

TESTIMONY BEFORE THE UNITED STATES CONGRESS  
ON BEHALF OF THE

**NATIONAL FEDERATION OF INDEPENDENT BUSINESS**



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**United States House of Representatives  
Committee on Financial Services  
Subcommittee on National Security, Illicit  
Finance, and International Financial  
Institutions**

Potential Consequences of FinCEN's Beneficial Ownership  
Rulemaking

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Good afternoon, Chairman Luetkemeyer, Ranking Member Beatty, and members of the House Financial Services Subcommittee on National Security, Illicit Finance, and International Financial Institutions. My name is Kevin Kuhlman; I am the Vice President of Federal Government Relations at the National Federation of Independent Business (NFIB). Thank you for inviting me to testify today at this important hearing about the “Potential Consequences of FinCEN’s Beneficial Ownership Rulemaking.”

NFIB is the nation’s leading small business advocacy organization, advocating on behalf of nearly 300,000 small business owner members in Washington, D.C., and all 50 state capitals. NFIB’s mission is to promote and protect the right of our members to own, operate, and grow their businesses. Over 80% of NFIB members have 20 or fewer employees.

NFIB has long opposed beneficial ownership information (BOI) reporting requirements because the regulations impact only small businesses under the threat of severe penalties. BOI reporting requirements were buried in an amendment as part of a large and unrelated bill. FinCEN has overreached in implementing the legislation, failing to both minimize reporting burdens on small businesses and provide clarity to small businesses. Finally, FinCEN is lacking in education and outreach to the small business community and few small businesses are aware of their requirements that begin in less than six months.

### **Brief History of Beneficial Ownership Information Reporting**

The United States has traditionally sought to stop money laundering through targeted regulations and reports within the financial system, as well as within real estate transactions. The reasoning is simple – if one has money obtained illegally, it is often in the form of cash. In order to “clean” that money, one needs to use the existing financial systems (i.e., banks and credit unions). Targeted reporting requirements include currency transaction reports (CTRs), suspicious activity reports (SARs), and geographic targeting orders (GTOs). These reports were the main tools the United States used to combat money laundering until May of 2018.

On May 11, 2018, the Financial Crimes Enforcement Network’s (FinCEN) Customer Due Diligence (CDD) rule became effective.<sup>1</sup> The CDD rule requires financial institutions covered under the *Bank Secrecy Act* to obtain the beneficial ownership

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<sup>1</sup> *Customer Due Diligence Rule for Financial Institutions*, Final Rule, Financial Crimes Enforcement Network, May 11, 2016, <https://www.regulations.gov/document/FINCEN-2014-0001-0183>.

information of their business customers upon the opening of an account.<sup>2</sup> Financial institutions are required to keep this information securely on file and only turn it over to FinCEN or law enforcement only after receiving a subpoena during an investigation. NFIB agreed with financial institutions that this regulation was burdensome to small businesses and threatened small business owners' privacy.<sup>3,4</sup> In its Regulatory Impact Analysis (RIA), FinCEN estimated the cost of this regulation to be up to \$1.5 billion over a ten-year period.<sup>5</sup>

After the effective date of the CDD rule, the largest banks aggressively lobbied Congress to relieve them of this regulatory burden and instead transfer the regulatory burden to the smallest businesses in the United States. Financial institutions strongly supported legislation such as the *Corporate Transparency Act* in the House of Representatives and the *ILLICIT CASH Act* in the Senate. NFIB again opposed these bills because of increased reporting burdens and privacy concerns.<sup>6</sup>

On January 1, 2021, the *Corporate Transparency Act* was signed into law as part of the *William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021*.<sup>7</sup> While the BOI reporting requirements were not included in the base text, they were slipped into an unrelated and must-pass bill as an amendment without ever receiving a stand-alone vote in the Senate.

The *Corporate Transparency Act* is one of the most expansive small business regulations in history, affecting 32.6 million small businesses in the first year and five to six million small businesses every year thereafter, according to FinCEN's estimates.<sup>8</sup> The cost of this regulation is a staggering \$22.7 billion in its first year

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<sup>2</sup> The CDD rule requires a maximum of 5 "beneficial owners" to be identified – any individual who owns 25% or more of a legal entity, and an individual who controls the legal entity.

<sup>3</sup> "The NFIB Small Business Legal Center is concerned the proposed rule poses a significant identity theft risk to small business owners as well as an undue burden on them. In particular, we are concerned with the type of information financial institutions are required to collect from each 'beneficial owner' of a legal entity." Karen Harned, NFIB comments on Customer Due Diligence Requirements for Financial Institutions, NFIB Small Business Legal Center, October 3, 2014, <https://www.regulations.gov/comment/FINCEN-2014-0001-0097>.

