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(Original Signature of Member)

116TH CONGRESS
1ST SESSION

H. R. _____

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 HOUSE OF REPRESENTATIVES

Mrs. CAROLYN B. MALONEY of New York introduced the following bill; which was referred to the Committee on _____

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. FINDINGS.**

7 Congress finds the following:

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

11 (2) Very few States obtain meaningful informa-
12 tion about the beneficial owners of the corporations
13 and limited liability companies formed under their
14 laws.

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

21 (4) Criminals have exploited the weaknesses in
22 State formation procedures to conceal their identi-
23 ties when forming corporations or limited liability
24 companies in the United States, and have then used
25 the newly created entities to commit crimes affecting

1 interstate and international commerce such as ter-
2 rorism, drug trafficking, money laundering, tax eva-
3 sion, securities fraud, financial fraud, and acts of
4 foreign corruption.

5 (5) Law enforcement efforts to investigate cor-
6 porations and limited liability companies suspected
7 of committing crimes have been impeded by the lack
8 of available beneficial ownership information, as doc-
9 umented in reports and testimony by officials from
10 the Department of Justice, the Department of
11 Homeland Security, the Financial Crimes Enforce-
12 ment Network of the Department of the Treasury,
13 the Internal Revenue Service, and the Government
14 Accountability Office, and others.

15 (6) In July 2006, a leading international
16 antimoney laundering organization, the Financial
17 Action Task Force on Money Laundering (in this
18 section referred to as the “FATF”), of which the
19 United States is a member, issued a report that
20 criticizes the United States for failing to comply
21 with a FATF standard on the need to collect bene-
22 ficial ownership information and urged the United
23 States to correct this deficiency by July 2008. In
24 December 2016, FATF issued another evaluation of
25 the United States, which found that little progress

1 has been made over the last ten years to address
2 this problem. It identified the “lack of timely access
3 to adequate, accurate and current beneficial owner-
4 ship information” as a fundamental gap in United
5 States efforts to combat money laundering and ter-
6 rorist finance.

7 (7) In response to the 2006 FATF report, the
8 United States has repeatedly urged the States to
9 strengthen their incorporation practices by obtaining
10 beneficial ownership information for the corporations
11 and limited liability companies formed under the
12 laws of such States.

13 (8) Many States have established automated
14 procedures that allow a person to form a new cor-
15 poration or limited liability company within the
16 State within 24 hours of filing an online application,
17 without any prior review of the application by a
18 State official. In exchange for a substantial fee, 2
19 States will form a corporation within 1 hour of a re-
20 quest.

21 (9) Dozens of Internet Web sites highlight the
22 anonymity of beneficial owners allowed under the in-
23 corporation practices of some States, point to those
24 practices as a reason to incorporate in those States,
25 and list those States together with offshore jurisdic-

1 tions as preferred locations for the formation of new
2 corporations, essentially providing an open invitation
3 to criminals and other wrongdoers to form entities
4 within the United States.

5 (10) In contrast to practices in the United
6 States, all 28 countries in the European Union are
7 required to have formation agents identify the bene-
8 ficial owners of the corporations formed under the
9 laws of the country.

10 (11) To reduce the vulnerability of the United
11 States to wrongdoing by United States corporations
12 and limited liability companies with hidden owners,
13 to protect interstate and international commerce
14 from criminals misusing United States corporations
15 and limited liability companies, to strengthen law en-
16 forcement investigations of suspect corporations and
17 limited liability companies, to set minimum stand-
18 ards for and level the playing field among State in-
19 corporation practices, and to bring the United States
20 into compliance with its international anti-money
21 laundering standards, Federal legislation is needed
22 to require the collection of beneficial ownership in-
23 formation for the corporations and limited liability
24 companies formed under the laws of such States.

1 **SEC. 3. TRANSPARENT INCORPORATION PRACTICES.**

2 (a) IN GENERAL.—

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

7 **“§ 5333 Transparent incorporation practices**

8 “(a) REPORTING REQUIREMENTS.—

9 “(1) BENEFICIAL OWNERSHIP REPORTING.—

10 “(A) IN GENERAL.—Each applicant to
11 form a corporation or limited liability company
12 under the laws of a State shall file a report
13 with FinCEN containing a list of the beneficial
14 owners of the corporation or limited liability
15 company that—

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

19 “(I) full legal name;

20 “(II) current residential or busi-
21 ness street address; and

22 “(III) a unique identifying num-
23 ber from a non-expired passport
24 issued by the United States, a non-ex-
25 pired personal identification card, or a

1 non-expired driver's license issued by
2 a State; and

3 “(ii) if the applicant is not a bene-
4 ficial owner, provides the identification in-
5 formation described in clause (i) relating
6 to such applicant.

