

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. _____
OFFERED BY MRS. CAROLYN B. MALONEY OF
NEW YORK

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Corporate Trans-
3 parency Act of 2019”.

4 SEC. 2. FINDINGS.

5 Congress finds the following:

6 (1) Nearly 2,000,000 corporations and limited
7 liability companies are being formed under the laws
8 of the States each year.

9 (2) Very few States require information about
10 the beneficial owners of the corporations and limited
11 liability companies formed under their laws.

12 (3) A person forming a corporation or limited
13 liability company within the United States typically
14 provides less information at the time of incorpora-
15 tion than is needed to obtain a bank account or driv-
16 er’s license and typically does not name a single ben-
17 efiticial owner.

1 (4) Criminals have exploited State formation
2 procedures to conceal their identities when forming
3 corporations or limited liability companies in the
4 United States, and have then used the newly created
5 entities to commit crimes affecting interstate and
6 international commerce such as terrorism, prolifera-
7 tion financing, drug and human trafficking, money
8 laundering, tax evasion, counterfeiting, piracy, secu-
9 rities fraud, financial fraud, and acts of foreign cor-
10 ruption.

11 (5) Law enforcement efforts to investigate cor-
12 porations and limited liability companies suspected
13 of committing crimes have been impeded by the lack
14 of available beneficial ownership information, as doc-
15 umented in reports and testimony by officials from
16 the Department of Justice, the Department of
17 Homeland Security, the Department of the Treas-
18 ury, and the Government Accountability Office, and
19 others.

20 (6) In July 2006, the leading international
21 antimoney laundering standard-setting body, the Fi-
22 nancial Action Task Force on Money Laundering (in
23 this section referred to as the “FATF”), of which
24 the United States is a member, issued a report that
25 criticizes the United States for failing to comply

1 with a FATF standard on the need to collect bene-
2 ficial ownership information and urged the United
3 States to correct this deficiency by July 2008. In
4 December 2016, FATF issued another evaluation of
5 the United States, which found that little progress
6 has been made over the last ten years to address
7 this problem. It identified the “lack of timely access
8 to adequate, accurate and current beneficial owner-
9 ship information” as a fundamental gap in United
10 States efforts to combat money laundering and ter-
11 rorist finance.

12 (7) In response to the 2006 FATF report, the
13 United States has urged the States to obtain bene-
14 ficial ownership information for the corporations and
15 limited liability companies formed under the laws of
16 such States.

17 (8) In contrast to practices in the United
18 States, all 28 countries in the European Union are
19 required to have corporate registries that include
20 beneficial ownership information.

21 (9) To reduce the vulnerability of the United
22 States to wrongdoing by United States corporations
23 and limited liability companies with hidden owners,
24 to protect interstate and international commerce
25 from criminals misusing United States corporations

1 and limited liability companies, to strengthen law en-
2 forcement investigations of suspect corporations and
3 limited liability companies, to set a clear, universal
4 standard for State incorporation practices, and to
5 bring the United States into compliance with inter-
6 national anti-money laundering standards, Federal
7 legislation is needed to require the collection of bene-
8 ficial ownership information for the corporations and
9 limited liability companies formed under the laws of
10 such States.

11 **SEC. 3. TRANSPARENT INCORPORATION PRACTICES.**

12 (a) IN GENERAL.—

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

17 **“§ 5333 Transparent incorporation practices**

18 **“(a) REPORTING REQUIREMENTS.—**

19 **“(1) BENEFICIAL OWNERSHIP REPORTING.—**

20 **“(A) IN GENERAL.—**Each applicant to
21 form a corporation or limited liability company
22 under the laws of a State or Indian Tribe shall
23 file a report with FinCEN containing a list of
24 the beneficial owners of the corporation or lim-
25 ited liability company that—

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

4 “(I) full legal name;

5 “(II) date of birth;

6 “(III) current residential or busi-
7 ness street address; and

8 “(IV) a unique identifying num-
9 ber from a non-expired passport
10 issued by the United States, a non-ex-
11 pired personal identification card, or a
12 non-expired driver’s license issued by
13 a State; and

14 “(ii) if the applicant is not a bene-
15 ficial owner, also provides the identification
16 information described in clause (i) relating
17 to such applicant.

