

# United States Senate

WASHINGTON, DC 20510

March 10, 2025

The Honorable Scott Bessent  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Ave NW  
Washington, DC 20220

## **RE: March 2, 2025 Corporate Transparency Act Enforcement Announcement**

Dear Secretary Bessent,

We write regarding the Department of the Treasury's March 2, 2025 announcement that Treasury intends to suspend enforcement of the bipartisan Corporate Transparency Act ("CTA") for U.S. citizens and domestic reporting companies.<sup>1</sup> We wish to ensure that the terms of the CTA are followed and that its purpose is fulfilled.

The CTA,<sup>2</sup> part of the Anti-Money Laundering Act of 2020, was enacted into law as a piece of the National Defense Authorization Act for Fiscal Year 2021.<sup>3</sup> The CTA is the product of a sensitive and painstaking legislative process, that included robust input and support from the first Trump Administration,<sup>4</sup> and its passage represents perhaps the most important anti-money laundering reform in two decades.

"For years, experts routinely ranked anonymous shell companies—where the true, 'beneficial' owners are unknown—as the biggest weakness in our anti-money laundering safeguards."<sup>5</sup> Drug cartels, terrorist groups, foreign adversaries, corrupt foreign officials, and many others who wish harm to Americans have used anonymous shell companies and opaque corporate structures to finance and facilitate their crimes.

The CTA directly tackled this problem by requiring Treasury's Financial Crimes Enforcement Network ("FinCEN") to create a national directory of beneficial owners of companies within the United States,<sup>6</sup> bolstering our nation's efforts to combat "money laundering, the financing of

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<sup>1</sup> U.S. DEPARTMENT OF THE TREASURY, *Treasury Department Announces Suspension of Enforcement of Corporate Transparency Act Against U.S. Citizens and Domestic Reporting Companies*, March 2, 2025, <https://home.treasury.gov/news/press-releases/sb0038>.

<sup>2</sup> William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, §§ 6401-6403, 134 Stat. 3388, 4604-4625.

<sup>3</sup> §§ 6001-6511, 134 Stat. at 4547-4633.

<sup>4</sup> See generally U.S. SENATE, COMMITTEE ON FINANCE, *Hearing on the President's Fiscal Year 2019 Budget*, February 14, 2018, <https://www.govinfo.gov/content/pkg/CHRG-115shrg35140/pdf/CHRG-115shrg35140.pdf>.

<sup>5</sup> Ian Gary, Executive Director, FACT Coalition, *Landmark Bill Ending Anonymous U.S. Companies Is Enacted* (January 1, 2021), <https://thefactcoalition.org/landmark-bill-ending-anonymous-u-s-companies-is-enacted>.

<sup>6</sup> § 6403, 134 Stat. at 4605-4625.

terrorism, proliferation finance, tax evasion, human and drug trafficking, sanctions evasion, and other financial crimes.”<sup>7</sup>

In enacting the CTA, Congress found that reporting of Beneficial Ownership Information (“BOI”) was necessary for law enforcement and national security purposes. In particular, Congress found:

- (1) more than 2,000,000 corporations and limited liability companies are being *formed under the laws of the States* [emphasis added] each year;
- (2) *most or all States* [emphasis added] do not require information about the beneficial owners of the corporations, limited liability companies, or other similar entities *formed under the laws of the State* [emphasis added];
- (3) malign actors seek to conceal their ownership of corporations, limited liability companies, or other similar entities *in the United States* [emphasis added] to facilitate illicit activity [...] harming the national security interests of the United States and allies of the United States;
- (4) money launderers and others involved in commercial activity intentionally conduct transactions through corporate structures in order to evade detection, and may layer such structures, much like Russian nesting ‘Matryoshka’ dolls, across various secretive jurisdictions such that each time an investigator obtains ownership records for *a domestic* [emphasis added] or foreign entity, the newly identified entity is yet another corporate entity, necessitating a repeat of the same process;
- (5) Federal legislation providing for the collection of beneficial ownership information for corporations, limited liability companies, or other similar entities *formed under the laws of the States* [emphasis added] is needed to—(A) set a clear, Federal standard for incorporation practices; (B) protect vital United States national security interests; (C) protect interstate and foreign commerce; (D) better enable critical national security, intelligence, and law enforcement efforts to counter money laundering, the financing of terrorism, and other illicit activity; and (E) bring the United States into compliance with international anti-money laundering and countering the financing of terrorism standards.<sup>8</sup>

In 2019, the Trump administration issued a Statement of Administration Policy (“SAP”) supporting a draft of the CTA. That SAP agreed with the importance of the goals of the CTA as well as a BOI rule:

This legislation would require corporations and limited liability companies in the United States to disclose their beneficial owners, a measure that will help prevent

<sup>7</sup> H.R. REP. NO. 116-617, at 2139 (2020) (Conf. Rep.).

<sup>8</sup> § 6402(1)-(5), 134 Stat. at 4604.

malign actors from leveraging anonymity to exploit these entities for criminal gain. It would also assist law enforcement in detecting and preventing illicit activity such as terrorist financing and money laundering.<sup>9</sup>

We acknowledge that the CTA creates a process by which the Secretary of the Treasury may exclude “an entity or a class of entities” from BOI reporting requirements so long as four conditions are met. First, the exclusion must take place through the regulatory process. Second, the exclusion must be with “the written concurrence of the Attorney General and the Secretary of Homeland Security” to account for law enforcement and national security interests. Third, the Secretary of the Treasury must determine that BOI reports of these entities “would not serve the public interest.” Fourth, the Secretary of the Treasury must determine that such reports “would not be highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes.”<sup>10</sup>

We request that you provide us the legal basis for the Treasury Department’s policy decision to categorically suspend enforcement of the CTA’s reporting requirements for all U.S. citizens and domestic reporting companies. In addition, we request that you provide us with information about how you intend to satisfy the policy goals of the CTA. As part of your response, please address the following questions:

1. Has the Treasury Department followed or initiated the process required by the CTA to exclude an entity or class of entities from its reporting requirements?
2. What steps has Treasury taken to ensure that any change in the practice or rulemaking governing BOI reporting fulfills the law enforcement and national security purposes of the CTA?

This is a matter of public and congressional accountability and ensuring that relevant policy interests underlying the CTA are satisfied. We encourage you to fully implement the CTA so that law enforcement agencies around the country have access to information necessary to prevent human trafficking, terrorist financing, border smuggling, drug distribution, and many other categories of criminal activity.

Please provide your response to our information request and questions no later than Wednesday, March 12, 2025.

Sincerely,

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<sup>9</sup> EXECUTIVE OFFICE OF THE PRESIDENT – OFFICE OF MANAGEMENT AND BUDGET, *Statement of Administration Policy: H.R. 2513 – Corporate Transparency Act of 2019, as amended by Manager’s Amendment*, October 22, 2019, [https://trumpwhitehouse.archives.gov/wp-content/uploads/2019/10/SAP\\_HR-2513.pdf](https://trumpwhitehouse.archives.gov/wp-content/uploads/2019/10/SAP_HR-2513.pdf).

<sup>10</sup> § 6403, 134 Stat. at 4610.



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Sheldon Whitehouse  
United States Senator



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Charles E. Grassley  
United States Senator