

Treasury Finalizes Rule to Implement Landmark Anti-Money Laundering Law

Law to go into Effect on January 1, 2024

A statement from Transparency International U.S.
December 21, 2023

WASHINGTON, DC – The U.S. Department of Treasury’s Financial Crimes Enforcement Network (FinCEN) today released a final rule, the second of three expected rules, to implement the Corporate Transparency Act (CTA). The CTA was passed in 2021 and is the largest expansion of the U.S. anti-money laundering rules since the passage of certain amendments to the USA PATRIOT Act. Specifically, the law authorizes FinCEN to collect the beneficial ownership information of U.S. companies in order to curb money laundering abuses perpetrated by anonymous shell companies.

The first rule, focusing on reporting requirements, was finalized on September 30, 2022.

FinCEN has stated that the database to collect beneficial ownership information from covered reporting companies will be operational on January 1, 2024.

Gary Kalman, Transparency International U.S. Executive Director, issued the following statement on the release of the final rule:

With the publication of this rule, the U.S. advances a critical reform to our nation’s anti-money laundering laws. The law represents the most significant update to the rules protecting our financial system from abuse by corrupt and criminal actors in a generation.

We are still reviewing the specifics of the final rule, but several notable flaws that we highlighted in our comment to FinCEN on the draft proposal appear to be fixed.

Responding to comments from stakeholders, FinCEN rationalized access to the information for state, local, and tribal law enforcement to better reflect the plain language of the law. This will ensure that critical information for financial crimes cases can be accessed in a timely manner. FinCEN also made important and pragmatic changes to allow beneficial ownership information to be used by financial institutions for the full array of legally required know-your-customer protocols, including screening for possible sanctions violations and identifying other types of illicit financial activity.

Corrupt officials and criminals have long used loopholes in the U.S. financial system to hide and launder the proceeds of illicit activity. Russian oligarchs, drug cartels, and corrupt leaders from every region of the world have stashed the proceeds of their crimes in the U.S. Half of all transnational transactions use the U.S. dollar. The lack of U.S. rules has enabled both domestic fraud and transnational crime by allowing the creation of anonymously owned companies through which illicit funds flow and by providing impunity to the beneficiaries of illicit enterprises.

The first of January, when the database will be open for companies to begin reporting, marks the beginning of the end of those loopholes and the start of a new era of accountability.

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Transparency International U.S. is part of the world's largest coalition against corruption. In collaboration with national chapters in more than 100 countries, we are leading the fight to turn our vision of a world free from corruption into reality.

Related Resources

- Read FinCEN's press release on the [Final Rule](#);
- Read FinCEN's associated [factsheet](#) on the release;
- Read TI US's quick [takeaways](#) from the release;
- Read TI US's full [NPRM comment](#) on the Access Rule for the Corporate Transparency Act.

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