18 “(B) UPDATED INFORMATION.—Each cor-
19 poration or limited liability company formed
20 under the laws of a State or Indian Tribe
21 shall—

22 “(i) submit to FinCEN an annual fil-
23 ing containing a list of—

24 “(I) the current beneficial owners
25 of the corporation or limited liability

1 company and the information de-
2 scribed in subparagraph (A) for each
3 such beneficial owner; and

4 “(II) any changes in the bene-
5 ficial owners of the corporation or lim-
6 ited liability company during the pre-
7 vious year; and

8 “(ii) pursuant to any rule issued by
9 the Secretary of the Treasury under sub-
10 paragraph (C), update the list of the bene-
11 ficial owners of the corporation or limited
12 liability company within the time period
13 prescribed by such rule.

14 “(C) RULEMAKING ON UPDATING INFOR-
15 MATION.—Not later than 9 months after the
16 completion of the study required under section
17 4(a)(1) of the Corporate Transparency Act of
18 2019, the Secretary of the Treasury shall con-
19 sider the findings of such study and, if the Sec-
20 retary determines it to be necessary or appro-
21 priate, issue a rule requiring corporations and
22 limited liability companies to update the list of
23 the beneficial owners of the corporation or lim-
24 ited liability company within a specified amount
25 of time after the date of any change in the list

1 of beneficial owners or the information required
2 to be provided relating to each beneficial owner.

3 “(D) STATE NOTIFICATION.—Each State
4 in which a corporation or limited liability com-
5 pany is being formed shall notify each applicant
6 of the requirements listed in subparagraphs (A)
7 and (B).

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

1 paragraph (1)(B) shall include a written certification
2 by a person residing in the State or Indian country
3 under the jurisdiction of the Indian Tribe forming
4 the entity that the applicant, corporation, or limited
5 liability company—

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

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

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

19 “(D) will retain the information and proof
20 of verification under this paragraph until the
21 end of the 5-year period beginning on the date
22 that the corporation or limited liability company
23 terminates under the laws of the State or In-
24 dian Tribe.

25 “(3) EXEMPT ENTITIES.—

1 “(A) IN GENERAL.—With respect to an ap-
2 plicant to form a corporation or limited liability
3 company under the laws of a State or Indian
4 Tribe, if such entity is described in subpara-
5 graph (C) or (D) of subsection (d)(4) and will
6 be exempt from the beneficial ownership disclo-
7 sure requirements under this subsection, such
8 applicant, or a prospective officer, director, or
9 similar agent of the applicant, shall file a writ-
10 ten certification with FinCEN—

11 “(i) identifying the specific provision
12 of subsection (d)(4) under which the entity
13 proposed to be formed would be exempt
14 from the beneficial ownership disclosure re-
15 quirements under paragraphs (1) and (2);

16 “(ii) stating that the entity proposed
17 to be formed meets the requirements for
18 an entity described under such provision of
19 subsection (d)(4); and

20 “(iii) providing identification informa-
21 tion for the applicant or prospective offi-
22 cer, director, or similar agent making the
23 certification in the same manner as pro-
24 vided under paragraph (1) or (2).

1 “(B) EXISTING CORPORATIONS OR LIM-
2 ITED LIABILITY COMPANIES.—On and after the
3 date that is 2 years after the final regulations
4 are issued to carry out this section, a corpora-
5 tion or limited liability company formed under
6 the laws of the State or Indian Tribe before
7 such date shall be subject to the requirements
8 of this subsection unless an officer, director, or
9 similar agent of the entity submits to FinCEN
10 a written certification—

11 “(i) identifying the specific provision
12 of subsection (d)(4) under which the entity
13 is exempt from the requirements under
14 paragraphs (1) and (2);

15 “(ii) stating that the entity meets the
16 requirements for an entity described under
17 such provision of subsection (d)(4); and

18 “(iii) providing identification informa-
19 tion for the officer, director, or similar
20 agent making the certification in the same
21 manner as provided under paragraph (1)
22 or (2).