<sup>4</sup> "Nevertheless, the proposal continues to impose substantial new costs on lawful American businesses – and the banks that serve them – without a demonstration of compensating benefits that could not be more efficiently achieved by alternative means... In particular, it fails to compare and evaluate the costs of imposing a universal data collection requirement upon the hundreds of thousands of small and medium sized family owned businesses against the sole purposes of providing state and federal law enforcement unfettered surveillance access to the details of the ownership structure of these businesses, without individualized prior notice of such access." Robert G. Rowe, III and Tod R. Burwel, ABA and BAFT comments on Customer Due Diligence Requirements for Financial Institutions, ABA and BAFT, October 3, 2014, <https://www.regulations.gov/comment/FINCEN-2014-0001-0133>.

<sup>5</sup> Regulatory Impact Assessment for FinCEN Notice of Proposed Rulemaking: "Customer Due Diligence Requirements for Financial Institutions." Docket No. FinCEN-2014-0001, Financial Crimes Enforcement Network, December 2015, [https://www.fincen.gov/sites/default/files/shared/CDD\\_RIA.pdf](https://www.fincen.gov/sites/default/files/shared/CDD_RIA.pdf).

<sup>6</sup> When asked, "Should Congress require small business owners to file paperwork with the Financial Crimes Enforcement Network each time they form or change ownership of a business?," a mere 11% said "yes" and a resounding 80% said "no," with 9% undecided. NFIB Member Ballot, August 2018.

<sup>7</sup> TITLE LXIV—ESTABLISHING BENEFICIAL OWNERSHIP INFORMATION REPORTING REQUIREMENTS, *William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021*, Public Law 116-283, January 1, 2021, <https://www.congress.gov/116/plaws/publ283/PLAW-116publ283.pdf>.

<sup>8</sup> Comments were submitted saying that FinCEN underestimated the compliance costs, which NFIB agrees. See Comments of James Richards, Principal of RegTech Consulting LLC, FinCEN's Proposed Beneficial Ownership Information Reporting Form, FinCEN, January 18, 2023, <https://www.regulations.gov/comment/FINCEN-2023-0002-0003>.

and \$5.6 billion per year moving forward.<sup>9</sup> It was the costliest final regulation of 2022.<sup>10</sup> Failure to file completed and updated reports could result in civil penalties up to \$10,000 and criminal penalties up to 2 years in prison.

Congress established a bad precedent by massively expanding a problematic \$1.5 billion regulation with a statute that saddles the smallest businesses in America with more than \$73 billion in compliance costs. Burying the BOI reporting regulations in a large and unrelated national defense bill just before the end of the Congress was bad from a process perspective and also contributed to the lack of awareness of the requirements.

### **FinCEN Failed to Minimize Burdens on Reporting Companies**

The *Corporate Transparency Act* is divided into three rulemakings. This testimony will largely focus on the first rule, “Beneficial Ownership Information Reporting Requirements,” which was finalized on September 30, 2022, and will be effective on January 1, 2024.<sup>11</sup> NFIB believes strongly that FinCEN overreached on who must report, what information they must report, and by when they must report that information.

Congress instructed the Secretary of Treasury when prescribing regulations to adhere to three directives (***emphasis added***):

- (A) ***Seek to minimize burdens on reporting companies associated with the collection of beneficial ownership information;***
- (B) ***Provide clarity to reporting companies concerning the identification of their beneficial owners; and***
- (C) *Collect information that is in a form and manner that is reasonably designed to generate a database that is highly useful to national security, intelligence, and law enforcement agencies and Federal functional regulators.*<sup>12</sup>

NFIB believes that FinCEN repeatedly failed to balance its statutory requirements and sacrificed the first two directives of minimizing burdens and providing clarity.

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<sup>9</sup> *Beneficial Ownership Information Reporting Requirements*, Final Rule, Financial Crimes Enforcement Network, September 30, 2022, <https://www.regulations.gov/document/FINCEN-2021-0005-0461>.

<sup>10</sup> Dan Bosch, 2022: *The Year in Regulation*, American Action Forum, January 4, 2023, <https://www.americanactionforum.org/research/2022-the-year-in-regulation/>.

