

Congress of the United States
Washington, DC 20515

December 18, 2023

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

Dear Secretary Yellen and Director Gacki:

On behalf of the millions of small businesses in our states, we write to you today with significant concerns regarding the implementation of the beneficial ownership reporting requirements under the Corporate Transparency Act (CTA). The CTA requires most corporations, limited liability companies, and other entities created in or registered to do business in the United States to regularly report information about their beneficial owners—the persons who ultimately own or control the company, to the Financial Crimes Enforcement Network (FinCEN) beginning on January 1, 2024.¹

While the goal of this new law is to target shell companies involved in illicit financial transactions, the CTA defines covered entities as those having 20 or fewer employees and under \$5 million in revenue. In other words, not just shell companies, but nearly every small business in America.

Effective January 1st, small businesses will be required to provide the personal information of their beneficial owners – owners, board members, senior management, legal representation – and continue to monitor and report this information to FinCEN to ensure that it is current and up-to-date or they will face civil and criminal penalties.² According to FinCEN estimates, more than 32 million separate reports are expected to be filed in 2024, with an additional five to six million filings each year thereafter.³

Unfortunately, FinCEN is woefully behind in educating small business owners and stakeholders of their new obligations under the CTA that begin in just a few short weeks. In fact, a National

¹ 31 CFR 1010.380.

² <https://www.fincen.gov/beneficial-ownership-information-reporting-rule-fact-sheet>

³ <https://home.treasury.gov/system/files/266/13.-FinCEN-FY-2024-BIB.pdf>

Federation of Independent Business (NFIB) survey found that 90 percent of respondents were *entirely unfamiliar* with these reporting requirements.⁴ Even more concerning is that the CTA has civil and criminal penalties of up to \$10,000 and two years of jail time for failure to comply.⁵

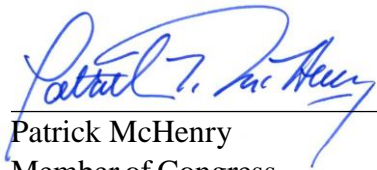
This lack of awareness and education is alarming and must be addressed before the law is implemented. Dozens of organizations, representing millions of small businesses operating in every state and community across the country, have already publicly expressed their strong support for delaying implementation of the beneficial ownership information (BOI) reporting requirements by one year.

Further, FinCEN has yet to finalize the two final BOI rulemakings that are critical to protecting small businesses' personal information. These include the "Access Rule," and the "Customer Due Diligence Rule". As you know, the Access Rule specifies the parameters around which the database can be accessed, the purposes for which the information can be used, and how the highly sensitive information will be protected. The Customer Due Diligence Rule is critical to make sure BOI would not result in a duplicative reporting regime for small businesses.


Therefore, we strongly request that FinCEN delay the January 1, 2024, effective date for all BOI requirements by a minimum of one year which will give FinCEN adequate time to finalize all outstanding rulemakings. Additionally, we believe a year's delay will provide FinCEN and the business community with more time to educate small business owners of their new reporting obligations.

Thank you for your prompt attention to this important matter.

Sincerely,




Patrick McHenry
Member of Congress



Rick Scott
United States Senator



Warren Davidson
Member of Congress



M. Michael Rounds
United States Senator

⁴ <https://www.nfib.com/foundations/research-center/>

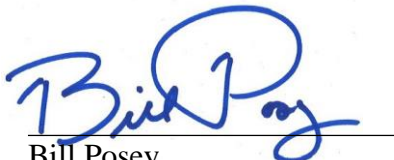
⁵ 31 CFR 1010.380.



