TRANSPARENCY INTERNATIONAL U.S.
fighting corruption, promoting democracy

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By electronic submission (via the Federal E-rulemaking Portal)

May 27, 2025

Ms. Andrea Gacki
Director
Financial Crimes Enforcement Network
U.S. Department of the Treasury
P.O. Box 39
Vienna, VA 22183

Re: Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension (Docket No. FINCEN-2025-0001, OMB control number 1506-0076, RIN 1506-AB49)

Dear Director Gacki,

Transparency International U.S. ("TI US") appreciates the opportunity to comment on the Interim Final Rule ("IFR") regarding revisions and deadline extensions to the beneficial ownership information ("BOI") reporting requirements under the Corporate Transparency Act ("CTA"),[1] as published and made effective by the Financial Crimes Enforcement Network ("FinCEN") on March 26, 2025.[2] Unfortunately, TI US must register its strongest possible opposition to the new exemptions made in the IFR, which, if maintained and implemented as written, would effectively gut the most important anti-money laundering ("AML") law in a generation, run counter to the statute's text and purpose, threaten core U.S. national security interests—including the U.S.'s fight against foreign corruption—and provide criminals with a simple and binary roadmap for complete evasion of this landmark law.

TI US is part of the largest global coalition dedicated to fighting corruption, Transparency International ("TI").[3] With over 110 national chapters worldwide, TI works with citizens, businesses, and governments to promote transparency and end the abuse of power for private gain in both the public and private sectors, including by working around the world on the creation and implementation of accurate and effective beneficial ownership databases.[4]

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[1] William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, §§ 6401-6403, 134 Stat. 3388, 4604-4625.
[2] FinCEN, "Beneficial Ownership Information Reporting Revision and Deadline Extension," Mar. 26, 2025, available at https://www.federalregister.gov/documents/2025/03/26/2025-05199/beneficial-ownership-information-reporting-requirement-revision-and-deadline-extension.
[3] For more information about TI US, please see our website at https://us.transparency.org/.
[4] For more information on TI's work on global illicit finance, see Transparency International, "Dirty Money," available at https://www.transparency.org/en/our-priorities/dirty-money.

TI US played a leading role in the development and pushing for passage of the CTA, and has worked extensively with lawmakers, law enforcement, the business community, and fellow experts and advocacy organizations to ensure its faithful and effective implementation. We therefore have a strong interest in ensuring that the CTA is enforced as envisioned by Congress, and that the U.S. does not undermine its ability to combat foreign corruption and the systems of illicit finance that enable it.

I. The IFR Defies the Text, Intent, Spirit, and Legislative History of the CTA

The IFR's sweeping exemption of all domestic reporting companies, and of all U.S. beneficial owners of foreign reporting companies, simply cannot be reconciled with the text, intent, spirit, or legislative history of the CTA. The CTA was enacted with a strong bipartisan majority in order to end the United States' role as the world's most permissive jurisdiction for financial secrecy[5]—not to allow for, let alone institutionalize through this IFR, a system that effectively exempts over 99 percent of reporting companies.[6] It therefore goes without saying, but is necessary here to make perfectly clear, that nowhere in the legislative record or legislative history of the 12-year CTA development process was it ever suggested—by any lawmaker or other stakeholder—that the CTA would not apply to domestic reporting companies or U.S. beneficial owners of foreign reporting companies.

To illustrate this fact, and as discussed below, it is perhaps *impossible* to identify any example in the entirety of the CTA's legislative record evidencing the "problem" of anonymous companies that did *not* involve a domestic reporting company.[7] The unavoidable conclusion of this is that over the course of the 12 years that the CTA was designed and debated, not a single member of Congress, not a single Treasury or other Executive Branch official, not a single member of the law enforcement, business, or independent expert or advocacy communities, nor any other stakeholder whatsoever, ever articulated the possibility that the CTA would not apply to domestic reporting companies or U.S. beneficial owners of foreign reporting companies. We

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[5] For example, according to the Tax Justice Network's 2022 Financial Secrecy Index, the U.S. ranks first globally in enabling financial secrecy, surpassing traditional tax havens like Switzerland and the Cayman Islands. This ranking reflects the extent to which U.S. law and the U.S. financial system allows individuals and entities to conceal ownership of assets and engage in illicit financial activities. *See* Nicole Sadek, "US lands top spot as world's biggest enabler of financial secrecy in new index," International Consortium of Investigative Journalists, May 12, 2022, available at https://www.icij.org/inside-icij/2022/05/us-lands-top-spot-as-worlds-biggest-enabler-of-financial-secrecy-in-new-index/?utm_source=chatgpt.com.