<sup>11</sup> *Beneficial Ownership Information Reporting Requirements*, Final Rule, Financial Crimes Enforcement Network, September 30, 2022, <https://www.regulations.gov/document/FINCEN-2021-0005-0461>.

<sup>12</sup> Section 6402(8)(a), TITLE LXIV—ESTABLISHING BENEFICIAL OWNERSHIP INFORMATION REPORTING REQUIREMENTS, *William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021*, Public Law 116-283, January 1, 2021, <https://www.congress.gov/116/plaws/publ283/PLAW-116publ283.pdf>.

Instead, nearly every decision was justified by the third directive of being highly useful for national security.

### *Who Must Report*

FinCEN could have adopted a simpler definition of “beneficial owner” such as the existing definition in the CDD rule, which requires a maximum of five individuals to report BOI. Unfortunately, FinCEN rejected this approach.<sup>13</sup> Instead, FinCEN expanded definitions of terms like “beneficial ownership” and “substantial control” far too broadly and regular employees of companies will be swept into the reporting regime. For example, FinCEN endeavors to require senior-level employees like a company’s General Counsel to report even if they have no ownership interest in the company.<sup>14</sup> This definition goes beyond Congressional intent, creates compliance difficulty, and sweeps the private information of unsuspecting employees into the FinCEN dragnet. It could also lead to expanded definitions of “beneficial owner” and “substantial control” when the CDD rule is revised as part of the third rulemaking.

### *What Information Must Be Reported*

The final rule mandates small businesses and beneficial owners to report information that was not explicitly required in the statute. The statute only requires four pieces of information:

- (i) *full legal name;*
- (ii) *date of birth;*
- (iii) *current, as of the date on which the report is delivered, residential or business street address; and*

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<sup>13</sup> “Therefore, FinCEN assesses that adopting the 2016 CDD Rule’s definition of ‘beneficial owner’ would decrease the cost in Year 1 by \$3.4 billion and \$614.5 million in each year thereafter. The present value cost decreases by approximately \$7 billion at a seven percent discount rate or \$8 billion at a three percent discount rate over a 10-year horizon. This benefit to small businesses would come at the significant cost of undermining the purpose of the CTA, which specifically calls for the identification of ‘each beneficial owner of the applicable reporting company,’ without reference to a maximum number. As explained in the preamble, the 2016 CDD Rule’s numerical limitation on beneficial owners contributes to the omission of persons that have substantial control of a reporting company, but are not reported. Replicating that approach in this rule would primarily benefit more complex entities, with the foreseeable consequence of allowing illicit actors to easily conceal their ownership or control of legal entities. This is a considerable cost to the U.S. economy that FinCEN assesses would not benefit most reporting companies. This lopsided balance led FinCEN to reject suggestions to adopt the 2016 CDD Rule’s definition of ‘beneficial ownership’ in the final reporting rule.” *Beneficial Ownership Information Reporting Requirements*, Final Rule, Financial Crimes Enforcement Network, September 30, 2022, <https://www.regulations.gov/document/FINCEN-2021-0005-0461>.

<sup>14</sup> “For example, a corporation could have four beneficial owners with ownership interests, four beneficial owners with substantial control (consider a corporation with a CEO, CFO, COO, and general counsel, each of which do not hold 25 percent or greater ownership interests), and two company applicants (consider a law firm partner who controlled the filing of incorporation documents, and a person at the law firm who filed the documents). An employee of the corporation may file the report to FinCEN, with the CEO’s review, and may analyze how the rule will apply to the company’s structure, identify who needs to be reported, and coordinate the collection of identifying information from the nine required people. These two examples of simple versus complex structures result in very different burden estimates... A commenter argued that 15-25 beneficial owners could be required to be reported per company given the proposed definition. FinCEN believes that, given the types of entities that fall under the reporting company definition, such a high number of reported individuals would be an outlier scenario. FinCEN does not intend for the upper bound selected here to imply it is the maximum number of such persons that may be reported; there could indeed be reports with over 8 beneficial owners, and the rule does not put a cap on the number of beneficial owners to be reported.” *Beneficial Ownership Information Reporting Requirements*, Final Rule, Financial Crimes Enforcement Network, September 30, 2022, <https://www.regulations.gov/document/FINCEN-2021-0005-0461>.