23 “(C) EXEMPT ENTITIES HAVING OWNER-
24 SHIP INTEREST.—If an entity described in sub-
25 paragraph (C) or (D) of subsection (d)(4) has

1 or will have an ownership interest in a corpora-
2 tion or limited liability company formed or to be
3 formed under the laws of a State or Indian
4 Tribe, the applicant, corporation, or limited li-
5 ability company in which the entity has or will
6 have the ownership interest shall provide the in-
7 formation required under this subsection relat-
8 ing to the entity, except that the entity shall
9 not be required to provide information regard-
10 ing any natural person who has an ownership
11 interest in, exercises substantial control over, or
12 receives substantial economic benefits from the
13 entity.

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

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

1 “(B) DISCLOSURE OF INFORMATION.—
2 Beneficial ownership information reported to
3 FinCEN pursuant to this section shall be pro-
4 vided by FinCEN only upon receipt of—

5 “(i) subject to subparagraph (C), a
6 request, through appropriate protocols, by
7 a local, Tribal, State, or Federal law en-
8 forcement agency;

9 “(ii) a request made by a Federal
10 agency on behalf of a law enforcement
11 agency of another country under an inter-
12 national treaty, agreement, or convention,
13 or an order under section 3512 of title 18
14 or section 1782 of title 28; or

15 “(iii) a request made by a financial
16 institution, with customer consent, as part
17 of the institution’s compliance with due
18 diligence requirements imposed under the
19 Bank Secrecy Act, the USA PATRIOT
20 Act, or other applicable Federal, State, or
21 Tribal law.

22 “(C) APPROPRIATE PROTOCOLS.—

23 “(i) PRIVACY.—The protocols de-
24 scribed in subparagraph (B)(i) shall pro-
25 tect the privacy of any beneficial ownership

1 information provided by FinCEN to a
2 local, Tribal, State, or Federal law enforce-
3 ment agency.

4 “(ii) LIMITATION ON USE.—Beneficial
5 ownership information provided to a local,
6 Tribal, State, or Federal law enforcement
7 agency under this paragraph may only be
8 used for law enforcement, national secu-
9 rity, or intelligence purposes.

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

16 “(c) PENALTIES.—

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

19 “(A) knowingly providing, or attempting to
20 provide, false or fraudulent beneficial ownership
21 information, including a false or fraudulent
22 identifying photograph, to FinCEN in accord-
23 ance with this section;

1 “(B) willfully failing to provide complete or
2 updated beneficial ownership information to
3 FinCEN in accordance with this section; or

4 “(C) knowingly disclosing the existence of
5 a subpoena or other request for beneficial own-
6 ership information reported pursuant to this
7 section, except—

8 “(i) to the extent necessary to fulfill
9 the authorized request; or

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

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

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

17 “(B) may be fined under title 18, United
18 States Code, imprisoned for not more than 3
19 years, or both.

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

23 “(4) WAIVER.—The Secretary of the Treasury
24 may waive the penalty for violating paragraph (1) if
25 the Secretary determines that the violation was due

1 to reasonable cause and was not due to willful ne-
2 glect.

3 “(5) CRIMINAL PENALTY FOR THE MISUSE OR
4 UNAUTHORIZED DISCLOSURE OF BENEFICIAL OWN-
5 ERSHIP INFORMATION.—The criminal penalties pro-
6 vided for under section 5322 shall apply to a viola-
7 tion of this section to the same extent as such crimi-
8 nal penalties apply to a violation described in section
9 5322, if the violation of this section consists of the
10 misuse or unauthorized disclosure of beneficial own-
11 ership information.

