

May 27, 2026

The Honorable French Hill
Chairman
U.S. House Committee on Financial Services

The Honorable Maxine Waters
Ranking Member
U.S. House Committee on Financial Services

Re: Statement for the Record—“Modernizing the BSA for Financial Crime in the 21st Century”

Dear Chairman Hill and Ranking Member Waters,

Transparency International U.S. (TI US) appreciates the opportunity to submit this statement for the record related to the House Committee on Financial Services (HFSC) hearing entitled “Modernizing the BSA for Financial Crime in the 21st Century”. TI US 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.

We welcome the Committee’s attention to modernizing the Bank Secrecy Act (BSA) and the broader U.S. anti-money laundering (AML) framework. Bottom line: The United States Congress must act with urgency to end the U.S.’s reputation as the leading jurisdiction in the world to hide ill-gotten gains. Corrupt officials, drug cartels, fentanyl traffickers, human traffickers, sanctions evaders, fraudsters, and other criminals continue to exploit gaps in our laws to move and hide illicit funds through anonymous companies, digital assets, real estate, investment vehicles, and professional enablers, among other channels.

Modernizing the BSA should mean making our financial system smarter, stronger, and better targeted at the risks we face. It should *not* mean weakening the tools that law enforcement, national security officials, financial institutions, and investigators need to follow the money and hold corrupt officials and other criminals accountable.

As such, we urge the Committee to focus on the following priorities:

1. Restore the Corporate Transparency Act’s beneficial ownership framework.

Congress passed the Corporate Transparency Act on a bipartisan basis because anonymous companies have repeatedly and notoriously been used to move and hide illicit funds in the United States. The Financial Crimes Enforcement Network’s (FinCEN) March 2025 interim final rule eviscerated that framework by exempting U.S.-created entities and U.S. persons from beneficial ownership reporting. If Congress is serious about BSA modernization, restoring the CTA’s core reporting framework must be at the top of its list.

The White House’s recent executive order on financial integrity directs the U.S. Department of the Treasury (Treasury) to propose BSA regulatory changes requiring financial institutions to collect and verify information sufficient to reasonably identify nominal and beneficial owners of accounts. The order specifically flags risks involving nominee accounts, shell companies, and

complex funnel structures. That acknowledgement matters: Hidden ownership is not a paperwork problem; it is a public safety, national security, and rule-of-law problem.

At the same time, we cannot pretend that bank-by-bank customer due diligence can replace a national beneficial ownership information registry. Financial institutions already have beneficial ownership obligations under FinCEN's customer due diligence rule. Strengthening those obligations is appropriate, but banks see only their own customers and their own account relationships. Law enforcement needs the ability to identify ownership across entities, institutions, and schemes that operate outside of covered financial institutions; which is exactly why Congress enacted the CTA.

2. Give FinCEN the resources needed to do the jobs Congress keeps assigning it.

FinCEN is being asked to modernize the BSA, support law enforcement, implement real estate safeguards, oversee new crypto-related risks, and help track sanctions evasion and other national security threats, among other recent obligations—all on a FY2026 budget request of just \$190.2 million, essentially flat from FY2025.

Currently, FinCEN has less funding and fewer staff than its counterpart in Australia, an economy 1/15th the size of that of the U.S. Just as the U.S. has called on European allies to step up defense spending to meet the moment, Congress must step up to match ally spending on financial defenses. That work cannot be done on aspiration alone. Congress needs FinCEN to be the financial cop on the beat and nerve center of U.S. AML policy and enforcement, it should be funded like one.

3. Support AML modernization, but do not let “modernization” become a euphemism for weaker accountability.

FinCEN's April 2026 AML/CFT program rulemaking is directly relevant to this hearing. We support moving away from check-the-box compliance and toward AML programs that are effective, risk-based, and reasonably designed to detect and report financial crime. But effectiveness must come with strong supervision, meaningful enforcement, adequate resourcing, and clear expectations.

