WASHINGTON – Today, Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson and Acting Director of the Financial Crimes Enforcement Network (FinCEN) Himamauli Das met with small business owners and advocates to discuss last week’s release of FinCEN’s beneficial ownership final reporting rule.

Illicit actors frequently exploit corporate structures to obscure their activities, concealing their identities behind anonymous entities like shell companies. This vulnerability in the U.S. anti-money laundering/counter-terrorist financing regime comes with real costs to the U.S. economy, small businesses, and American citizens as criminals exploit opaque corporate structures to aid in efforts like money laundering or fraud. Criminals also misuse legal entities like shell companies as part of tax evasion schemes, starving the country of critical funds for programs like education, healthcare, and infrastructure.

Under Secretary Nelson and Acting Director Das shared that the new rule will require certain corporations, limited liability companies, and other entities created in or registered to do business in the United States to report information about their beneficial owners: the persons who ultimately own or control the company, to FinCEN. In addition to creating a more level playing field for American businesses, this rule strengthens the United States’ compliance with international AML/CFT standards and helps the U.S. more effectively combat financial crime alongside our partners and allies. The rule will also play an important role in protecting American taxpayers and small businesses that are at a disadvantage when competing against criminals who exploit vulnerabilities in regulatory regimes to evade taxes, hide their illicit wealth, and defraud employees and customers.

Participants shared with Under Secretary Nelson and Acting Director Das the types of guidance and information that would be most useful ahead of reporting requirements taking effect on January 1, 2024. The small business owners also offered perspectives on the challenges they’ve faced from anonymous shell companies and other illicit finance issues.
addressed by the rule, and stressed the importance of reducing the burden on small businesses. The leaders noted that FinCEN took great care to create as little burden on American businesses, especially small businesses, as possible.

Treasury will continue to work with the small business community in the months and years ahead to ensure that we are providing straightforward guidance that will minimize the time, effort, and costs it takes to report beneficial ownership.