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

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

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

19 “(A) section 21 of the Federal Deposit In-
20 surance Act;

21 “(B) chapter 2 of title I of Public Law 91–
22 508; and

23 “(C) this subchapter.

24 “(3) BENEFICIAL OWNER.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), the term ‘beneficial owner’
3 means a natural person who, directly or indi-
4 rectly, through any contract, arrangement, un-
5 derstanding, relationship, or otherwise—

6 “(i) exercises substantial control over
7 a corporation or limited liability company;

8 “(ii) owns 25 percent or more of the
9 equity interests of a corporation or limited
10 liability company; or

11 “(iii) receives substantial economic
12 benefits from the assets of a corporation or
13 limited liability company.

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

16 “(i) a minor child, as defined in the
17 State or Indian Tribe in which the entity
18 is formed;

19 “(ii) a person acting as a nominee,
20 intermediary, custodian, or agent on behalf
21 of another person;

22 “(iii) a person acting solely as an em-
23 ployee of a corporation or limited liability
24 company and whose control over or eco-
25 nomic benefits from the corporation or lim-

1 ited liability company derives solely from
2 the employment status of the person;

3 “ (iv) a person whose only interest in
4 a corporation or limited liability company
5 is through a right of inheritance;

6 “ (v) a creditor of a corporation or
7 limited liability company, unless the cred-
8 itor also meets the requirements of sub-
9 paragraph (A); or

10 “ (vi) a person whose ownership inter-
11 est is below a de minimis threshold that
12 the Secretary of the Treasury shall, by
13 rule, establish.

14 “ (C) SUBSTANTIAL ECONOMIC BENEFITS
15 DEFINED.—

16 “ (i) IN GENERAL.—For purposes of
17 subparagraph (A)(ii), a natural person re-
18 ceives substantial economic benefits from
19 the assets of a corporation or limited liabil-
20 ity company if the person has an entitle-
21 ment to more than a specified percentage
22 of the funds or assets of the corporation or
23 limited liability company, which the Sec-
24 retary of the Treasury shall, by rule, estab-
25 lish.

1 “(ii) RULEMAKING CRITERIA.—In es-
2 tablishing the percentage under clause (i),
3 the Secretary of the Treasury shall seek
4 to—

5 “(I) provide clarity to corpora-
6 tions and limited liability companies
7 with respect to the identification and
8 disclosure of a natural person who re-
9 ceives substantial economic benefits
10 from the assets of a corporation or
11 limited liability company; and

12 “(II) identify those natural per-
13 sons who, as a result of the substan-
14 tial economic benefits they receive
15 from the assets of a corporation or
16 limited liability company, exercise a
17 dominant influence over such corpora-
18 tion or limited liability company.

19 “(4) CORPORATION; LIMITED LIABILITY COM-
20 PANY.—The terms ‘corporation’ and ‘limited liability
21 company’—

22 “(A) have the meanings given such terms
23 under the laws of the applicable State or Indian
24 Tribe;

1 “(B) include any non-United States entity
2 eligible for registration or registered to do busi-
3 ness as a corporation or limited liability com-
4 pany under the laws of the applicable State or
5 Indian Tribe;

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

7 “(i) a business concern that is an
8 issuer of a class of securities registered
9 under section 12 of the Securities Ex-
10 change Act of 1934 (15 U.S.C. 781) or
11 that is required to file reports under sec-
12 tion 15(d) of that Act (15 U.S.C. 78o(d));

13 “(ii) a business concern constituted,
14 sponsored, or chartered by a State or In-
15 dian Tribe, a political subdivision of a
16 State or Indian Tribe, under an interstate
17 compact between two or more States, by a
18 department or agency of the United
19 States, or under the laws of the United
20 States;

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

1 “(iv) a credit union (as defined in sec-
2 tion 101 of the Federal Credit Union Act
3 (12 U.S.C. 1752));