Frank Lucas
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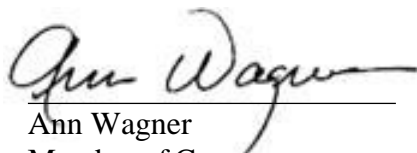
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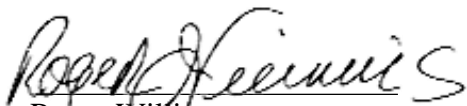
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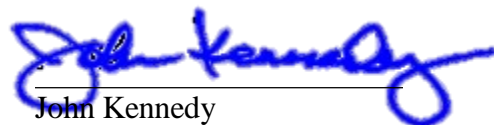
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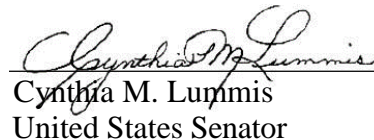
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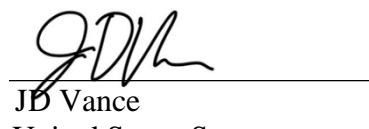
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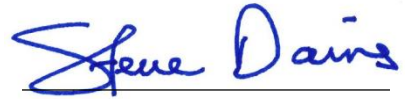
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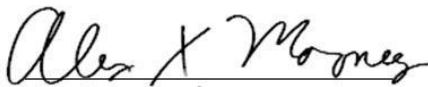
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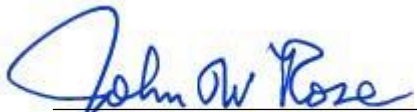
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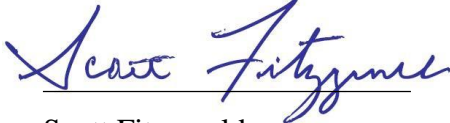
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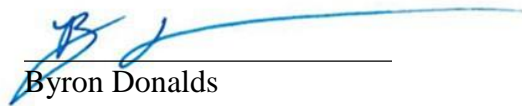
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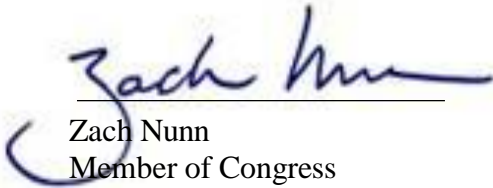
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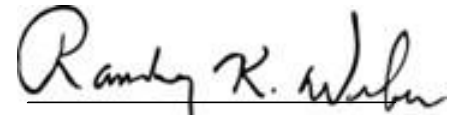
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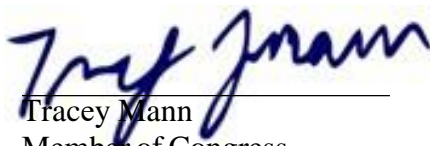
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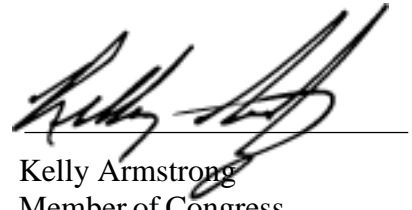
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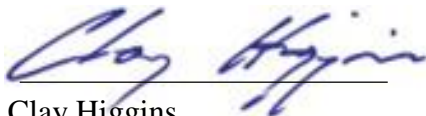
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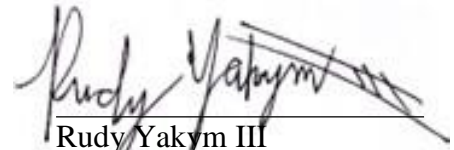
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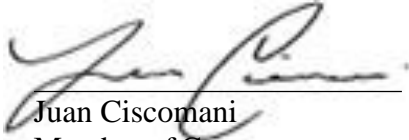
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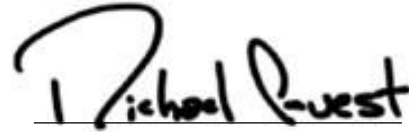
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Earl L. "Buddy" Carter
Member of Congress



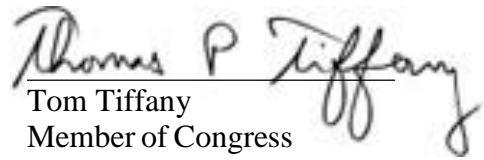
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