7 “(B) UPDATED INFORMATION.—Each cor-
8 poration or limited liability company formed
9 under the laws of a State shall—

10 “(i) update the list of the beneficial
11 owners of the corporation or limited liabil-
12 ity company by providing the information
13 described in subparagraph (A) to FinCEN
14 not later than 60 days after the date of
15 any change in the list of beneficial owners
16 or the information required to be provided
17 relating to each beneficial owner; and

18 “(ii) submit to FinCEN an annual fil-
19 ing containing the list of the beneficial
20 owners of the corporation or limited liabil-
21 ity company and the information described
22 in subparagraph (A) for each such bene-
23 ficial owner.

24 “(2) CERTAIN BENEFICIAL OWNERS.—If an ap-
25 plicant to form a corporation or limited liability com-

1 pany or a beneficial owner, officer, director, or simi-
2 lar agent of a corporation or limited liability com-
3 pany who is required to provide identification infor-
4 mation under this subsection does not have a non-
5 expired passport issued by the United States, a non-
6 expired personal identification card, or a non-expired
7 driver’s license issued by a State, each applicant
8 shall provide to FinCEN the full legal name, current
9 residential or business street address, a unique iden-
10 tifying number from a non-expired passport issued
11 by a foreign government, and a legible and credible
12 copy of the pages of a non-expired passport issued
13 by the government of a foreign country bearing a
14 photograph, date of birth, and unique identifying in-
15 formation for each beneficial owner, and each appli-
16 cation described in paragraph (1)(A) and each up-
17 date described in paragraph (1)(B) shall include a
18 certification by an applicant residing in the State
19 that the applicant—

20 “(A) has obtained for each such beneficial
21 owner, a current residential or business street
22 address and a legible and credible copy of the
23 pages of a non-expired passport issued by the
24 government of a foreign country bearing a pho-

1 tograph, date of birth, and unique identifying
2 information for the person;

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

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

9 “(D) will retain the information and proof
10 of verification under this paragraph in the
11 State in which the corporation or limited liabil-
12 ity company is being or has been formed until
13 the end of the 5-year period beginning on the
14 date that the corporation or limited liability
15 company terminates under the laws of the
16 State.

17 “(3) EXEMPT ENTITIES.—

18 “(A) IN GENERAL.—With respect to an ap-
19 plicant to form a corporation or limited liability
20 company under the laws of a State, if such enti-
21 ty is described in subparagraph (C) or (D) of
22 subsection (d)(4) and will be exempt from the
23 beneficial ownership disclosure requirements
24 under this subsection, such applicant, or a pro-
25 spective officer, director, or similar agent of the

1 applicant, shall file a certification with
2 FinCEN—

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

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

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

17 “(B) EXISTING CORPORATIONS OR LIM-
18 ITED LIABILITY COMPANIES.—On and after the
19 date that is 2 years after the final regulations
20 are issued to carry out this section, a corpora-
21 tion or limited liability company formed under
22 the laws of the State before such date shall be
23 subject to the requirements of this subsection
24 unless an officer, director, or similar agent of
25 the entity submits to FinCEN a certification—

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

5 “(ii) stating that the entity meets the
6 requirements for an entity described under
7 such provision of subsection (d)(2); and

8 “(iii) providing identification informa-
9 tion for the officer, director, or similar
10 agent making the certification in the same
11 manner as provided under paragraph (1)
12 or (2).

13 “(C) EXEMPT ENTITIES HAVING OWNER-
14 SHIP INTEREST.—If an entity described in sub-
15 paragraph (C) or (D) of subsection (d)(2) has
16 or will have an ownership interest in a corpora-
17 tion or limited liability company formed or to be
18 formed under the laws of a State, the applicant,
19 corporation, or limited liability company in
20 which the entity has or will have the ownership
21 interest shall provide the information required
22 under this subsection relating to the entity, ex-
23 cept that the entity shall not be required to pro-
24 vide information regarding any natural person
25 who has an ownership interest in, exercises sub-

1 stantial control over, or receives substantial eco-
2 nomic benefits from the entity.

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

5 “(A) RETENTION OF INFORMATION.—Ben-
6 eficial ownership information relating to each
7 corporation or limited liability company formed
8 under the laws of the State shall be maintained
9 by FinCEN until the end of the 5-year period
10 beginning on the date that the corporation or
11 limited liability company terminates.

12 “(B) DISCLOSURE OF INFORMATION.—
13 Beneficial ownership information reported to
14 FinCEN pursuant to this section shall be pro-
15 vided by FinCEN upon receipt of—

16 “(i) a request, through appropriate
17 protocols, by a local, Tribal, State, or Fed-
18 eral agency;

19 “(ii) a request made by a Federal
20 agency on behalf of a law enforcement
21 agency of another country under an inter-
22 national treaty, agreement, or convention,
23 or an order under section 3512 of title 18
24 or section 1782 of title 28; or

1 “(iii) a request made by a financial
2 institution, with customer consent, as part
3 of the institution’s compliance with due
4 diligence requirements imposed under the
5 Bank Secrecy Act, the USA PATRIOT
6 Act, or other applicable Federal or State
7 law.