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

7 “(vi) a broker or dealer (as defined in
8 section 3 of the Securities Exchange Act of
9 1934 (15 U.S.C. 78c)) that is registered
10 under section 15 of the Securities Ex-
11 change Act of 1934 (15 U.S.C. 78o);

12 “(vii) an exchange or clearing agency
13 (as defined in section 3 of the Securities
14 Exchange Act of 1934 (15 U.S.C. 78c))
15 that is registered under section 6 or 17A
16 of the Securities Exchange Act of 1934
17 (15 U.S.C. 78f and 78q-1);

18 “(viii) an investment company (as de-
19 fined in section 3 of the Investment Com-
20 pany Act of 1940 (15 U.S.C. 80a-3)) or
21 an investment adviser (as defined in sec-
22 tion 202(11) of the Investment Advisers
23 Act of 1940 (15 U.S.C. 80b-2(11))), if the
24 company or adviser is registered with the
25 Securities and Exchange Commission, or

1 has filed an application for registration
2 which has not been denied, under the In-
3 vestment Company Act of 1940 (15 U.S.C.
4 80a-1 et seq.) or the Investment Adviser
5 Act of 1940 (15 U.S.C. 80b-1 et seq.);

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

9 “(x) a registered entity (as defined in
10 section 1a of the Commodity Exchange Act
11 (7 U.S.C. 1a)), or a futures commission
12 merchant, introducing broker, commodity
13 pool operator, or commodity trading advi-
14 sor (as defined in section 1a of the Com-
15modity Exchange Act (7 U.S.C. 1a)) that
16 is registered with the Commodity Futures
17 Trading Commission;

18 “(xi) a public accounting firm reg-
19 istered in accordance with section 102 of
20 the Sarbanes-Oxley Act (15 U.S.C. 7212)
21 or an entity controlling, controlled by, or
22 under common control of such a firm;

23 “(xii) a public utility that provides
24 telecommunications service, electrical

1 power, natural gas, or water and sewer
2 services, within the United States;

3 “(xiii) a church, charity, nonprofit en-
4 tity, or other organization that is described
5 in section 501(c), 527, or 4947(a)(1) of
6 the Internal Revenue Code of 1986, that
7 has not been denied tax exempt status, and
8 that has filed the most recently due annual
9 information return with the Internal Rev-
10 enue Service, if required to file such a re-
11 turn;

12 “(xiv) any business concern that—
13 “(I) employs more than 20 em-
14 ployees on a full-time basis in the
15 United States;

16 “(II) files income tax returns in
17 the United States demonstrating more
18 than \$5,000,000 in gross receipts or
19 sales; and

20 “(III) has an operating presence
21 at a physical office within the United
22 States; or

23 “(xv) any corporation or limited liabil-
24 ity company formed and owned by an enti-
25 ty described in clause (i), (ii), (iii), (iv),

1 (v), (vi), (vii), (viii), (ix), (x), (xi), (xii),
2 (xiii), or (xiv); and

3 “(D) do not include any individual busi-
4 ness concern or class of business concerns
5 which the Secretary of the Treasury and the
6 Attorney General of the United States have
7 jointly determined, by rule or otherwise, to be
8 exempt from the requirements of subsection (a),
9 if the Secretary and the Attorney General joint-
10 ly determine that requiring beneficial ownership
11 information from the business concern would
12 not serve the public interest and would not as-
13 sist law enforcement efforts to detect, prevent,
14 or prosecute terrorism, money laundering, tax
15 evasion, or other misconduct.

16 “(5) FINCEN.—The term ‘FinCEN’ means the
17 Financial Crimes Enforcement Network of the De-
18 partment of the Treasury.

19 “(6) INDIAN COUNTRY.—The term ‘Indian
20 country’ has the meaning given that term in section
21 1151 of title 18.

22 “(7) INDIAN TRIBE.—The term ‘Indian Tribe’
23 has the meaning given that term under section 102
24 of the Federally Recognized Indian Tribe List Act of
25 1994.