- (iv) (I) unique identifying number from an acceptable identification document; or  
(II) FinCEN identifier<sup>15</sup>

The final rule requires each “beneficial owner” and “company applicant” to submit personally identifiable information well beyond these four requirements, including tax identification information (either Employer Identification Number [EIN], Social Security Number, or Taxpayer Identification Number [TIN]) and scanned copies of their driver’s licenses or passports. Newly formed small businesses may not receive EINs or TINs in the 30-day timeline required for their initial reports. There are other pieces of information that will be requested but apparently not required, such as “alternate business names.” If a field is on the application, many small business owners will assume it is required information. The more information that is required or requested, the longer and more burdensome the application process will be.

Conversely, FinCEN limits what information can be listed in other portions of the final regulation. For example, the final rule requires each beneficial owner to submit a residential address when the statute clearly states that they can submit **either** a business **or** residential address.

The draft application has 50 questions and spans eight pages when copied and pasted from regulations.gov. It is an intimidating process from an unfamiliar, scarily named enforcement agency. While many small business owners handle compliance burdens themselves, taking time and energy away from their business, small business owners will likely choose to outsource a more comprehensive report than necessary to tax professionals and attorneys at a cost.<sup>16</sup>

### *Timing of Reports*

NFIB is concerned that FinCEN ignored Congressional intent when dictating timelines. The table below shows FinCEN failed to minimize reporting burdens on small businesses by creating accelerated timelines for reporting. FinCEN made shorter timelines than were necessary for initial reporting, updated reporting, and

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<sup>15</sup> Section 6403(b)(2)(A), TITLE LXIV—ESTABLISHING BENEFICIAL OWNERSHIP INFORMATION REPORTING REQUIREMENTS, *William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021*, Public Law 116-283, January 1, 2021, <https://www.congress.gov/116/plaws/publ283/PLAW-116publ283.pdf>.

<sup>16</sup> “Given the tax burden felt by respondents, it is unsurprising that more than 90% use a tax professional to prepare and submit their taxes. Among this group, “compliance” and “complexity” were the two dominant factors leading business owners to use a professional. Despite the high proportion of business owners enlisting the help of a tax professional, most respondents indicated a persistent administrative burden associated with preparing and paying their taxes. Specifically, as shown in Figure 5, more than 60% of respondents found the administrative burden of federal business income taxes and payroll taxes to be moderately or very burdensome.” *NFIB 2021 Tax Survey*, NFIB Research Center, June 2021, <https://assets.nfib.com/nfibcom/NFIB-Tax-Survey-Full-Report.pdf>.

corrected reporting. FinCEN consistently rejected lengthening these timelines as permitted by the statute, citing national security reasons.<sup>17,18</sup>

<b>Reporting Requirements</b>	<b>Corporate Transparency Act Statute</b>	<b>Final Rule</b>
<b>Initial Reporting (Existing Companies)</b>	<b>“not later than 2 years</b> after the effective date of regulations”	<b>“one year</b> from the effective date of the final regulations”
<b>Updated Reporting</b>	<b>“not later than 1 year</b> after the date on which there is a change with respect to any information”	<b>“30 calendar days</b> to file an updated report”
<b>Corrected Reporting</b>	“voluntarily and promptly, and in <b>no case later than 90 days</b> after the date on which the person submitted the report, submits a report containing corrected information”	“file a corrected report <b>within 30 days</b> of the date it knew, or should have known, that the information was inaccurate”

### **FinCEN Outreach is Lacking**

FinCEN faces a considerable challenge in educating the small business community about BOI reporting requirements. Very few small businesses are aware of the requirements, which begin in less than six months. As Roger Harris, President of Padgett Business Services said recently, “I have never seen something this important that impacts this many businesses that, so few people know about.”<sup>19</sup> Outreach to NFIB and other trade associations in Washington, D.C., which was

<sup>17</sup> “Additionally, FinCEN’s effective date of January 1, 2024 will allow for a substantial outreach effort to notify reporting companies about the requirement and give existing reporting companies time to understand the requirement prior to the one-year timeline. Because a year’s difference for initial compliance does not change the per reporting company impact and because of the value to law enforcement and other authorized users of having access to accurate, timely BOI in the relatively near term, given the time-sensitive nature of investigations, FinCEN rejects this alternative.” *Beneficial Ownership Information Reporting Requirements*, Final Rule, Financial Crimes Enforcement Network, September 30, 2022, <https://www.regulations.gov/document/FINCEN-2021-0005-0461>.

