

Congress of the United States

Washington, DC 20515

April 1, 2025

The Honorable Scott Bessent
Secretary
U.S. Department of the Treasury
Washington, DC 20220

Dear Secretary Bessent,

We write regarding the Department of the Treasury’s deeply misguided announcement – seemingly triggered by a single Elon Musk social media comment – that it has suspended enforcement of the Corporate Transparency Act (CTA).¹ As this law was passed with overwhelming bipartisan support, it is astonishing that you have announced your intention to not fully implement or enforce it. Given that this choice will jeopardize our national security and the integrity of our financial system by allowing for the proliferation of the use of anonymous shell companies for money laundering and other financial crimes, we seek answers about the process and impact of your decision. We also ask that you outline the steps you will take to mitigate the new and serious risks caused by your failure to fully implement the CTA.

Congress has long been concerned about the methods that bad actors use to exploit our financial system. It acted to address these problems when an overwhelming bipartisan majority passed the landmark CTA as part of the National Defense Authorization Act for Fiscal Year 2021.² The legislation was the product of extensive engagement between Congress and the Trump Administration.³ The development of the law also involved a broad coalition of state governments, anti-corruption advocates, law enforcement organizations, religious groups, financial institutions, small business associations, and more.⁴

The statute directed Treasury to issue rules requiring certain companies to report information to FinCEN about their beneficial owners. Congress “recognized that the lack of a centralized [beneficial ownership information] reporting requirement in the United States constitute[d] a weak link in the integrity of the global financial system.”⁵ Congress believed that establishing such reporting was “needed” to “protect vital United States national security interests” and to “bring the United States into compliance with international anti-money laundering and

¹ Tweet by Elon Musk, March 31, 2025, <https://x.com/elonmusk/status/1896005328338371043>.

² William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, §§ 6001-6511.

³ Statement of Administration Policy on H.R. 2513 - Corporate Transparency Act of 2019 (Oct. 22, 2019), https://trumpwhitehouse.archives.gov/wp-content/uploads/2019/10/SAP_HR-2513.pdf; Senate Committee on Finance, “President’s Fiscal Year 2019 Budget,” February 14, 2018 <https://www.govinfo.gov/content/pkg/CHRG-115shrg35140/pdf/CHRG-115shrg35140.pdf>.

⁴ Diverse Coalition Supports Including Corporate Transparency Act in the 2021 NDAA, The FACT Coalition, <https://thefactcoalition.org/diverse-coalition-supports-including-corporate-transparency-act-in-the-2020-ndaa/> (Oct. 8, 2020).

⁵ Beneficial Ownership Information Reporting Requirements, 87 Fed. Reg. 59,506 (Sep. 30, 2022).

countering the financing of terrorism standards.”⁶ The information collected under the law would provide “insight into the flow of illicit funds through [corporate] structures,” “discourage the use of shell corporations as a tool to disguise and move illicit funds,” “assist national security, intelligence, and law enforcement agencies with the pursuit of crimes,” and “protect the national security of the United States.”⁷

FinCEN issued regulations implementing the CTA reporting requirements in 2022, explaining at length the national security and law enforcement implications of those rules.⁸ For example, it detailed how “[t]he ability of bad actors to hide behind opaque corporate structures, including anonymous shell and front companies, and to generate funding to finance their illicit activities continued to be a significant threat to the national security of the United States” and how such legal entities were being “used to obscure the proceeds of bribery and large-scale corruption, money laundering, narcotics offenses, terrorist or proliferation financing, and human trafficking, and to conduct other illegal activities, including sanctions evasion.”⁹ Indeed, just in the past few years, prosecutors have brought numerous cases for this kind of misuse of legal entities – from an alleged plot to launder millions of dollars through shell companies for the Sinaloa cartel,¹⁰ to an alleged conspiracy to evade sanctions by using front companies to disguise \$300 million in transactions on behalf of the Government of Iran,¹¹ to a scheme to use a U.S. entity to obtain high-powered semiconductor chips with military applications for illegal export to China.¹²

In designing rules requiring companies to provide information about their true beneficial owners, FinCEN sought to minimize the burden on small businesses and other reporting entities.¹³ In a 2024 survey, millions of small businesses reported having already complied with the requirements and more than two-thirds said completing the report was easy.¹⁴

The CTA, implemented through FinCEN’s rules, is the law, and it cannot be undone through a social media missive or a press release. Yet in a broad abdication of its statutory responsibilities,

⁶ 2021 NDAA § 6402.

⁷ 2021 NDAA § 6002.

⁸ Beneficial Ownership Information Reporting Requirements, 87 Fed. Reg. 59,498 (Sept. 30, 2022).

⁹ *Id.* at 59,503.

¹⁰ U.S. Department of Justice, “Sophisticated Sinaloa Cartel Money Laundering Organization Dismantled,” April 11, 2023, <https://www.justice.gov/usao-sdca/pr/sophisticated-sinaloa-cartel-money-laundering-organization-dismantled>.