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

6 “(9) STATE.—The term ‘State’ means any
7 State, commonwealth, territory, or possession of the
8 United States, the District of Columbia, the Com-
9 monwealth of Puerto Rico, the Commonwealth of the
10 Northern Mariana Islands, American Samoa, Guam,
11 or the United States Virgin Islands.”.

12 (2) RULEMAKING.—

13 (A) IN GENERAL.—Not later than 1 year
14 after the date of enactment of this Act, the Sec-
15 retary of the Treasury shall issue regulations to
16 carry out this Act and the amendments made
17 by this Act, including, to the extent necessary,
18 to clarify the definitions in section 5333(d) of
19 title 31, United States Code.

20 (B) REVISION OF FINAL RULE.—Not later
21 than 1 year after the date of enactment of this
22 Act, the Secretary of the Treasury shall revise
23 the final rule titled “Customer Due Diligence
24 Requirements for Financial Institutions” (May
25 11, 2016; 81 Fed. Reg. 29397) to—

1 (i) bring the rule into conformance
2 with this Act and the amendments made
3 by this Act;

4 (ii) account for financial institutions'
5 access to comprehensive beneficial owner-
6 ship information filed by corporations and
7 limited liability companies, under threat of
8 civil and criminal penalties, under this Act
9 and the amendments made by this Act;
10 and

11 (iii) reduce any burdens on financial
12 institutions that are, in light of the enact-
13 ment of this Act and the amendments
14 made by this Act, unnecessary or duplica-
15 tive.

16 (3) CONFORMING AMENDMENTS.—Title 31,
17 United States Code, is amended—

18 (A) in section 5321(a)—

19 (i) in paragraph (1), by striking “sec-
20 tions 5314 and 5315” each place it ap-
21 pears and inserting “sections 5314, 5315,
22 and 5333”; and

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

1 (B) in section 5322, by striking “section
2 5315 or 5324” each place it appears and insert-
3 ing “section 5315, 5324, or 5333”.

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

“Sec. 5333. Transparent incorporation practices.”.

8 (b) FUNDING AUTHORIZATION.—

9 (1) IN GENERAL.—To carry out section 5333 of
10 title 31, United States Code, as added by subsection
11 (a), funds shall be made available to the Financial
12 Crimes Enforcement Network (in this subsection re-
13 ferred to as “FinCEN”) to pay reasonable costs re-
14 lating to compliance with the requirements of such
15 section.

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

20 (A) Upon application by FinCEN, and
21 without further appropriation, the Secretary of
22 the Treasury shall make available to the
23 FinCEN unobligated balances described in sec-
24 tion 9703(g)(4)(B) of title 31, United States
25 Code, in the Department of the Treasury For-

1 feiture Fund established under section 9703(a)
2 of title 31, United States Code.

3 (B) Upon application by FinCEN, after
4 consultation with the Secretary of the Treasury,
5 and without further appropriation, the Attorney
6 General of the United States shall make avail-
7 able to FinCEN excess unobligated balances (as
8 defined in section 524(c)(8)(D) of title 28,
9 United States Code) in the Department of Jus-
10 tice Assets Forfeiture Fund established under
11 section 524(c) of title 28, United States Code.

12 (3) MAXIMUM AMOUNTS.—

13 (A) DEPARTMENT OF THE TREASURY.—
14 The Secretary of the Treasury may not make
15 available to FinCEN a total of more than
16 \$30,000,000 under paragraph (2)(A).

17 (B) DEPARTMENT OF JUSTICE.—The At-
18 torney General of the United States may not
19 make available to FinCEN a total of more than
20 \$10,000,000 under paragraph (2)(B).

