

Remarks by Secretary of the Treasury Janet L. Yellen at the Financial Crimes Enforcement Network

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As Prepared for Delivery

Good afternoon. I want to start by thanking Andrea for her leadership. Andrea, your extensive experience and deep commitment have already led to tremendous accomplishments for the Financial Crimes Enforcement Network. I'm very glad to start the New Year with a visit to FinCEN's office in Virginia to thank you and all FinCEN employees and to highlight the work you're doing.

It's been an exciting start to the year for FinCEN and for all of us, as the new beneficial ownership reporting requirement went into effect just last week. With this step, we're closing a loophole and sending a clear message: The United States is not a haven for dirty money.

Let me step back for a moment and talk about what led us here. Around the world, lack of transparency, specifically due to opaque corporate structures, makes it easier to conceal illicit activity. Criminals utilize front and shell companies to conceal and launder their ill-gotten gains. That, in turn, contributes to other crimes, such as corruption, tax evasion, fraud, drug trafficking, and the financing of terrorism.

Lack of transparency is a global problem. It's one that necessitates strong responses across jurisdictions. And as the largest economy in the world and home to so many companies—including shell companies—the United States must do its part, both to protect the integrity of our own financial system and to advance global efforts against illicit finance and money laundering.

The benefits of increasing corporate transparency through gathering beneficial ownership information—put simply, knowing who owns what—start with protecting our national security. Information on beneficial ownership will support our law enforcement colleagues in making arrests, prosecuting offenders, and seizing ill-gotten assets. It will also inform strategic, targeted actions, such as sanctions. Corporate transparency can bring economic benefits as well: protecting our financial system, reducing due diligence costs, enabling fair business competition, and increasing tax revenue.

To mitigate these risks and realize these benefits, we've taken action. In 2021, the bipartisan Corporate Transparency Act was signed into law. Now, as of January 1st, many companies doing business here in the United States must report identifying information about who directly or indirectly owns or controls them. I am excited to report that, in just one week, we've received over 100,000 filings.

The requirements and the systems that support them have been designed with data security as a core priority. Companies will use a filing system through FinCEN's website and FinCEN will store the information it receives in a non-public database with rigorous controls.

We're also making reporting as easy as possible for the small businesses at the heart of the American economy so that the benefits for small businesses, and for all of us, will far outweigh what should be a relatively straightforward effort to comply. The reporting process is simple, quick, and free. A small business shouldn't need a certified public accountant or lawyer. To help companies understand the requirements, we're hard at work getting the word out. We're coordinating with federal and state government offices and partnering with the Small Business Administration to hold virtual and in-person events. We've published guidance in multiple languages, including specifically for small businesses. We have a Contact Center that is live and taking questions.

We know success will also depend on partnerships with civil society. Civil society organizations have led the way, in this country and globally, in the fight against corruption, and will continue to be key partners on work related to beneficial ownership.

Of course, FinCEN is also hard at work combatting other threats. When Andrea assumed leadership of FinCEN last fall, she emphasized the breadth and depth of FinCEN's work. It ranges from alerting consumers to fraudulent schemes, to working with financial institutions to ferret out sanctions and export control evasion schemes, to providing law enforcement agencies with critical financial intelligence. This is an impressive array of work, and I'd like to highlight a few other key areas now.

I'll start with efforts here in the United States. In November, FinCEN was instrumental in Treasury's settlement against Binance, the world's largest virtual currency exchange. This was the largest enforcement action in Treasury's history and it sent a powerful message to the broader virtual currency. In line with the U.S. Strategy on Countering Corruption, we are also pursuing increased transparency in our real estate and investment adviser sectors. We aim to issue a notice of proposed rulemaking early this year that will be an important step toward

bringing greater transparency to residential real estate transactions, and we are considering next steps to address risks associated with commercial real estate.

FinCEN's efforts also extend beyond our borders. Last June, FinCEN helped launch the U.S.-South Africa Task Force on Combatting the Financing of Wildlife Trafficking. FinCEN forms a key part of this Administration's response to the opioid epidemic, including through its role in our newly announced Counter-Fentanyl Strike Force, which draws resources from across Treasury for coordinated action.

And FinCEN plays a crucial role to further Treasury's work in the context of an ever-evolving global landscape. FinCEN is key to efforts to oppose Russia's unjust war in Ukraine: monitoring attempts to evade sanctions and export controls and then using its findings to alert financial institutions and inform investigations. FinCEN has also been a critical part of Treasury's response to the ongoing conflict in the Middle East, including by bringing together global financial intelligence units to address illicit activity. Across this and other work, engagement with the private sector has and will remain critical, as FinCEN depends on the role financial institutions and other reporting companies play in identifying suspicious activity.

With that, let me congratulate FinCEN employees again on the milestone of launching the beneficial ownership reporting system. Through this and all your actions, you are making our country safer and more prosperous, and you are contributing to global security and prosperity. I look forward to seeing the continued impacts this work will have.

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