8 “(b) NO BEARER SHARE CORPORATIONS OR LIM-
9 ITED LIABILITY COMPANIES.—A corporation or limited li-
10 ability company formed under the laws of a State may
11 not issue a certificate in bearer form evidencing either a
12 whole or fractional interest in the corporation or limited
13 liability company.

14 “(c) PENALTIES.—

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

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

22 “(B) willfully failing to provide complete or
23 updated beneficial ownership information to
24 FinCEN in accordance with this section; or

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

5 “(i) to the extent necessary to fulfill
6 the authorized request; or

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

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

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

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

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

18 “(1) APPLICANT.—The term ‘applicant’ means
19 any natural person who files an application to form
20 a corporation or limited liability company under the
21 laws of a State.

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

24 “(A) section 21 of the Federal Deposit In-
25 surance Act;

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

3 “(C) this subchapter.

4 “(3) BENEFICIAL OWNER.—

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

10 “(i) exercises substantial control over
11 a corporation or limited liability company;
12 or

13 “(ii) has a substantial interest in or
14 receives substantial economic benefits from
15 the assets of a corporation or limited liabil-
16 ity company.

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

19 “(i) a minor child, as defined in the
20 State in which the entity is formed;

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

24 “(iii) a person acting solely as an em-
25 ployee of a corporation or limited liability

1 company and whose control over or eco-
2 nomic benefits from the corporation or lim-
3 ited liability company derives solely from
4 the employment status of the person;

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

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

12 “(C) SUBSTANTIAL ECONOMIC BENEFITS
13 DEFINED.—For purposes of subparagraph
14 (A)(ii), a natural person receives substantial
15 economic benefits from the assets of a corpora-
16 tion or limited liability company if the person
17 has an entitlement to the funds or assets of the
18 corporation or limited liability company that, as
19 a practical matter, enables the person, directly
20 or indirectly, to control, manage, or direct the
21 corporation or limited liability company.

22 “(4) CORPORATION; LIMITED LIABILITY COM-
23 PANY.—The terms ‘corporation’ and ‘limited liability
24 company’—

1 “(A) have the meanings given such terms
2 under the laws of the applicable State;

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

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

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

14 “(ii) a business concern constituted or
15 sponsored by a State, a political subdivi-
16 sion of a State, under an interstate com-
17 pact between two or more States, by a de-
18 partment or agency of the United States,
19 or under the laws of the United States;

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

23 “(iv) a credit union (as defined in sec-
24 tion 101 of the Federal Credit Union Act
25 (12 U.S.C. 1752));

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

4 “(vi) a broker or dealer (as defined in
5 section 3 of the Securities Exchange Act of
6 1934 (15 U.S.C. 78c)) that is registered
7 under section 15 of the Securities Ex-
8 change Act of 1934 (15 U.S.C. 78o);

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

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

1 80a–1 et seq.) or the Investment Adviser
2 Act of 1940 (15 U.S.C. 80b–1 et seq.);

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

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

15 “(xi) a public accounting firm reg-
16 istered in accordance with section 102 of
17 the Sarbanes-Oxley Act (15 U.S.C. 7212);

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

22 “(xiii) a church, charity, nonprofit en-
23 tity, or other organization that is described
24 in section 501(c), 527, or 4947(a)(1) of
25 the Internal Revenue Code of 1986, that

1 has not been denied tax exempt status, and
2 that has filed the most recently due annual
3 information return with the Internal Rev-
4 enue Service, if required to file such a re-
5 turn;

6 “(xiv) any business concern that—

7 “(I) employs more than 20 em-
8 ployees on a full-time basis in the
9 United States;

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

14 “(III) has an operating presence
15 at a physical office within the United
16 States; or

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

22 “(D) do not include any individual busi-
23 ness concern or class of business concerns
24 which the Secretary of the Treasury, with the
25 written concurrence of the Attorney General of

1 the United States, has determined in writing
2 should be exempt from the requirements of sub-
3 section (a), because requiring beneficial owner-
4 ship information from the business concern
5 would not serve the public interest and would
6 not assist law enforcement efforts to detect,
7 prevent, or punish terrorism, money laundering,
8 tax evasion, or other misconduct.

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

12 “(6) PERSONAL IDENTIFICATION CARD.—The
13 term ‘personal identification card’ means an identi-
14 fication document issued by a State, local govern-
15 ment, or federally recognized Indian Tribe to an in-
16 dividual solely for the purpose of identification of
17 that individual.

