

Congress of the United States

Washington, DC 20515

November 5, 2024

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Ms. Andrea Gacki
Director
Financial Crimes Enforcement Network
2070 Chain Bridge Road
Vienna, VA 22182

Secretary Yellen and Director Gacki:

We are writing regarding the beneficial ownership information (BOI) reporting requirements implemented by the Treasury Department's Financial Crimes Enforcement Network (FinCEN) under the Corporate Transparency Act (CTA). Specifically, we are concerned about both the complex nature and lack of awareness of these new obligations by those required to report. Without a delay in the effective date, millions of America's smallest business owners will be deemed out of compliance and subject to penalties and fines up to \$250,000 and even jailtime.

While CTA intends to target shell corporations engaged in illicit transactions, its language actually targets all legal entities with less than \$5 million in annual revenues and less than 20 employees – in other words, every small business in the United States. CTA subjects these entities and their “beneficial owners” to complex reporting requirements while putting their sensitive personal information at risk. For example, companies registered or established post-January 1, 2024, must provide information regarding the business, its beneficial owners, and its company applicants — including owners' and applicants' names, addresses, birthdays, and identification numbers (such as a license or passport number), and the jurisdiction of the documents. Failure to comply can result in fines of over \$590 per day, as well as felony charges and up to two years imprisonment. FinCEN estimates that more than 32 million such entities will be affected by the new law just this year, with an additional 6 million each subsequent year as new businesses are formed.

Although filing under the CTA began at the start of this year, FinCEN reports it has received just 10 percent of required submissions. This compliance rate can be attributed directly to the general lack of awareness among the small business community when it comes to the new rules. Given this massive education gap, it is clear additional time is needed for regulators and other stakeholders to continue their outreach to affected small businesses.

A delay of the year-end filing deadline is also in line with Congressional intent. Effective January 1, 2024, lawmakers explicitly called for a reporting deadline of “not later than 2 years after the effective date of the regulations” for existing entities. This timeframe was designed to give affected entities sufficient time to learn of, understand and comply with the new reporting

regime. FinCEN instead promulgated a one-year deadline of January 1, 2025 - an unrealistically short window with which to educate America's small business community.

While we are concerned with other portions of the CTA, including: (1) the amount of information requested, (2) the methods to calculate employment and revenue thresholds, (3) the government's ability to collect this information and (4) the actual impact that receipt of this information will have on accomplishing its intended goal, we are limiting our current request to a delay in enforcement. Hopefully, the concerns listed above as well as current legal proceedings on the matter will be clarified within the extended timeframe.

In the meantime, a paperwork violation that includes large fines and jailtime is devastating to America's small business owners simply trying to make ends meet. We ask that you delay CTA's implementation date to comply with the intent of the law and allow the legalities, distribution of information and complicated reporting requirements to be clarified.

Thank you for your consideration.

Sincerely,



Lisa C. McClain
Member of Congress



Donald G. Davis
Member of Congress



Bill Huizenga
Member of Congress



French Hill
Member of Congress



Tom Emmer
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Cathy McMorris Rodgers
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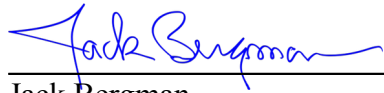
Maria Elvira Salazar
Member of Congress
Chairwoman, Subcommittee
on the Western Hemisphere



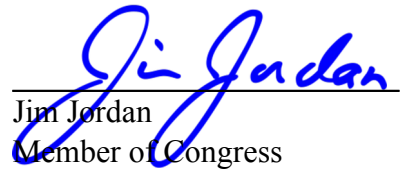
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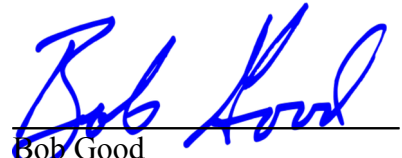
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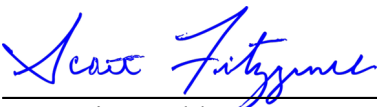
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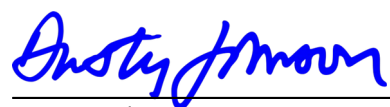
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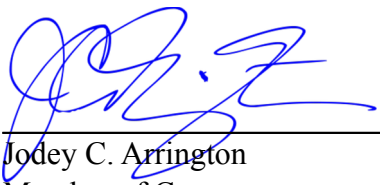
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