

Treasury 'Going All out' to Inform Firms About Beneficial Ownership Reporting Requirement - Official

By Brett Wolf, Regulatory Intelligence

The U.S. Treasury Department plans to publish videos on YouTube, hold meetings with small business associations, host webinars, and take other steps to inform small businesses and other legal entities about their incoming obligation to report their beneficial ownership information, a Treasury official said during an industry conference on Tuesday.

"In short, we are going all out to hit all forms of media to educate about beneficial ownership information reporting," Andrea Gacki, the director of Treasury's Financial Crimes Enforcement Network (FinCEN), said during the event held by the Association of Certified Anti-Money Laundering Specialists (ACAMS).

"Not only will we be leveraging the web and a YouTube series ... but also leveraging every other type of outreach - through our website, through partnership with different public affairs outfits, we are definitely trying to get the message out."

Gacki added that FinCEN will also be working with stakeholders, noting the agency had already "gone on the road, so far, to engage with small businesses in different congressional districts."

"You can expect that we will continue that and will partner with stakeholder organizations, especially at the Secretary of State level," she said.

"We are very much turning up the volume on getting the word out now that we have our small entity compliance guide out," Gacki said, referencing a document FinCEN released last month aimed at explaining beneficial ownership information (BOI) reporting requirements in easy-to-understand language.

Justine Walker, who is head of global sanctions and risk with ACAMS and interviewed Gacki during the conference panel, said banks would be glad to hear that FinCEN is taking charge of BOI reporting education.

"I think that's going to be a relief to a lot of people in this room, because I think the feeling - the worry - was that financial institutions would be the ones having to communicate that," Walker said.

FinCEN has faced congressional criticism over a perceived lack of public education about the new requirement.

Starting in 2024, many entities created in or registered to do business in the United States will be required to report information about their beneficial owners - the individuals who ultimately own or control a company - to FinCEN.

FinCEN's 330-page rule requiring BOI reporting was issued in September 2022, pursuant to the Corporate Transparency Act (CTA), which forms part of the Anti-Money Laundering Act of 2020. Congress enacted the CTA to combat the abuse of front companies by criminals and those seeking to evade sanctions.

BOI verification. Walker also asked Gacki for FinCEN's perspective on the problem of verifying the beneficial ownership information that gets reported to the Treasury bureau.

Financial institutions have expressed concerns that they will be responsible for verifying the data reported to FinCEN, thereby adding to their AML burden.

"Even if verification is not part of the rulemaking - and people have not been shy about letting us know their views about verification - I just want to assure you that we're taking all that in," Gacki said.

"As we pull together this database, I think there is something we have to work through; we feel very strongly that a way to test the validity of the information is a very important part of our job," she said.

Gacki added that FinCEN's challenge is "to do so within our means."

"If only we had unlimited resources and money ... we operate in a resource constrained world," she said, echoing a common sentiment among private-sector AML professionals.

"Verification as an objective is something we're driving toward. We are looking at available data sources, we are looking at what we can do in the process of building this, and we're also looking at our compliance and enforcement efforts as a means of verification."

Gacki added: "Nothing is finalized, but it's something that we're very much focused on, as we build this database."

'Watch this space.' Walker noted that for AML professionals, the verification issue was a matter of "watch this space."

"There are many different dimensions to verification," Walker said, adding that ACAMS will soon release a whitepaper examining the issue based on input from its "global network."

During her remarks, Gacki also said FinCEN will soon be "standing up a dedicated contact center" to answer questions related to the reporting of beneficial ownership.

This article previously appeared in Thomson Reuters Regulatory Intelligence News.