21 (c) FEDERAL CONTRACTORS.—Not later than the
22 first day of the first full fiscal year beginning at least 1
23 year after the date of the enactment of this Act, the Ad-
24 ministrators for Federal Procurement Policy shall revise
25 the Federal Acquisition Regulation maintained under sec-

1 tion 1303(a)(1) of title 41, United States Code, to require
2 any contractor or subcontractor who is subject to the re-
3 quirement to disclose beneficial ownership information
4 under section 5333 of title 31, United States Code, to pro-
5 vide the information required to be disclosed under such
6 section to the Federal Government as part of any bid or
7 proposal for a contract with a value threshold in excess
8 of the simplified acquisition threshold under section 134
9 of title 41, United States Code.

10 **SEC. 4. STUDIES AND REPORTS.**

11 (a) UPDATING OF BENEFICIAL OWNERSHIP INFOR-
12 MATION.—

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

16 (A) the necessity of a requirement for cor-
17 porations and limited liability companies to up-
18 date the list of their beneficial owners within a
19 specified amount of time after the date of any
20 change in the list of beneficial owners or the in-
21 formation required to be provided relating to
22 each beneficial owner, taking into account the
23 annual filings required under section
24 5333(a)(1)(B)(i) of title 31, United States

1 Code, and the information contained in such
2 annual filings; and

3 (B) the burden that a requirement to up-
4 date the list of beneficial owners within a speci-
5 fied period of time after a change in such list
6 of beneficial owners would impose on corpora-
7 tions and limited liability companies.

8 (2) REPORT.—Not later than 1 year after the
9 date of enactment of this Act, the Secretary of the
10 Treasury shall submit a report on the study required
11 under paragraph (1) to the Committee on Financial
12 Services of the House of Representatives and the
13 Committee on Banking, Housing, and Urban Affairs
14 of the Senate

15 (3) PUBLIC COMMENT.—The Secretary of the
16 Treasury shall seek and consider public input, com-
17 ments, and data in order to conduct the study re-
18 quired under subparagraph paragraph (1).

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

23 (1) identifying each State or Indian Tribe that
24 has procedures that enable persons to form or reg-
25 ister under the laws of the State or Indian Tribe

1 partnerships, trusts, or other legal entities, and the
2 nature of those procedures;

3 (2) identifying each State or Indian Tribe that
4 requires persons seeking to form or register partner-
5 ships, trusts, or other legal entities under the laws
6 of the State or Indian Tribe to provide information
7 about the beneficial owners (as that term is defined
8 in section 5333(d)(1) of title 31, United States
9 Code, as added by this Act) or beneficiaries of such
10 entities, and the nature of the required information;

11 (3) evaluating whether the lack of available
12 beneficial ownership information for partnerships,
13 trusts, or other legal entities—

14 (A) raises concerns about the involvement
15 of such entities in terrorism, money laundering,
16 tax evasion, securities fraud, or other mis-
17 conduct; and

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

20 (4) evaluating whether the failure of the United
21 States to require beneficial ownership information
22 for partnerships and trusts formed or registered in
23 the United States has elicited international criticism
24 and what steps, if any, the United States has taken
25 or is planning to take in response.

1 (c) EFFECTIVENESS OF INCORPORATION PRAC-
2 TICES.—Not later than 5 years after the date of enact-
3 ment of this Act, the Comptroller General of the United
4 States shall conduct a study and submit to the Congress
5 a report assessing the effectiveness of incorporation prac-
6 tices implemented under this Act and the amendments
7 made by this Act in—

8 (1) providing law enforcement agencies with
9 prompt access to reliable, useful, and complete bene-
10 ficial ownership information; and

11 (2) strengthening the capability of law enforce-
12 ment agencies to combat incorporation abuses, civil
13 and criminal misconduct, and detect, prevent, or
14 punish terrorism, money laundering, tax evasion, or
15 other misconduct.

16 **SEC. 5. DEFINITIONS.**

17 In this Act, the terms “beneficial owner”, “corpora-
18 tion”, and “limited liability company” have the meaning
19 given those terms, respectively, under section 5333(d) of
20 title 31, United States Code.