¹¹ 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,” March 19, 2021, <https://www.justice.gov/archives/opa/pr/iranian-nationals-charged-conspiring-evade-us-sanctions-iran-disguising-300-million>.

¹² U.S. Department of Justice, “Electrical Engineer Sentenced to More than Five Years in Prison for Conspiring to Illegally Export to China Semiconductor Chips with Military Uses,” July 22, 2021, <https://www.justice.gov/archives/opa/pr/electrical-engineer-sentenced-more-five-years-prison-conspiring-illegally-export-china>.

¹³ Beneficial Ownership Information Reporting Requirements, 87 Fed. Reg. 59,550 (Sept. 30, 2022).

¹⁴ Small Business Majority, “Small Business Owners Share Their Experiences with New Beneficial Ownership Information Reporting Requirements,” February 15, 2024, <https://smallbusinessmajority.org/sites/default/files/research-reports/2024-Beneficial-Ownership-Report.pdf>.

Treasury announced earlier this month that it would refuse to enforce the law and would somehow fashion new rules limiting the reporting requirement to foreign entities alone – even though the main problem that Congress sought to address was the use of opaque entities *in* the United States, which may be foreign-owned or controlled.¹⁵

Thus it is especially shocking that the prompt for this sudden, illegal change appears to have been nothing more than an X.com comment by Elon Musk: The day before the announcement, in response to an online comedian tweeting his personal complaints about the law, Mr. Musk replied, “I can look into it.”¹⁶ There appears to have been no serious interagency process, no time for meaningful consultation with law enforcement or national security experts, and no engagement with Congress prior to Treasury’s abrupt reversal. This also comes at a time when Mr. Musk himself reportedly may be benefiting from foreign investments made through legal entities designed to hide the identities of the foreign investors. According to the Financial Times, “[w]ealthy Chinese investors are quietly funneling tens of millions of dollars into private companies controlled by Elon Musk” through “opaque structures” and “an arrangement that shields their identities from public view.”¹⁷ This has “raise[d] concerns about the potential for undue influence and conflicts of interest at a time when Musk has unprecedented involvement in U.S. policy, politics and business.”¹⁸

In an interim final rule published last month, apparently in an attempt to clean up the initial announcement, you invoked the statutory authority to exempt a class of entities that you – with the written concurrence of the Attorney General and the Secretary of Homeland Security – determine should be carved out because requiring beneficial ownership information from them “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.”¹⁹ But even in this after-the-fact rationalization, you provided no meaningful explanation for how any of you reached such a determination – which was even more perplexing given FinCEN’s admission in the same document that the “failure to require [this] reporting by domestic reporting companies could result in illicit finance risks” and that the agency had “not yet been able to conduct the kinds of robust quantitative analysis necessary to estimate the incremental value of . . . intelligence” that would no longer be collected.²⁰ In other words, you somehow concluded

¹⁵ U.S. Department of the Treasury, “Treasury Department Announces Suspension of Enforcement of Corporate Transparency Act Against U.S. Citizens and Domestic Reporting Companies,” March 2, 2025, <https://home.treasury.gov/news/press-releases/sb0038>.

¹⁶ Tweet by Elon Musk, March 31, 2025, <https://x.com/elonmusk/status/1896005328338371043>.

¹⁷ Financial Times, “Chinese Investors Privately Take Stakes in Elon Musk’s Companies,” Sun Yu, March 9, 2025, <https://www.ft.com/content/66857e1e-a217-4ddd-8332-d9f0f75aa459>.

¹⁸ *Id.*

¹⁹ 31 U.S.C. 5336(a)(11)(xxiv); FinCEN, Interim Final Rule, Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension, March 21, 2025, at 11-12, https://fincen.gov/sites/default/files/federal_register_notices/2025-03-21/CTAIFR3-21-25-FINAL508.pdf.

²⁰ FinCEN, Interim Final Rule, Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension, March 21, 2025, at 11, 21, https://fincen.gov/sites/default/files/federal_register_notices/2025-03-21/CTAIFR3-21-25-FINAL508.pdf.

that a massive new exemption from the law is warranted even though it would create additional opportunities for criminals to exploit the financial system and even though Treasury has no real idea of how much the exemption will hamper law enforcement and national security officials in their investigations.

