

April 14, 2026

The Honorable Tim Scott  
Chairman  
Committee on Banking, Housing, and Urban  
Affairs  
United States Senate  
Washington, DC 20510

The Honorable French Hill  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Elizabeth Warren  
Ranking Member  
Committee on Banking, Housing, and Urban  
Affairs  
United States Senate  
Washington, DC 20510

The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Scott, Ranking Member Warren, Chairman Hill, and Ranking Member Waters:

On behalf of a coalition of organizations that work to protect the integrity of the U.S. financial system, including from national security, good government, and related perspectives, we write to highlight a narrow but significant gap in U.S. anti-money laundering and countering the financing of terrorism (“AML/CFT”) law.

Drug trafficking organizations, including networks tied to Chinese suppliers of fentanyl precursor chemicals, as well as networks linked to Iran, Russia, and North Korea, have been able to exploit U.S. corporate service providers in order to access the U.S. financial system. These actors are not succeeding because U.S. law enforcement or intelligence agencies have failed to identify the threat. Rather, they are exploiting a long-recognized structural gap in U.S. law. Unlike in much of the developed world, the U.S.’s financial intelligence unit, the Financial Crimes Enforcement Network (“FinCEN”), does not have clear statutory authority to apply basic AML/CFT safeguards to corporate service providers.

Corporate service providers across the United States perform gatekeeping functions that determine who can access the U.S. financial system. They form companies, provide nominee directors or managers who appear on corporate records in place of the true owner(s), provide business addresses, and structure legal entities that can hold assets and conduct transactions. Yet unlike other financial institutions, corporate service providers remain outside the U.S. AML/CFT framework. As a result, they can provide these services without knowing a client’s identity, assessing money-laundering risks, or reporting suspicious activity to U.S. authorities.

International assessments underscore the problem. In its 2024 report *Professional Gatekeepers, Corruption, and the Financial System*, the Financial Action Task Force (“FATF”) compares how

jurisdictions regulate professional gatekeepers that form and manage companies.<sup>1</sup> The report shows that major economies and financial centers, including the European Union, Canada, and the United Kingdom, apply AML safeguards to company service providers, while the United States continues to leave this sector outside its AML framework.

Congress can address this gap by authorizing the U.S. Department of the Treasury (“Treasury”), through FinCEN, to apply risk-based AML safeguards to corporate service providers under the Bank Secrecy Act (“BSA”). This would not impose a one-size-fits-all regime. Rather, it would give Treasury the statutory authority to establish a baseline floor of safeguards for these gatekeepers and tailor requirements based on risk and business activity. Under such an approach, providers could be required to take basic steps such as learning the identities of their clients, applying simple due diligence to detect obvious red flags, and reporting suspicious activity when there is reason to believe a company is being formed for illicit purposes. For many small or low-risk providers, this may involve little more than modest customer checks. Firms that form large numbers of companies or routinely handle higher-risk activity could be subject to more robust safeguards. This flexible, risk-based framework is the same approach already used across the BSA and would allow Treasury to calibrate requirements appropriately.

The consequences of leaving this gap unaddressed are not abstract—they are measured in lives. In one now-notorious scheme, fentanyl-linked money laundering networks tied to Chinese precursor suppliers and Mexican cartels relied on U.S. company formation services that were not required to verify their clients’ identities or apply even basic checks.<sup>2</sup> Those services were used to create U.S. legal entities that could open accounts and move funds through the financial system while concealing their links to the fentanyl supply chain.

Congress should bring corporate service providers under the Bank Secrecy Act, allowing Treasury to apply tailored, risk-based safeguards to this sector. Thank you for your attention to this issue. For additional information, please contact Scott Greytak, Deputy Executive Director of Transparency International U.S., at [sgreytak@transparency.org](mailto:sgreytak@transparency.org).

Respectfully,

Transparency International U.S.  
FDD Action  
Nate Sibley, Kleptocracy Initiative, Hudson Institute  
Free Russia Foundation  
Financial Accountability and Corporate Transparency (FACT) Coalition

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<sup>1</sup> The Financial Action Task Force, “Horizontal Review of Gatekeepers’ Technical Compliance Related to Corruption,” July 2024, <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/HRGTC.pdf.coredownload.inline.pdf>.

<sup>2</sup> U.S. Department of Justice, “Eight Charged in International Drug Trafficking and Money Laundering Conspiracy Involving Fentanyl Precursors,” June 23, 2023, <https://www.justice.gov/opa/pr/eight-charged-international-drug-trafficking-and-money-laundering-conspiracy-involving-fentanyl>.