[6] The IFR would exempt more than 99 percent of previously in-scope entities from the CTA's reporting requirements. *See* Maureen Leddy, "Groups Sound Alarm After Treasury Backtracks on Beneficial Ownership Reporting," Mar. 10, 2025, available at https://tax.thomsonreuters.com/news/groups-sound-alarm-after-treasury-backtracks-on-beneficial-ownership-reporting/.

[7] *See, e.g.,* Transparency International U.S., "TI US Comment on the NPRM for Phase One of the Corporate Transparency Act," Feb. 7, 2022, available at https://us.transparency.org/resource/ti-us-cta-nprm/.

suggest Treasury and FinCEN, here, permit the gravity of that history, accumulated through the democratic process, to weigh upon its decision to issue this IFR.

Instead, the text of the CTA expressly requires all reporting companies, domestic and foreign, to report their beneficial owners *unless* the entity qualifies for one of the law's 23 exemptions, or has been exempted by the Secretary of the Treasury ("Secretary"), with the written concurrence of the Attorney General and the Secretary of Homeland Security, after determining that "requiring beneficial ownership information from the entity or class of entities…would not serve the public interest" and "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."[8]

Yet the IFR invokes this narrow exemption authority to effectively nullify the law's core purpose, distort its intent, and pursue a regulatory end-run around a clear statutory mandate. Such a sweeping decision would be unrecognizable to the lawmakers who enacted this law. The exemption authority was designed to allow for limited, case-by-case exclusions where reporting would be redundant or unnecessary due to existing regulatory oversight or lack of relative risk. It was never intended to exempt the entire category of entities that form the backbone of anonymous company abuse in the United States.

To this end, the IFR's assertion that requiring domestic reporting companies to provide their beneficial ownership information ("BOI") would not serve the public interest, or be highly useful to law enforcement, is not justified by congressional intent, legislative history, or the plain text or spirit of the law. Such a conclusion directly contradicts years of consistent findings by Treasury itself, including across its National Money Laundering Risk Assessment and National Strategy for Combating Terrorist and Other Illicit Financing reports.[9] These reports repeatedly identified the abuse of anonymous U.S. entities as a critical vulnerability exploited by transnational criminals, corrupt foreign officials, and other illicit actors.[10]

This is, of course, entirely unsurprising: The CTA was passed as a national security statute aimed at addressing the use of anonymous companies in money laundering, terrorism financing, sanctions evasion, and other crimes.[11] The IFR's narrowed scope, simply put, cannot be reconciled with the context in which it was adopted.

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[8] *See* 31 U.S.C. § 5336(a)(11)(B); *see also* 31 C.F.R. § 1010.380(c)(2).

[9] *See, e.g.,* U.S. Department of the Treasury, "National Strategy for Combating Terrorist and Other Illicit Financing, 2020," 2020, 8, available at https://home.treasury.gov/system/files/136/National-Strategy-to-Counter-Illicit-Financev2.pdf; *see also* U.S. Department of the Treasury, "Treasury Publishes 2024 National Risk Assessments for Money Laundering, Terrorist Financing, and Proliferation Financing," Feb. 7, 2024, available at https://home.treasury.gov/news/press-releases/jy2080?utm_source=chatgpt.com.

[10] *See id*.

[11] As but one example, the CTA's Sense of Congress states in part:

> (5) Federal legislation providing for the collection of beneficial ownership information for corporations, limited liability companies, or other similar entities

Perhaps the single most alarming feature of the IFR, given the purpose of the CTA, may be its complete abandonment of a risk-based approach to the AML framework. The CTA, and the U.S.'s approach to regulating money laundering writ large, is replete with obligations informed by risk. Yet the IFR disregards this approach entirely—creating a wholly novel and wholly unevidenced sharp, binary distinction between domestic reporting companies and foreign reporting companies. Nowhere else but in this rule does that potential risk, and its consequent obligations, disappear entirely because of the jurisdiction in which it was formed. The IFR's innovation on this front is risk-ignorant and dangerous.

The IFR's regime will also put the U.S.'s global standing at serious risk: After the initial implementation of the CTA, the Financial Action Task Force ("FATF") upgraded the United States to "largely compliant" with FATF's Recommendation 24, regarding beneficial ownership transparency.[12] If the IFR is finalized as written, that progress will assuredly be reversed—undermining U.S. leadership in global AML efforts and weakening trust in our financial system.