<sup>18</sup> “While FinCEN does not dismiss an aggregate cost savings to the public, the bureau does not view the savings in that amount as offsetting the corresponding degradation to BOI database quality that would come with allowing reporting companies to wait a full year to update BOI with FinCEN. As noted in both the preamble and NPRM, FinCEN considers keeping the database current and accurate as essential to keeping it highly useful, and that allowing reporting companies to wait to update beneficial ownership information for more than 30 days—or allowing them to report updates on only an annual basis—could cause a significant degradation in accuracy and usefulness of the database. While risks such as this are difficult to quantify, these concerns justify the increased cost.” *Beneficial Ownership Information Reporting Requirements*, Final Rule, Financial Crimes Enforcement Network, September 30, 2022, <https://www.regulations.gov/document/FINCEN-2021-0005-0461>.

<sup>19</sup> *Coalition Calls Attention to New Beneficial Ownership Information Reporting Requirements*, AICPA May 14, 2023, <https://www.aicpa-cima.com/news/article/coalition-calls-attention-to-new-beneficial-ownership-information-reporting>.

suggested by some proponents of the law in their regulatory comments, is not sufficient.<sup>20</sup> FinCEN needs to educate small business owners on what FinCEN does and what small businesses must do to comply. It is important to note that most small business owners have never heard of FinCEN and receiving a notice in the mail a few weeks before they must file may be completely ignored as a scam. As recently as July 3, the IRS issued a scam warning to taxpayers for an official looking envelope requesting very similar personal information, including photos of a driver's license.<sup>21</sup>

Under the *Small Business Regulatory Enforcement Fairness Act*, FinCEN is required to issue a small business compliance guide. NFIB urges FinCEN to make this guide available, accessible, and easy to understand as quickly as possible. Most small businesses with 20 or fewer employees will be using these guides themselves and will not have the benefit of internal legal or compliance staff.

In addition, FinCEN should issue guidance to provide additional clarity on exactly what types of entities must file beneficial ownership information reports. There is still ambiguity for certain sole proprietorships and general partnerships. The final rule will require businesses with 20 or fewer employees that are created by the filing of paperwork with a Secretary of State or similar agency to register with FinCEN. State incorporation laws vary greatly. Some states require sole proprietors and general partnerships to register with a state agency and some do not. Other states require certain sole proprietors and general partnerships to register if they use fictitious names or "doing business as" (d/b/a) names. These inconsistencies will undoubtedly lead to confusion among small business owners. For example, in Missouri, sole proprietors with fictitious business names must file with the Secretary of State, but sole proprietors who use their real names as the business name do not have to file. Many states have similar laws. Additionally, states vary widely on the timing of when businesses must renew their registrations. FinCEN needs to issue clear guidance so that the regulated community knows the rules of the road.

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<sup>20</sup> NFIB has about 300,000 members, this rule will affect 32.6 million entities.

<sup>21</sup> *"The new scheme involves a mailing coming in a cardboard envelope from a delivery service. The enclosed letter includes the IRS masthead and wording that the notice is "in relation to your unclaimed refund. Like many scams, the letter includes contact information and a phone number that do not belong to the IRS. But it also seeks a variety of sensitive personal information from taxpayers – including detailed pictures of driver's licenses – that can be used to by identity thieves to try obtaining a tax refund and other sensitive financial information."* IRS, Security Summit partners warn taxpayers of new scam; unusual delivery service mailing tries to trick people into sending photos, bank account information, Internal Revenue Service, July 3, 2023, <https://www.irs.gov/newsroom/irs-security-summit-partners-warn-taxpayers-of-new-scam-unusual-delivery-service-mailing-tries-to-trick-people-into-sending-photos-bank-account-information>.



## Legislative Recommendations

Ultimately, NFIB believes Congress should repeal the *Corporate Transparency Act* and better target revised anti-money laundering laws. This legislation establishes a massive government dragnet with the personally identifiable information of 32.6 million law-abiding small business owners with the hope that criminal money launderers will fess up and admit that they are hiding behind shell companies.

Absent a full repeal, NFIB supports legislation to delay the effective date of beneficial ownership reporting requirements until FinCEN has finalized all three rulemakings. The safety and soundness of the private information of law-abiding small business owners should be paramount and rushing regulations through before safeguards are put into place is irresponsible. Hopefully, the newly appointed FinCEN Director will slow the process down and reevaluate the first rulemaking that has already been finalized.

NFIB also supports legislation to make FinCEN a more accountable and transparent agency, including making the Director a Senate-confirmed position. For too long, FinCEN has lacked accountability to Congress and the American public. FinCEN has consistently failed to deliver cost-benefit analyses and efficacy reports of its regulations. FinCEN should have to report on whether the CDD rule and beneficial ownership rule are effective, quantifying results as opposed to sharing anecdotes. By making the Director a Senate-confirmed position, FinCEN will at least need to consider Congress as a more important stakeholder.

