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## United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

September 15, 2025

The Honorable Scott Bessent  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, D.C. 20220

Dear Secretary Bessent:

We write with grave concern that you are failing to enforce the bipartisan Corporate Transparency Act (CTA) following new warnings that your decision is leaving a “getaway car” for criminals, including fraudsters who steal taxpayer funds from U.S. federal government programs and drug cartels involved in fentanyl trafficking.<sup>1</sup>

Congress passed the CTA to crack down on the use of shadowy shell companies and other legal entities that facilitate money laundering and other illicit financial activity, based on extensive engagement with the first Trump Administration. But in March, just after Elon Musk posted on social media that he would “look into” the CTA,<sup>2</sup> you suddenly halted enforcement of the law and issued an interim final rule removing the requirements for U.S. companies to report their true beneficial owners to Treasury. Your decision to gut the law has caused growing alarm among law enforcement, inspectors general looking to fight fraud in U.S. government programs, and experts across the political spectrum that you are making it easier for criminals to take advantage of the financial system.

Just this month, for example, the president of the Financial Action Task Force—the global money laundering and terrorist financing watchdog—issued a new warning that the failure to crack down on the use of shell companies leaves criminals with corporate vehicles they can use to evade law-enforcement investigations and put the financial system at risk.<sup>3</sup> She noted that many countries are moving in the right direction in making sure law enforcement can access accurate and up-to-date information about the people behind companies and entities.

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<sup>1</sup> Reuters, “Financial crime watchdog calls for countries to come clean on shell companies,” Elizabeth Howcroft and Tommy Reggiori Wilkes, September 3, 2025, <https://www.reuters.com/business/finance/financial-crime-watchdog-calls-countries-come-clean-shell-companies-2025-09-03/>.

<sup>2</sup> Post by Elon Musk, March 31, 2025, <https://x.com/elonmusk/status/1896005328338371043>.

<sup>3</sup> Id.

Experts have also underscored that your decision will lead to greater waste, fraud, and abuse in federal government programs.<sup>4</sup> A recent report by the Government Accountability Office (GAO) found that “bad actors” hiding behind shell entities may target federal programs—and by extension taxpayer dollars—to improperly receive federal contracts or fraudulently access federal benefits.”<sup>5</sup> The overwhelming majority of inspectors general surveyed by GAO said that beneficial ownership information could aid both “fraud investigation efforts” and “proactive fraud detection efforts” in the federal government.<sup>6</sup> GAO warned that “[o]paque beneficial ownership information heightens the risk of procurement-, grant-, and eligibility-related fraud by hiding improper relationships; illicit access to sensitive government information by foreign actors; or ineligible status, among other wrongdoing.”<sup>7</sup> In short, it appears that you are implementing a policy directed by the so-called Department of Government Efficiency (DOGE) that *facilitates* fraud in federal programs, leaving inspectors general less able to root it out.

Concerns about your approach span the political spectrum. The former director of the American Conservative Union’s Center for Combating Human Trafficking, for example, expressed concern that the Trump Administration has gone “too far in exempting all the domestic companies” from reporting, as “that is where, unfortunately, a lot of the criminal actors are hiding.”<sup>8</sup> There is particular concern about cartels that are taking advantage of your gutting of the law. As a recent headline in the *Daily Caller* highlighted, “Trump Admin May Have Accidentally Empowered Cartels To Flood America With Fentanyl, Republican Legal Experts Warn.”<sup>9</sup> The article emphasized that “[s]ome Republicans” believe that suspending the law “could lead to a proliferation in illicit activities like fentanyl smuggling and human trafficking.” Experts at the Hudson Institute have similarly warned that not implementing the CTA “weakens the Trump Administration’s ability to investigate cartel finances and target the profit incentives driving the deadly fentanyl and human trafficking trade across the southern border. . . . America’s retreat from leading efforts to uncover these shadowy financial networks is an unforced error that enriches and empowers our worst enemies.”<sup>10</sup>

Treasury has taken this approach despite ample unclassified evidence that criminals and foreign adversaries use shell companies or opaque corporate structures in the United States. This includes Sinaloa cartel operatives,<sup>11</sup> Iranian sanctions evaders,<sup>12</sup> and those stealing technology for

<sup>4</sup> U.S. Government Accountability Office, “Fraud in Federal Programs: FinCEN Should Take Steps to Improve the Ability of Inspectors General to Determine Beneficial Owners of Companies,” April 2025, <https://www.gao.gov/assets/gao-25-107143.pdf>.