Yet the IFR's reconstitution of the CTA is not only divorced from context, risk, and global credibility—it is also divorced from legality. Given the lack of justification and plain text of the law, it seems an almost certainty that a federal court will hold the IFR to be arbitrary, capricious, and unlawful under the Administrative Procedure Act—especially when viewed against the backdrop of current litigation challenging FinCEN's regulatory scope.[13] Such legal vulnerability will only be exacerbated by the U.S. Supreme Court's recent decision in *Loper Bright Enterprises v. Raimondo*, wherein the Court rejected the longstanding doctrine of "*Chevron* deference" and held that courts may no longer defer to agencies' interpretations of ambiguous statutes, and must instead apply the statute's plain meaning.[14] Paired with the IFR's deviation

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> *formed under the laws of the States* is needed to—(A) set a clear, Federal standard for incorporation practices; (B) protect vital Unites 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.
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> William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, §§ 6401-6403, 134 Stat. 3388, 4604-4625 at § 6402(1)-(5), 134 Stat. at 4604 (emphasis added).

[12] *See* U.S. Department of the Treasury, "2024 National Strategy for Combating Terrorist and Other Illicit Financing," May 2024, 10, available at https://home.treasury.gov/system/files/136/2024-Illicit-Finance-Strategy.pdf.
[13] *See* ABA Banking Journal, "Court orders pause for southwest border geographic targeting order," Apr. 28, 2025, available at https://bankingjournal.aba.com/2025/04/court-orders-pause-for-southwest-border-geographic-targeting-order/#:~:text=FinCEN%20in%20March%20issued%20a,banks'%20currency%20transaction%20reporting%20requirements.
[14] *Loper Bright Enterprises v. Raimondo*, 603 U.S. 369 (2024).

from the black letter, intent, spirt, and legislative history of the CTA, this new jurisprudential framework all but guarantees more litigation, more delays, more confusion and uncertainty for reporting companies, and more risk to America's national security.

II. From Terrorists to Transnational Criminal Organizations, Drug Cartels to Kleptocrats, the IFR Would Exempt the Most Notorious Cases of Abuse

It is indisputable that in the overwhelming majority of cases where anonymous companies were used to traffic people and drugs, launder dirty money, finance terrorism, evade sanctions, and perpetuate corruption, the anonymous companies used were formed *in the United States*.

To underscore the danger of the decision to exempt domestic reporting companies and U.S. individuals from the CTA, we outline below a small sample of the most notorious, real-world examples of criminal conduct facilitated by anonymous U.S. entities—none of which would be covered by the IFR.

A. Enabling Corruption and Kleptocracy

a. Teodorin Obiang, the Vice President under, and son of, Equatorial Guinea's authoritarian ruler, used anonymous companies formed in California and Maryland to purchase luxury real estate with stolen state funds.[15] Under the IFR, these companies would be exempt from reporting, providing a new form of legally sanctioned secrecy to corrupt elites.
b. A U.S. corporate formation agent formed an anonymous company in Delaware that reportedly owns a $15 million mansion in Washington, D.C., linked to one of Vladimir Putin's closest allies and a U.S. sanctioned oligarch; also reportedly connected to the oligarch is a $14 million townhouse in New York City owned by a separate domestic company.[16] These entities would now be exempt from the CTA, allowing foreign adversaries to exploit U.S. anonymity with impunity.
c. A report from the U.S. Government Accountability Office found that "the FBI field office in Seattle is ultimately owned by the Taib family of Malaysia through a series of domestic and foreign companies."[17] At the time, the FBI was reportedly investigating the Taib family for money laundering. U.S. companies would now fall completely outside the CTA's purview.

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[15] U.S. Department of Justice, "$26.6 Million in Allegedly Illicit Proceeds to Be Used to Fight COVID-19 and Address Medical Needs in Equatorial Guinea," Sept. 20, 2021, https://www.justice.gov/opa/pr/266-million-allegedly-illicit-proceeds-be-used-fight-covid-19-and-address-medical-needs.

[16] *See* International Consortium of Investigative Journalists, "Are oligarchs hiding money in US real estate? Ownership information is a missing link, research says," Apr. 1, 2022, available at https://www.icij.org/investigations/panama-papers/are-oligarchs-hiding-money-in-us-real-estate-ownership-information-is-a-missing-link-research-says/.