There will always be a desire to do more to crack down on money laundering and illicit financing, but Congress should also avoid expanding on beneficial ownership information reporting requirements until there are quantifiable reports on the effectiveness of reporting.<sup>22</sup>

Finally, NFIB continues to have privacy concerns and strongly opposes making BOI public. FinCEN recently suffered a substantial leak from their SAR database.<sup>23</sup> Another nonpublic database in the British Virgin Islands with the same acronym as FinCEN's forthcoming database (BOSS database) suffered a leak that became the

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<sup>22</sup> See, for example, the *ENABLERS Act*, <https://counterkleptocracycaucus-malinowski.house.gov/legislation/enablers-act#:~:text=The%20ENABLERS%20Act%20is%20a,free%20flow%20of%20the%20capital.%22>.

<sup>23</sup> *FinCEN Files*, International Consortium of Investigative Journalists, 2021, <https://www.icij.org/investigations/fincen-files/>.

Pandora Papers.<sup>24</sup> Transparency advocates will continue to push to expand BOI reporting requirements, including making BOI databases public. New York State just passed the first searchable and public registry of beneficial ownership information.<sup>25</sup> It is not just NFIB who opposes making these databases public as law enforcement and national security officials have repeatedly urged that the database remain nonpublic, as well.<sup>26,27,28</sup> Similar to the Paycheck Protection Program (PPP) database, small businesses will be named and shamed by those who do not agree with their business practices or political positions.<sup>29</sup> Please resist calls to make the federal beneficial ownership database public.

Thank you for the opportunity to testify today and for holding a hearing on this important topic. I look forward to answering any questions you may have.

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<sup>24</sup> *Pandora Papers: An Offshore Data Tsunami*, International Consortium of Investigative Journalists, October 3, 2021, <https://www.icij.org/investigations/pandora-papers/about-pandora-papers-leak-dataset/>.

<sup>25</sup> Marina Vishnepolskaya, *New York's Beneficial Ownership Disclosure Targets LLC Investors*, Bloomberg Law, July 12, 2023, <https://news.bloombergtax.com/tax-insights-and-commentary/new-yorks-beneficial-ownership-disclosure-targets-llc-investors>.

<sup>26</sup> "Yes, our position is that beneficial ownership information should be collected and filed with FinCEN in a nonpublic database that holds other Bank Secrecy Act (BSA) mandated reports." Kenneth Blanco, *Responses to Questions for the Record at Senate Banking Committee hearing on "Examining How Requiring Beneficial Ownership Information Collection at the Time of Company Formation Can Provide Law Enforcement with Key Details About the Actual Owners of Legal Economic Entities, And to Evaluate What Steps the U.S. Should Take to Modernize its Beneficial Ownership Policy Regime and Strengthen its Enforcement,"* May 21, 2019, <https://www.govinfo.gov/content/pkg/CHRG-116shrg36988/html/CHRG-116shrg36988.htm>.

<sup>27</sup> "While I fully support the objectives of the UK and EU beneficial ownership approaches, I believe that it is possible to address the problem of anonymous shell companies without a public registry. Beneficial ownership legislation will work if it requires that information be provided to a government database, so long as access is granted to law enforcement officials with a legitimate investigatory purpose, or to other entities such as banks with the permission of the company whose information is being requested." Adam Szubin, *Responses to Questions for the Record at Senate Judiciary Committee hearing on "Combating Kleptocracy: Beneficial Ownership, Money Laundering, and Other Reforms,"* June 26, 2019, <https://www.judiciary.senate.gov/imo/media/doc/Szubin%20Responses%20to%20QFRs.pdf>.

<sup>28</sup> "The information could be used for improper purposes, such as blackmail or extortion, or to file frivolous lawsuits, or, in certain cases, disclosure to a foreign government, which could present serious risks if the beneficial owners are the victims of persecution by a foreign government." Tom Firestone, *Responses to Questions for the Record at Senate Judiciary Committee hearing on "Combating Kleptocracy: Beneficial Ownership, Money Laundering, and Other Reforms,"* June 26, 2019, <https://www.judiciary.senate.gov/imo/media/doc/Firestone%20Responses%20to%20QFRs.pdf>.

<sup>29</sup> Shawna Chen, *White House Fires Back at GOP Over Student Loan Plan Criticism*, Axios, August 26, 2022, <https://www.axios.com/2022/08/26/white-house-gop-student-loans-tweets>.