18 “(7) STATE.—The term ‘State’ means any
19 State, commonwealth, territory, or possession of the
20 United States, the District of Columbia, the Com-
21 monwealth of Puerto Rico, the Commonwealth of the
22 Northern Mariana Islands, American Samoa, Guam,
23 or the United States Virgin Islands.”.

24 (2) RULEMAKING.—Not later than the begin-
25 ning of fiscal year 2021, the Secretary of the Treas-

1 ury shall issue regulations to carry out this Act and
2 the amendments made by this Act.

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

5 (A) in section 5321(a)—

6 (i) in paragraph (1), by striking “sec-
7 tions 5314 and 5315” each place it ap-
8 pears and inserting “sections 5314, 5315,
9 and 5333”; and

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

13 (B) in section 5322, by striking “section
14 5315 or 5324” each place it appears and insert-
15 ing “section 5315, 5324, or 5333”.

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

“Sec. 5333. Transparent incorporation practices.”.

20 (b) FUNDING AUTHORIZATION.—

21 (1) IN GENERAL.—To carry out section 5333 of
22 title 31, United States Code, as added by subsection
23 (a), during the 3-year period beginning on the date
24 of enactment of this Act, funds shall be made avail-
25 able to the Financial Crimes Enforcement Network

1 (in this subsection referred to as “FinCEN”) to pay
2 reasonable costs relating to compliance with the re-
3 quirements of such section.

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

8 (A) Upon application by FinCEN, and
9 without further appropriation, the Secretary of
10 the Treasury shall make available to the
11 FinCEN unobligated balances described in sec-
12 tion 9703(g)(4)(B) of title 31, United States
13 Code, in the Department of the Treasury For-
14 feiture Fund established under section 9703(a)
15 of title 31, United States Code.

16 (B) Upon application by FinCEN, after
17 consultation with the Secretary of the Treasury,
18 and without further appropriation, the Attorney
19 General of the United States shall make avail-
20 able to FinCEN excess unobligated balances (as
21 defined in section 524(c)(8)(D) of title 28,
22 United States Code) in the Department of Jus-
23 tice Assets Forfeiture Fund established under
24 section 524(c) of title 28, United States Code.

25 (3) MAXIMUM AMOUNTS.—

1 (A) DEPARTMENT OF THE TREASURY.—

2 The Secretary of the Treasury may not make
3 available to FinCEN a total of more than
4 \$30,000,000 under paragraph (2)(A).

5 (B) DEPARTMENT OF JUSTICE.—The At-

6 torney General of the United States may not
7 make available to FinCEN a total of more than
8 \$10,000,000 under paragraph (2)(B).

9 (c) FEDERAL CONTRACTORS.—Not later than the
10 first day of the first full fiscal year beginning at least 1
11 year after the date of the enactment of this Act, the Ad-
12 ministrator for Federal Procurement Policy shall revise
13 the Federal Acquisition Regulation maintained under sec-
14 tion 1303(a)(1) of title 41, United States Code, to require
15 any contractor or subcontractor who is subject to the re-
16 quirement to disclose beneficial ownership information
17 under section 5333 of title 31, United States Code, to pro-
18 vide the information required to be disclosed under such
19 section to the Federal Government as part of any bid or
20 proposal for a contract with a value threshold in excess
21 of the simplified acquisition threshold under section 134
22 of title 41, United States Code.

23 **SEC. 4. STUDIES AND REPORTS.**

24 (a) OTHER LEGAL ENTITIES.—Not later than 2
25 years after the date of enactment of this Act, the Comp-

1 troller General of the United States shall conduct a study
2 and submit to the Congress a report—

3 (1) identifying each State that has procedures
4 that enable persons to form or register under the
5 laws of the State partnerships, trusts, or other legal
6 entities, and the nature of those procedures;

7 (2) identifying each State that requires persons
8 seeking to form or register partnerships, trusts, or
9 other legal entities under the laws of the State to
10 provide information about the beneficial owners (as
11 that term is defined in section 5333(d)(1) of title
12 31, United States Code, as added by this Act) or
13 beneficiaries of such entities, and the nature of the
14 required information;

15 (3) evaluating whether the lack of available
16 beneficial ownership information for partnerships,
17 trusts, or other legal entities—

18 (A) raises concerns about the involvement
19 of such entities in terrorism, money laundering,
20 tax evasion, securities fraud, or other mis-
21 conduct; and

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

24 (4) evaluating whether the failure of the United
25 States to require beneficial ownership information

1 for partnerships and trusts formed or registered in
2 the United States has elicited international criticism
3 and what steps, if any, the United States has taken
4 or is planning to take in response.

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

12 (1) providing law enforcement agencies with
13 prompt access to reliable, useful, and complete bene-
14 ficial ownership information; and

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