

116TH CONGRESS  
1ST SESSION

# S. 1978

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

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. 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—

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

8           “(B) has verified the full legal name, ad-  
9 dress, and identity of each such person;

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

14           “(D) will retain the information and proof  
15 of verification under this paragraph until the  
16 end of the 5-year period beginning on the date  
17 that the corporation or limited liability company  
18 terminates under the laws of the State or In-  
19 dian Tribe.

20           “(3) EXEMPT ENTITIES.—

21           “(A) IN GENERAL.—With respect to an ap-  
22 plicant to form a corporation or limited liability  
23 company under the laws of a State or Indian  
24 Tribe, if such entity is described in subpara-  
25 graph (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

1 such date shall be subject to the requirements  
2 of this subsection unless an officer, director, or  
3 similar agent of the entity submits to FinCEN  
4 a written certification—

5 “(i) identifying the specific provision  
6 of subsection (d)(4) under which the entity  
7 is exempt from the requirements under  
8 paragraphs (1) and (2);

9 “(ii) stating that the entity meets the  
10 requirements for an entity described under  
11 such provision of subsection (d)(4); and

12 “(iii) providing identification informa-  
13 tion for the officer, director, or similar  
14 agent making the certification in the same  
15 manner as provided under paragraph (1)  
16 or (2).

17 “(C) EXEMPT ENTITIES HAVING OWNER-  
18 SHIP INTEREST.—If an entity described in sub-  
19 paragraph (C) or (D) of subsection (d)(4) has  
20 or will have an ownership interest in a corpora-  
21 tion or limited liability company formed or to be  
22 formed under the laws of a State or Indian  
23 Tribe, the applicant, corporation, or limited li-  
24 ability company in which the entity has or will  
25 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-

1           itor also meets the requirements of sub-  
2           paragraph (A); or

3           “(vi) a person whose ownership inter-  
4           est is below a de minimis threshold that  
5           the Secretary of the Treasury shall, by  
6           rule, establish.

7           “(C) SUBSTANTIAL ECONOMIC BENEFITS  
8           DEFINED.—

9           “(i) IN GENERAL.—For purposes of  
10          subparagraph (A)(iii), a natural person re-  
11          ceives substantial economic benefits from  
12          the assets of a corporation or limited liabil-  
13          ity company if the person has an entitle-  
14          ment to more than a specified percentage  
15          of the funds or assets of the corporation or  
16          limited liability company, which the Sec-  
17          retary of the Treasury shall, by rule, estab-  
18          lish.

19          “(ii) RULEMAKING CRITERIA.—In es-  
20          tablishing the percentage under clause (i),  
21          the Secretary of the Treasury shall seek  
22          to—

23                 “(I) provide clarity to corpora-  
24                 tions and limited liability companies  
25                 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. 78e))  
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).

○