We are alarmed that you are choosing to create such significant risks to our financial system and to our national security without providing any transparency, rationale, or plan for how to mitigate those threats. We ask that you answer the following questions by April 7, 2025:

1. Did President Trump or anyone at the White House direct or recommend that Treasury suspend enforcement of the Corporate Transparency Act?
2. Did Elon Musk or any individual associated with him direct or recommend that Treasury suspend enforcement of the Corporate Transparency Act?
3. Before announcing the suspension of the Corporate Transparency Act, did you consult with career national security and law enforcement officials at FinCEN, the Department of Justice, and the Department of Homeland Security? If so, with whom did you consult and when? Please share copies of the written record and result of that consultation.
4. Did you get the written concurrence of the Attorney General and Secretary of Homeland Security only after announcing that Treasury would suspend enforcement of Corporate Transparency Act?
5. Under what authority do you believe that Treasury can suspend enforcement of a duly enacted statute like the Corporate Transparency Act, as well as refusing to implement regulations that were promulgated through a notice-and-comment process?
6. Have you conducted any analysis of the number of terrorists, human traffickers, drug cartel leaders, foreign adversaries, or other malign actors and facilitators who will be able to abuse the U.S. financial system to hide their illicit activity, absent enforcement of the Corporate Transparency Act?
 - a. If so, please provide that analysis in writing.
 - b. If not, what plans do you have in place to ensure the U.S. financial system is not exploited by terrorists and criminals using opaque corporate structures while Treasury refuses to enforce the law?
7. Do you disagree with national security and law enforcement officials across Republican and Democratic Administrations who emphasized that centralized beneficial ownership information reporting would assist law enforcement and protect our national security?

8. Transparency experts have warned that your decision “will very likely lead to the US being found non-compliant with relevant global anti-money laundering and counter-terrorism financing standards set by the Financial Action Task Force (FATF),” which is set to reevaluate the United States next year.²¹
 - a. How would a negative evaluation from FATF – due solely to the Trump Administration’s backsliding – harm the economy?
 - b. Given that almost every other leading economy, including the United Kingdom, the European Union, Canada, and Australia, has adopted FATF standards by enacting a beneficial ownership registry in order to deter and detect financial crime, how will terrorists, criminals, and their facilitators view the invitation that Treasury is giving them to access and abuse the U.S. financial system?
9. The CTA requires a revision of the Customer Due Diligence (CDD) rule to bring the rule into conformance with the law.²² Does your pronouncement about the “issuance of a proposed rulemaking to narrow the scope of the rule to foreign reporting companies only” mean that Treasury intends to revise the CDD Rule to apply to only foreign reporting companies?

Sincerely,



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Maxine Waters
Ranking Member, Committee
on Financial Services



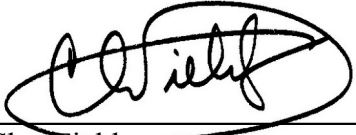
Joyce Beatty
Member of Congress



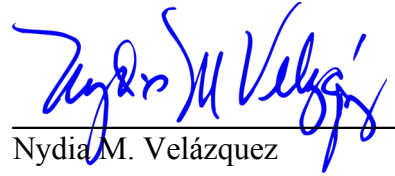
Rashida Tlaib
Member of Congress

²¹ Transparency International, “United States: Reinstating Corporate Secrecy Protects Money Launderers and Foreign Criminals - Not Small Businesses,” March 4, 2025, <https://www.transparency.org/en/press/united-states-cta-beneficial-ownership-reinstating-corporate-secrecy-protects-money-launderers-and-foreign-criminals>.

²² 81 Fed. Reg. 29398 (May 11, 2016).



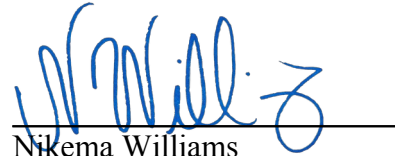
Cleo Fields
Member of Congress



Nydia M. Velázquez
Member of Congress



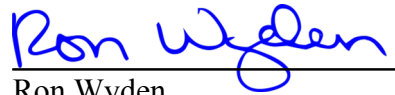
Emanuel Cleaver, II
Member of Congress



Nikema Williams
Member of Congress



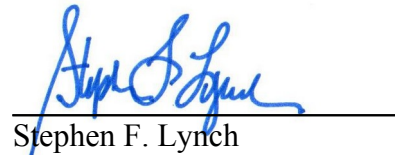
Bill Foster
Member of Congress



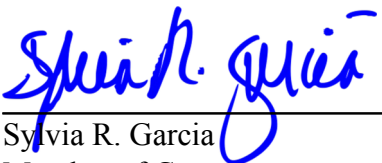
Ron Wyden
United States Senator
Ranking Member, Committee
on Finance



Al Green
Member of Congress



Stephen F. Lynch
Member of Congress



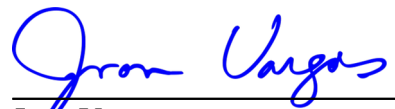
Sylvia R. Garcia
Member of Congress



Brad Sherman
Member of Congress



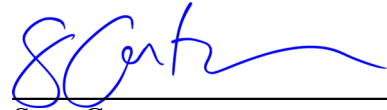
David Scott
Member of Congress



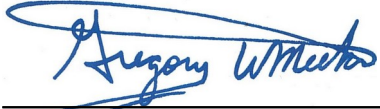
Juan Vargas
Member of Congress



Brittany Pettersen
Member of Congress



Sean Casten
Member of Congress



Gregory W. Meeks
Member of Congress