Importantly, Treasury should make clear in the AML program rule that corruption is a core illicit finance risk that financial institutions must be expected to identify, assess, and mitigate. Corruption is not separate from money laundering; it is often the predicate reason illicit funds enter the financial system in the first place. A modern, risk-based BSA framework should therefore require institutions to account for corruption-related exposure in their AML programs, including risks tied to politically exposed persons, anonymous companies, professional enablers, high-risk jurisdictions, public procurement, state-owned enterprises, luxury assets, and other channels commonly used to move or conceal the proceeds of corruption. The rule should not merely ask institutions to file suspicious activity reports after the fact; it should help ensure that compliance programs are reasonably designed to detect the corrupt officials, anonymous companies, intermediaries, and assets behind suspicious transactions before those funds are successfully integrated into the U.S. financial system.

4. Do not delay safeguards for the investment adviser sector.

FinCEN's decision to delay the investment adviser AML rule until January 1, 2028, leaves a major illicit finance vulnerability open for two more years, and complicates law enforcement's ability to crack down on a key conduit for laundering illicit funds. Investment advisers can manage enormous pools of private capital, including funds connected to foreign officials,

kleptocrats, sanctions evaders, and other high-risk actors. A modern AML framework should bring high-risk investment advisers into the system immediately, not postpone basic safeguards for one of the most important sectors in American finance.

5. Defend the residential real estate rule.

For too long, high-end U.S. real estate has been an attractive place for corrupt and criminal actors to park illicit wealth outside the visibility of law enforcement. Anonymous, all-cash purchases through legal entities and trusts allow dirty money to enter the housing market while hiding the true buyer. We were deeply concerned by the federal district court decision striking down FinCEN's residential real estate rule, and we are glad to see the U.S. Department of Justice defending the rule on appeal.

6. Close the professional enabler gap.

Corrupt officials and other criminals routinely rely on professionals who provide certain financial services, including incorporating companies, forming trusts, structuring transactions, moving assets, and creating distance between the real owner and the money. A modern BSA must reflect the recommendations urged by the Financial Action Task Forces (FATF) by bringing high-risk enablers who provide key financial services, such as lawyers, accountants, corporate service providers, and other professional intermediaries, into the AML framework. Perhaps more than any other action, this long-overdue expansion of the BSA would provide American law enforcement with the tools needed to pursue and prosecute the broader networks that power and protect illicit finance.

7. Ensure that pending crypto legislation does not create new illicit finance gaps.

The Senate is currently considering major digital asset market structure legislation, including the CLARITY Act, and the choices it makes will shape AML obligations for years to come. Congress should not create or preserve gaps around DeFi, offshore platforms, mixers, or other services that can facilitate sanctions evasion, trafficking, fraud, pig-butcherings, ransomware, and corruption-related money laundering. When victims, banks, local police, prosecutors, or federal agents identify crypto-enabled crimes, law enforcement must be able to trace the funds, identify responsible actors, obtain usable records, and take action against the services that facilitated the activity. A market structure bill that leaves major parts of the crypto ecosystem outside clear AML and sanctions rules would make that harder, not easier.

In particular, Congress should apply a functional test to digital asset activity. The test should be simple: If a person, platform, intermediary, or service facilitates financial activity and can control or influence illicit finance risk, it should have commensurate AML and sanctions-compliance obligations. Studies, reports, and information-sharing pilots can be useful, but they are not substitutes for clear, enforceable rules that give law enforcement something concrete to act on when crypto is used to move criminal proceeds. New technology should not become a reason to create a parallel financial system with weaker safeguards.

No one should want an AML system that produces paperwork but not results. The goal should be a smarter system that generates useful information, helps law enforcement follow the money, supports legitimate businesses, and makes it harder for corrupt and criminal actors to abuse the U.S. financial system. This is what real BSA modernization should mean.

The Committee has an opportunity to strengthen the tools needed to protect the U.S. financial system: Restore the CTA's beneficial ownership framework, appropriately resource FinCEN, modernize AML programs without weakening accountability, bring high-risk investment

advisers and professional enablers into the system, protect the real estate market, and ensure crypto markets do not become safe havens for illicit finance.

These are not technical side issues. They go to whether the U.S. financial system can be trusted, and whether the law applies to everyone, including those with the money and sophistication to hide behind anonymous companies, nominees, opaque assets, and complex financial structures.

We thank the Committee for its focus on this important set of issues, and are happy to answer any questions or provide additional materials as may be useful.

Sincerely,

Scott Greytak
Deputy Executive Director
Transparency International U.S.