[17] *See* U.S. Government Accountability Office, "Federal Real Property: GSA Should Inform Tenant Agencies When Leasing High-Security Space from Foreign Owners," Jan. 2017, 25, available at https://www.gao.gov/assets/gao-17-195.pdf.

d. The Ukrainian oligarch and now-U.S.-sanctioned Igor Kolomoisky and his associates allegedly embezzled billions of dollars from a Ukraine-based bank and routed the money through a Cyprus branch before purchasing commercial real estate in Cleveland, Ohio, and Louisville, Kentucky, using anonymous U.S. companies.[18] Under the IFR, these companies would be invisible to FinCEN.

B. Drug Trafficking

a. The Zheng drug trafficking organization—run by Chinese synthetic opioid trafficker Fujing Zheng—manufactured and shipped deadly fentanyl analogues and 250 other drugs to 37 U.S. states, with drugs sold by the group directly tied to the fatal overdoses of two people in Ohio.[19] The traffickers used shell companies formed in Massachusetts as they mailed, repackaged, and redistributed the drugs across the country. These companies were entirely U.S.-formed and would be exempt from the CTA under the IFR.

a. The Sinaloa Cartel used domestically created anonymous companies across the United States to collect and launder cash from heroin and methamphetamine sales.[20] Such companies would also now be exempt from the CTA.

b. A New York man pled guilty to helping to launder over $650 million worth of illegal narcotics proceeds through bank accounts associated with shell companies in New York, New Jersey, Pennsylvania, and elsewhere before wiring funds back to entities in China.[21] Not one of these companies would be covered by the IFR.

c. Members of a transnational money laundering network pled guilty to aiding foreign drug trafficking organizations, including an individual who used a California-based front company to launder millions in drug proceeds. The individual admitted using the company to purchase goods with drug money and

[18] *See* U.S Department of Justice, "Justice Department Seeks Forfeiture of Two Commercial Properties Purchased with Funds Misappropriated from PrivatBank in Ukraine," Aug. 6, 2020, https://www.justice.gov/opa/pr/justice-department-seeks-forfeiture-two-commercial-properties-purchased-funds-misappropriated.

[19] *See* U.S. Department of Justice, "Two Chinese Nationals Charged with Operating Global Opioid and Drug Manufacturing Conspiracy Resulting in Deaths," Aug. 22, 2018, available at https://www.justice.gov/archives/opa/pr/two-chinese-nationals-charged-operating-global-opioid-and-drug-manufacturing-conspiracy.

[20] *See* United States Attorney's Office, Southern District of New York, "Sophisticated Sinaloa Cartel Money Laundering Organization Dismantled," Apr. 11, 2023, available at https://www.justice.gov/usao-sdca/pr/sophisticated-sinaloa-cartel-money-laundering-organization-dismantled.

[21] *See* U.S. Attorney's Office, District of New Jersey, "Queens Man Admits Orchestrating $653 Million Money Laundering Conspiracy, Operating Unlicensed Money Transmitting Business, and Bribing Bank Employees," Feb. 22, 2022, available at https://www.justice.gov/usao-nj/pr/queens-man-admits-orchestrating-653-million-money-laundering-conspiracy-operating.

ship them to China and Hong Kong for resale.[22] The California company would be exempt from reporting under the IFR.

d. After the death of an individual in Idaho from elevated levels of prescription opioids and fentanyl, law enforcement agents began investigating a drug trafficking organization that operated an online marketplace for a variety of controlled substances, including a fentanyl analogue, oxycodone, hydrocodone, and a synthetic opioid. It was discovered that the organization used wire transfers between U.S. and Dominican Republic-based shell company bank accounts, as well as money remitters and money couriers, to send millions of dollars' worth of drug proceeds from the United States to the Dominican Republic.[23] These U.S. entities would now be beyond FinCEN's reach.
e. In Texas, a lawyer was found guilty of laundering the proceeds of what he believed to be opioid trafficking through anonymous companies,[24] and in California, an accountant pled guilty to using anonymous companies to launder money on behalf of an international drug trafficking organization.[25] Neither of these companies would fall under the purview of the IFR.

