evaders, terrorists, weapons proliferators, kleptocrats, human and drug traffickers, and other criminals. The value and urgency of these efforts are reinforced by the revelations of wrongdoing emerging from the latest leak of financial documents, the Pandora Papers. Also, as the December global Democracy Summit approaches, your department's focus on corporate transparency is essential to defending human rights and combating corruption and authoritarianism.

As you know, we are approaching the January 1, 2022, deadline for the implementation of the reporting requirements of the Corporate Transparency Act of 2020 (CTA), the law passed early this year to empower Treasury to tackle this issue. Over six months ago, on April 1, 2021, Treasury's Financial Crimes Enforcement Network (FinCEN) issued an Advance Notice of Proposed Rulemaking (ANPRM) to solicit public comment on a wide range of questions related to the design and implementation of the beneficial ownership information (BOI) reporting and access provisions of the CTA. We urge your department to move expeditiously to publish its formal Notice of Proposed Rulemaking (NPRM) to implement the mandated BOI reporting provisions. Following completion of that process, we urge Treasury to promptly issue a final rule to implement this transformative law.

Considering the transition to a new presidential administration, leadership changes at FinCEN, and funding constraints under which that agency has been working in the absence of the appropriated funds which our committees authorized, we understand that these are challenging tasks. The CTA's statutory deadline for Treasury to publish a final BOI reporting rule is January 1, 2022. We are disappointed by delays on this important rule, but recognize that, in light of the constraints described above, a final rule is now not likely to be issued by the implementation deadline. However, we hope that as the department's leader, you will do everything that you can to ensure swift action on the rule, including urgently providing additional staff and resources as necessary to achieve the effective and timely issuance of a proposed and subsequent final rule, and expediting review and clearance among Treasury and other agencies, such as the Office of Management and Budget. Your direct involvement in this manner will ensure that this critical rulemaking will go into effect as early as possible next year.

Effective and timely implementation of the new BOI reporting requirement will be a dramatic step forward, strengthening U.S. national security by making it more difficult for malign actors to exploit opaque legal structures to facilitate and profit from their bad acts.

To accomplish this goal, Treasury's proposed rule should meet the Congressional intent that we described in our detailed comment letter of May 5, 2021 (enclosed). This means writing the rule *broadly* to include in the reporting as many corporate entities as possible while *narrowly* limiting the exemptions to the smallest possible set permitted by the law. Doing so will address the current and evolving strategies that terrorists, criminals, and kleptocrats employ to hide and launder assets. It will also foreclose loophole options for creative criminals and their financial enablers, maximize the quality of the information collected, and prevent the evasion of BOI reporting.

In addition, FinCEN's final rule should ensure that authorized users—including law enforcement, national security officials, and financial institutions with customer consent—have early, timely, and unhindered access to the BOI database consistent with the access protocols provided for in the law. Treasury should avoid creating redundant hurdles that might delay BOI access to such users and leverage available technology to streamline this access.

Thank you for your consideration. We look forward to continuing to work with you and Treasury to ensure the timely, effective implementation of this landmark law.

Sincerely,



Sherrod Brown, Chairman
Senate Committee on Banking, Housing and Urban Affairs



Maxine Waters, Chairwoman
House Financial Services Committee



Carolyn B. Maloney, Chairwoman
Committee on Oversight and Reform

Enclosure