

TESTIMONY BEFORE THE UNITED STATES CONGRESS
ON BEHALF OF THE

NATIONAL FEDERATION OF INDEPENDENT BUSINESS



Statement of Jeff Brabant
Vice President, Federal Government Relations

**United States House of Representatives
Committee on Financial Services
Subcommittee on National Security, Illicit
Finance, and International Financial
Institutions**

Following the Money: Tools and Techniques to Combat Fraud

April 1, 2025

National Federation of Independent Business
555 12th Street NW, Suite 1001
Washington, DC 20004

Chairman Davidson, Ranking Member Beatty, and members of the House Financial Services Committee,

On behalf of the National Federation of Independent Business (NFIB), I appreciate the opportunity to participate in today's hearing on efforts to limit the impact of fraud on small businesses.

My name is Jeff Brabant, and I am the Vice President of Federal Government Relations for NFIB. NFIB is the nation's leading small business advocacy organization, advocating on behalf of nearly 300,000 small business owner members in Washington, DC, all 50 state capitals, and in our nation's courts. NFIB's mission is to promote and protect the right of our members to own, operate, and grow their businesses. NFIB is proud to represent small businesses nationwide from every industry and sector.

In recent years, small businesses have been through a lot. They have faced government-imposed COVID shutdowns, supply chain disruption, historic inflation, \$1.8 trillion of new regulatory costs, and systemic workforce shortages. Small businesses have largely weathered these storms, but many threats remain.

One constant threat is the reality that a single computer click can open a business up to targeted scams and fraud. As technology advances, small businesses must adapt to the everyday changes of a digitized economy. With those technological advances, the threat of protecting business data and customers is constantly on the minds of small business owners.

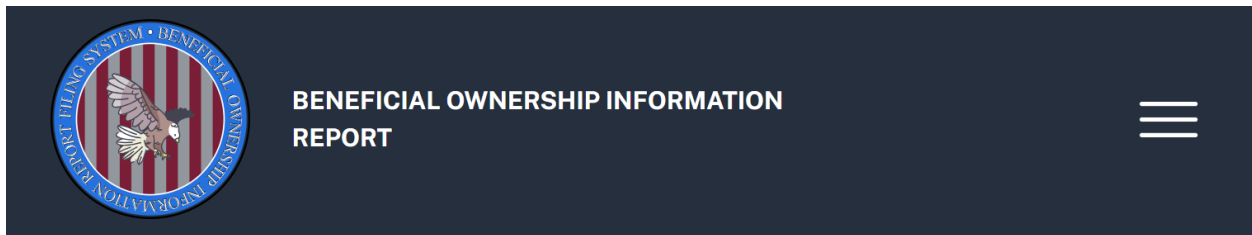
It is especially frustrating for small businesses when congressionally mandated reporting requirements open their businesses up to data privacy threats. A prime example of this is the Corporate Transparency Act (CTA). Under the CTA, small businesses with fewer than 20 employees and \$5 million in revenue are required to report their beneficial ownership information (BOI) to the Financial Crimes Enforcement Network (FinCEN).

The CTA has opened 32.6 million law-abiding small business owners to countless threats. For one, state, federal, and international law enforcement can access this

information without a subpoena or warrant. Small businesses fear their information will be targeted by criminals, politically motivated individuals, or subject to cyber-attacks by our nation's adversaries, that could expose their personal information to actual criminals and nefarious actors.

Small businesses have also faced other forms of phishing and scams from the CTA. I have heard from many small business owners who have sought assistance to file their BOI. Many have had to pay their CPAs or hire an outside counsel to assist with their filings. This is an unnecessary added cost that has increased red tape and compliance burdens for small businesses.

Others have fallen prey to profit companies, which may be scam operators, offering to file BOI data. A recent search of "CTA BOI Filing" on Google demonstrates this problem. As you can see in the image below, the search resulted in three "sponsored" BOI companies before the official FinCEN result. One of these companies in particular "BOIR.org" even uses an imitation government seal with an eagle on it to appear like an official seal the U.S. government would use.



Penalties for Late Filing

- **Civil Penalties:** Up to \$592 per day for each day the report is late
- **Criminal Penalties:** Up to \$10,000 in fines and imprisonment for up to two years

BOIR E-Filing System




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<https://www.ctaboi.com>

Corporate Transparency Act

Beneficial Ownership Info – Operated by Delaware Business Attorneys, We Are Available to Provide Advice and Assistance. We Help You Navigate FinCEN Reporting Regulations Under the Corporate...

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FinCEN Filing | Online BOI Filing

Online filing method available - January 13th is the filing deadline for BOI Reports. **File...**

 FinCEN.gov
<https://boiefiling.fincen.gov>

BOI E-FILING

The BOI E-Filing System supports the electronic filing of the Beneficial Ownership Information Report (BOIR) under the Corporate Transparency Act (CTA).

Just last week, an Indiana farmer contacted NFIB regarding one of these scam companies. This farmer had begun the process to file through a scam company but did not complete the filing. Still, this farmer had \$249 charged to his credit card. Now, the farmer is searching for a refund but will likely be without redress.

How many small businesses have fallen prey to these scam BOI companies? How many small businesses wasted hours and sunk significant resources into complying with the CTA? These resources are now unavailable to small businesses as they contemplate opportunities to expand, invest, hire new employees, or increase employee compensation.

It did not have to be this way. Congress should have written the CTA to be more targeted, prioritize small business data protection, and not treat over 32 million law-biding small business owners as criminals.

Small businesses overwhelmingly oppose the CTA. Thankfully, President Trump recognized the absurdity of BOI. He called the law invasive, outrageous, and an economic menace.¹ He could not be more right.

The ultimate irony is that a law that supporters claim is for “national security” has likely opened the U.S. economy, American citizens, and small business owners to more data and privacy risk. The federal database will be breached. It will be hacked, and private information will leak. This is why Congress and Treasury must immediately and permanently delete the records of US small business owners who filed their BOI with FinCEN. This is non-negotiable, it has to be destroyed.

Congress can also clean this mess up by passing Chairman Davidson’s H.R. 425, the *Repealing Big Brother Overreach Act*. This legislation has 133 cosponsors and would repeal the CTA so a future administration could not revive or expand the statute. I urge members of Congress to cosponsor and enact this legislation immediately. Congress could also exempt law-abiding US small businesses from the CTA, as the Trump administration has proposed.

Small businesses are very concerned with the privacy and security of their information. I think we can all agree with the need to protect data and information from nefarious actors. The question is how we do this.

I believe a starting point is to recognize what is working and what isn’t, and to correct the course. One way to do so is to stop doing economic harm. Congress must recognize that well-intentioned laws like the CTA are not working. The CTA is unlikely to achieve its goals because criminals will not file, but law-abiding small business owners will. All the CTA has done is increased red tape and compliance burdens, while missing the intended targets. Congress must recognize the law is burdensome, intrusive, duplicative, unnecessary, and unconstitutional.

Small businesses are optimistic that the Trump administration and 119th Congress will provide certainty for small businesses to grow, invest, and hire new employees. But doing so requires Congress to roll up its sleeves and get busy providing tax certainty, reducing regulatory burdens, and eliminating overly broad statutes like the CTA. A great starting point for this Committee to protect small businesses from fraud would be to require FinCEN to delete all BOI of US businesses and to repeal the CTA.

¹ @realDonaldTrump, Truth Social, March 2, 2025, <https://truthsocial.com/@realDonaldTrump/posts/114096106742782827>.

Thank you for the opportunity to discuss the impact of scams and fraud on small businesses and I look forward to your questions.