



United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

October 15, 2024

The Honorable Eugene Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street NW,
Washington, D.C. 20548

Dear Comptroller General Dodaro:

I am writing to request that the U.S. Government Accountability Office (GAO) analyze and audit the Department of the Treasury's (Treasury) Financial Crimes Enforcement Network (FinCEN), with a focus on FinCEN's information security and database management of the Beneficial Ownership Secure System (BOSS). The beneficial ownership information registry is intended to be a key national security tool designed to support the national security community, including law enforcement, to target bad actors and nation states abusing the United States financial system to engage in illicit activity.

On January 1, 2024, FinCEN began accepting beneficial ownership information (BOI) from small businesses throughout the country.¹ In their submissions, businesses are expected to disclose personally identifiable information such as addresses, legal representatives, birth dates, unique identifying numbers for each beneficial owner, and more.² There are already questions about how FinCEN handles sensitive Bank Secrecy Act (BSA) data, therefore it is Congress' intent to ensure that FinCEN adequately safeguards the BOSS.

To ensure America's small businesses are protected, Division F of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 included the strongest privacy and disclosure protections as it relates to the collection, maintenance, and disclosure of beneficial ownership information.³ Among others, these protections include agency head certification of an authorized investigation to access to the database, semi-annual certification by agencies to the Secretary of the Treasury of protocols to ensure maximum protection, and limitations on disclosure of beneficial ownership information.⁴ The protections in Division F are critical to protect confidential information and prevent unauthorized access.

¹ Press Release, Dep't of Treasury, U.S. Beneficial Ownership Information Registry Now Accepting Reports (Jan. 1, 2024) [hereinafter Press Release], <https://home.treasury.gov/news/press-releases/jy2015>.

² *FinCEN Beneficial Ownership Information Reporting Rule Fact Sheet*, <https://www.fincen.gov/beneficial-ownership-information-reporting-rule-fact-sheet>. (Sept. 29, 2022).

³ PL 116-283, January 1, 2021.

⁴ *Id.*

Currently, FinCEN maintains one of the largest information repositories accessible to law enforcement and regulatory agencies, the BSA database. This database includes Suspicious Activity Reports, Currency Transaction Reports, and other BSA reports. In August 2023 and August 2024, the Treasury Office of the Inspector General (OIG) released two audits of FinCEN's management of BSA data.⁵ The August 2023 audit highlighted failures of the agency to timely follow data suppression⁶ protocols and ensure that agencies with access to BSA data removed suppressed records timely.⁷ In its second audit, the OIG found FinCEN did not properly manage user access, despite the volume of 14,000 FinCEN portal users with direct access to BSA data.⁸ Specifically, the OIG found that FinCEN could not ensure whether agencies were timely disabling external user accounts, which could have resulted in unauthorized user access to BSA data.⁹ FinCEN's failure to properly manage the BSA database, leaves Congress reluctant that the agency will properly safeguard the data in BOSS as mandated.

As FinCEN continues to collect data from small businesses throughout the country, the agency must ensure Americans' financial privacy in both the BSA database and BOSS are appropriately protected. FinCEN's commitment to privacy and civil liberties should not be a question. To that end, GAO's review will assist the Congress in understanding any deficiencies in FinCEN's information management and security, including whether FinCEN is complying with congressional intent.

To help the Committee address these concerns, please conduct an analysis and audit of FinCEN, including, but not limited to, the following:

1. Bank Secrecy Act Database
 - a. Has FinCEN improved its management of user access and security of the BSA database?
2. Beneficial Ownership Secure System (BOSS)
 - a. What measures has FinCEN put in place to ensure the same failures of the BSA database do not occur with the BOSS?
 - b. Do FinCEN's standard operating procedures (SOPs) and protocols adhere to the to the Government Accountability Office, Standards for Internal Control in the Federal Government?¹⁰
 - c. Do FinCEN's SOPs, protocols, and management of the database comply with Division F of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021?

⁵ INSPECTOR GEN., DEP'T OF THE TREASURY, OIG-23-030, AUDIT OF FINCEN'S MANAGEMENT OF BSA DATA - SUPPRESSION REPORT (2023) [HEREINAFTER 2023 OIG REPORT]; INSPECTOR GEN., DEP'T OF THE TREASURY, OIG-24-030, AUDIT OF FINCEN'S MANAGEMENT OF BSA DATA – USER ACCESS REPORT (2024) [HEREINAFTER 2024 OIG REPORT].

⁶ Data suppression is FinCEN's process to limit or restrict access to the BSA database.

⁷ 2023 OIG Report.

⁸ 2024 OIG Report

⁹ *Id.*

¹⁰ GAO-14-704G; Sept. 2014

The Honorable Eugene Dodaro

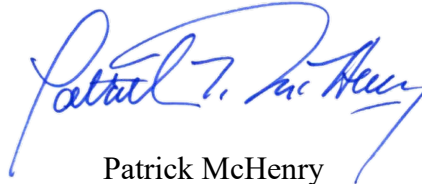
October 15, 2024

Page 3

- d. How many internal and external individual users and agencies have direct access to BOSS?

Thank you for your attention to this matter. Please contact Torie Cox at Torie.Cox@mail.house.gov and James Goldsmith at James.Goldsmith@mail.house.gov to provide updates or if you have any questions about this request.

Sincerely,



Patrick McHenry
Chairman