<sup>5</sup> Id. p. 6.

<sup>6</sup> Id. pp. 25-27.

<sup>7</sup> Id. p. 11.

<sup>8</sup> Daily Caller, “Trump Admin May Have Accidentally Empowered Cartels To Flood America With Fentanyl, Republican Legal Experts Warn,” Robert McGreevy, April 23, 2025, <https://dailycaller.com/2025/04/23/trump-cartels-fentanyl-traffickers-republican-biden-treasury-corporate-transparency-act-scott-bessent/>.

<sup>9</sup> Id.

<sup>10</sup> FACT Coalition, “Treasury Reopens the Floodgates to Dirty Money in the U.S.,” March 3, 2025, <https://thefactcoalition.org/treasury-reopens-the-floodgates-to-dirty-money-cta/>.

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

<sup>12</sup> 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,” press release, March 19, 2021,

China's military.<sup>13</sup> Law enforcement groups came out against Treasury's decision, with the National Narcotic Officers' Associations' Coalition stressing, "It is the criminal enterprises—drug traffickers, money launderers, and their financial enablers—who stand to gain if this law is weakened."<sup>14</sup> The American people support commonsense steps to address these significant risks. Indeed, recent surveys of the American people show "overwhelming" support for the CTA, with 81 percent of respondents agreeing that "[a]sking some small businesses to do 20 minutes of paperwork identifying their true owner is a small price to pay for keeping our communities safe from drug trafficking, terrorist financing, and other financial crimes."<sup>15</sup>

Given that your prior responses to congressional inquiries<sup>16</sup> provided no meaningful information about how Treasury is addressing the national security and illicit finance concerns documented over many years—including in Treasury rulemaking efforts<sup>17</sup>—we ask that you answer the following by September 26, 2025:

1. Have you conducted any analysis of the extent to which terrorists, human traffickers, drug cartel leaders, foreign adversaries, or other malign actors and facilitators will be able to abuse the U.S. financial system 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?
2. 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?

We thank you for your attention to this important matter.

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

<sup>13</sup> 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," press release, July 22, 2021, <https://www.justice.gov/archives/opa/pr/electrical-engineer-sentenced-more-five-years-prison-conspiring-illegally-export-china>.

<sup>14</sup> FACT Coalition, "FACT Joins Chorus of Opposition to Treasury's Gutting of Landmark Financial Transparency Law," press release, May 28, 2025, <https://thefactcoalition.org/senators-experts-decry-gutting-of-corporate-transparency-act/>.

<sup>15</sup> McLaughlin & Associates, "McLaughlin & Associates Poll Shows Overwhelming Support for Corporate Transparency Act," October 9, 2024, <https://mclaughlinonline.com/2024/10/09/mclaughlin-and-associates-poll-shows-overwhelming-support-for-corporate-transparency-act/>.

<sup>16</sup> Letter from Senators Charles E. Grassley and Sheldon Whitehouse to Treasury Secretary Scott Bessent, March 10, 2025, <https://www.whitehouse.senate.gov/wp-content/uploads/2025/03/2025-03-10-CTA-Non-Enforcement-Announcement-Letter-FINAL-SIGNED.pdf>; Letter from Senator Elizabeth Warren et al. to Treasury Secretary Scott Bessent, April 1, 2025, <https://www.banking.senate.gov/imo/media/doc/cta.pdf>.

<sup>17</sup> Beneficial Ownership Information Reporting Requirements, 87 Fed. Reg. 59,506 (Sep. 30, 2022).

Sincerely,



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



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Maxine Waters  
Ranking Member  
Committee on Financial  
Services