C. Terrorism, Sanctions Evasion, Financing Adversarial Regimes, and Arms Dealing

a. A U.S.-registered Afghan defense contractor channeled over $3 million in U.S. taxpayer dollars to "Afghan power brokers" who intentionally concealed their ownership interests in companies within the contractor's network in order to avoid association with the Taliban insurgency; these individuals in turn funded the purchase of weapons for the Taliban and its insurgent.[26] These companies would now be exempt from the CTA.
b. An American couple with ties to Afghan fighters used a Texas-based anonymous company in a scheme to obtain over $5 million in U.S. Government contracts, despite the fact that they were disbarred and facing criminal charges for overbilling the U.S. Government for at least $17 million under a previous contract

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[22] *See* U.S. Attorney's Office, Eastern District of Virginia, "Three Members of Transnational Money Laundering Network Pleaded Guilty to Aiding Foreign Drug Trafficking Organizations," Apr. 14, 2021, available at https://www.justice.gov/usao-edva/pr/three-members-transnational-money-laundering-network-pleaded-guilty-aiding-foreign-drug.

[23] *See* U.S. Attorney's Office, Southern District of New York, "Acting U.S. Attorney Announces Extradition of Dominican Citizen for Narcotics Trafficking Through Sham Internet Pharmacy," Sept. 2, 2020, available at https://www.justice.gov/usao-sdny/pr/acting-us-attorney-announces-extradition-dominican-citizen-narcotics-trafficking#_ftn1.

[24] *See* U.S. Department of Justice, "Dallas Attorney Charged in Narcotics Money Laundering Scheme," Feb. 16, 2021, available at https://www.justice.gov/usao-ndtx/pr/dallas-attorney-charged-narcotics-money-laundering-scheme.

[25] *See* U.S. Department of Justice, "CPA Sentenced for Role in Racketeering Enterprise," Oct. 2, 2018, available at https://www.justice.gov/usao-sdca/pr/cpa-sentenced-role-racketeering-enterprise.

[26] *See* Global Witness, "Hidden Menace," Jul. 12, 2016, available at https://www.globalwitness.org/en/reports/hidden-menace/.

they won to supply security services in Afghanistan.[27] The Texas company would be exempt under this IFR.

c. Ten Iranian nationals were charged by the Department of Justice with "running a nearly 20-year-long scheme to evade U.S. sanctions on the Government of Iran by disguising more than $300 million worth of transactions…through front companies in California" and other jurisdictions, with the scheme relying on "more than 70 front companies."[28] The IFR would not mandate any reporting from these entities.
d. General Vladimir Padrino Lopez, Venezuela's Minister of Defense, established a web of domestic anonymous companies that listed relatives as owners so that he could continue operating his illicit businesses after U.S. sanctions had been imposed on him.[29] Those companies, formed domestically, would evade the IFR.
e. A Chinese state-backed firm attempted to buy Lattice Semiconductor through a U.S. shell company. Despite claiming that the buyer was independent, the Committee on Foreign Investment in the United States ("CFIUS") identified ties to China's state investment fund and blocked the $1.3 billion deal over concerns about military-grade chip technology.[30] The IFR would not require any reporting by the shell company, as it was formed in the United States.
f. A domestic anonymous company owned part of a Manhattan skyscraper and used it as a front for the Iranian government, resulting in millions of dollars in rent being illegally funneled to Iran. Under the IFR, such a domestic entity would no longer be required to disclose its ownership to FinCEN.[31]
g. Viktor Bout, convicted in 2011 for "charges of conspiring to sell millions of dollars' worth of weapons to a terrorist organization for use in trying to kill Americans,[32] created a "global network of shell companies to disguise illicit activities", including "12 American shell companies...incorporated in Texas, Florida, and Delaware," and "provided weapons used to fuel conflicts throughout

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[27] *See*, *e.g.,* U.S. Department of Justice, "Husband and wife co-owners of subcontracting company plead guilty to contract fraud related to Afghanistan rebuilding," Sept. 9, 2009, available at https://oig.usaid.gov/sites/default/files/2018-03/pressrelease_090909.pdf.

[28] U.S. Department of Justice, "Iranian Nationals Charged with Conspiring to Evade U.S. Sanctions on Iran by Disguising $300 Million in Transactions Over Two Decades," Mar. 19, 2021, available at https://www.justice.gov/opa/pr/iranian-nationals- charged-conspiring-evade-us-sanctions-iran-disguising-300-million.

[29] *See* Organized Crime and Corruption Reporting Project, "The General and His Corporate Labyrinth," Apr. 10, 2020, available at https://www.occrp.org/en/revolution-to-riches/the-general-and-hiscorporate-labyrinth.

[30] *See* Kate O'Keefe, "Trump Blocks China-Backed Fund from Buying Lattice Semiconductor," Sept. 13, 2017, The Wall Street Journal, available at https://www.wsj.com/articles/trump-blocks-china-backed-fund-from-buying-u-s-chip-maker-lattice-1505335670.

