

Press Release



Department of Treasury Proposes Beneficial Ownership Reporting Requirements To Crack Down On Shell Companies

PAULINA ENCK | DECEMBER 8, 2021

The Department of Treasury's Financial Crimes Enforcement Network (FinCEN) has released a notice of proposed rulemaking that would require certain companies to report beneficial ownership data to Treasury with a view to preventing bad actors from concealing illicit funds behind anonymous shell companies. In a new insight, Director of Financial Services Policy Thomas Wade recognizes the attempts to fix this regulatory gap, but points out substantial logistical challenges in implementing FinCEN's proposed rulemaking.

Wade concludes:

Perhaps the most pressing question left unaddressed by the proposed rulemaking is what FinCEN will do with the reports they receive; it is hard not to consider the analogy of the trillions of data points already filed with FinCEN in suspicious activity reports by way of the existing anti-money laundering framework that warrant an average of follow-up by law enforcement roughly 0.44 percent of the time. After all, there is something bitterly appropriate about the creation of a highly opaque reporting regime accessible only to "authorized users" as a response to a lack of transparency in corporate structures.

[Read the analysis](#)