[31] Julie Satow, "Seizing Iran's Slice of Fifth Avenue," The New York Times, Sept. 24, 2013, *available at* https://nyti.ms/2nEDDUl.

[32] *See* CNN, "Shell Game: Hidden owners and motives," Sept. 11, 2012, available at https://www.cnn.com/2011/10/26/opinion/ostfeld-shell-companies/index.html.

Africa, South America, and the Middle East."[33] These entities were U.S.-formed. The IFR would not touch them.

In each of the above examples, the risk to U.S. national security arises not from foreign companies registering to do business in the U.S., but from the use of anonymous companies formed in the United States. They exemplify the precise abuses that led Congress to enact the CTA. Yet the IFR would exempt every one.

Altogether, by requiring BOI reporting only from foreign companies registering to do business in the U.S., the IFR signals a clear message to criminals: You are safer off creating an anonymous company *inside the United States* than outside of it. The IFR, in sum, has produced a simple-to-follow roadmap for criminals across the globe to evade the most important anti-money laundering law in more than twenty years.

III. Alternative, Measured, Targeted Reforms Exist to Ease Compliance and Improve Data Quality—and Should Replace the IFR

We have been consistent in calling for improvements to the initial implementation of the CTA. For instance, the form used to collect and report BOI was and remains unnecessarily complex, particularly for businesses with straightforward ownership structures. Some filers were unsure what information was truly required, creating barriers to compliance. In addition, federal outreach—however attributable to resource gaps—was inadequate to reach the tens of millions of businesses subject to the law. Many covered entities remain unaware of the CTA or uncertain about their obligations, increasing the risk of non-compliance and undermining the law's overall effectiveness.

Yet these are fixable *implementation* issues, not bases for gutting the law. These issues can and should be addressed with targeted reforms. To this end, we urge FinCEN to withdraw the IFR and replace it with a balanced rule that incorporates the following changes:

1. Shorten and simplify the reporting form, including by removing the data field for Taxpayer Identification Number. Overall, the form should be revised to focus only on the critical, risk-relevant information required by the CTA. Simplification will improve both accuracy and participation.
2. Create an "express form" for the simplest ownership structures. The vast majority of U.S. businesses are owned by a single person and have no complex ownership or control structures. As such, an "express form" tailored to this large swath of reporting companies would reduce complexity and encourage timely compliance. This would also enable FinCEN to triage resources more effectively.
3. Permanently extend filing deadlines from 30 to 90 days to align with quarterly tax cycles. A 30-day deadline may be too unrealistic for some businesses, especially during busy seasons. A 90-day window provides a reasonable timeframe that ensures timely data while aligning better with other regulatory deadlines.

[33] *See id*.

4. Instantly verify BOI. With additional resources, FinCEN could instantly and electronically verify BOI—much like the verification process used by credit card companies for online shopping. This would accomplish several goals, including improving data quality and saving businesses time and money (e.g., removing the concern that a typographical error made by a reporting company when filing BOI could later delay access to a loan or other form of credit at a financial institution checking the database for matching information). Instant verification could also allow FinCEN to remove the requirement that reporting companies upload photocopies of identification documents for beneficial owners. Doing so would decrease compliance burdens and more efficiently target data-collection and maintenance resources.
5. Consider a tailored exemption for homeowners' associations ("HOAs"), which appear unlikely to pose significant illicit finance risks. While a blanket exemption may be too broad and open to abuse, Treasury can consider limiting the exemption to entities defined under IRC § 528 to ensure that only legitimate HOAs are exempted.

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We detail in this comment how the IFR would reopen the U.S. financial system to fentanyl traffickers, terrorists, sanctions evaders, kleptocrats, and a host of other criminals. As written, it would essentially nullify the CTA and create a roadmap for criminal abuse. We urge FinCEN to withdraw the rule, and instead adopt a revised version that incorporates the above-discussed targeted reforms, which we believe will ease compliance while preserving the CTA's integrity and fulfill its national security purposes.

We sincerely hope that FinCEN seizes the opportunity before it to finalize a rule that has the potential to effectively counteract corruption across the world, and that reinforces the U.S.'s commitment to attacking illicit finance and the criminals that prosper through it.

Thank you for the opportunity to present these comments. If you have any questions, or for additional information on our work in this regard, please contact Scott Greytak, Deputy Executive Director for TI US, at sgreytak@us.transparency.org.

Respectfully submitted,

Scott Greytak, Deputy Executive Director, TI US

Gary Kalman, Executive Director, TI US