

U.S. DEPARTMENT OF THE TREASURY

Fact Sheet: Treasury Actions to Enhance Financial Transparency and Combat Illicit Finance

February 14, 2024

WASHINGTON – Over the past several months, the U.S. Department of the Treasury has made significant progress on key initiatives to prevent illicit actors from exploiting the U.S. financial system, and to equip law enforcement and national security agencies with vital information to hold illicit actors accountable. These initiatives include major steps towards implementing the Anti-Money Laundering Act, including the Corporate Transparency Act, and supporting the Administration’s Strategy to Counter Corruption. These initiatives to strengthen the U.S. anti-money laundering and countering the financing of terrorism (AML/CFT) framework are some of the most significant set of enhancements since Treasury’s Office of Terrorism and Financial Intelligence was established following the attacks of September 11, 2001.

Rooting out illicit finance is central to ensuring the safety of American lives and advancing the interests of the United States. These initiatives will help the U.S. government and the private sector further disrupt terrorist groups, hostile states, criminal organizations, including those trafficking deadly fentanyl, and Putin’s war profiteers from accessing, exploiting, and operating across the U.S. financial system. Safeguarding our financial system is also essential to advancing an economy built on fairness and opportunity.

INCREASING CORPORATE TRANSPARENCY THROUGH BENEFICIAL OWNERSHIP INFORMATION REPORTING

Anonymous shell companies are a preferred tool for criminals, corrupt foreign officials, and U.S. adversaries seeking to conceal and launder funds. They enable fraudsters and tax cheats to gain an unfair advantage on law-abiding American businesses. Iranian, Russian, and North Korean actors have all used foreign and American shell companies to fund their weapons programs and procure sensitive military equipment.

The bipartisan Corporate Transparency Act, enacted in 2021, created a legal framework to address this critical gap by requiring many companies doing business or registered in the United States to report information to the [Financial Crimes Enforcement Network](#) (FinCEN) about who ultimately owns or controls them. On January 1, 2024, FinCEN began accepting beneficial ownership information reports. This information will help law enforcement and

national security officials untangle opaque corporate structures, hold criminals to account, and protect our national security. It will also help to foster a level playing field for law-abiding small businesses.

STRENGTHENING TRANSPARENCY IN THE RESIDENTIAL REAL ESTATE MARKET

Home ownership is a source of financial security for millions of Americans, but the non-financed residential real estate market has also long attracted those seeking to anonymously hide or launder illicit proceeds. Illicit and other criminal actors exploit this regulatory gap to hide ill-gotten gains from narcotics trafficking, corruption, human trafficking, fraud, and sanctions evasion. Left unchecked, this activity can distort housing market prices and make it more difficult for the average American to afford a home.

On February 7, FinCEN issued a [Notice of Proposed Rulemaking](#) to combat and deter money laundering in the U.S. residential real estate sector by increasing transparency. The proposed rule would require certain professionals involved in real estate closings and settlements to report information to FinCEN about non-financed transfers of residential real estate to legal entities or trusts. FinCEN's proposal is tailored to target residential real estate transfers considered to be high-risk for money laundering, while minimizing burden.

PROTECTING THE INVESTMENT ADVISER SECTOR FROM ABUSE

The U.S. investment adviser industry allows investors in the United States and across the world to access opportunities for capital growth. The industry supports innovation, growth, and prosperity in the United States. But investment advisers can also serve as a backdoor into the U.S. financial system for money launderers, corrupt officials, and other illicit actors. Thousands of investment advisers oversee the investment of tens of trillions of dollars into the U.S. economy, but they are generally not subject to comprehensive AML/CFT measures.

On February 13, FinCEN issued a [Notice of Proposed Rulemaking](#) to require certain investment advisers to apply AML/CFT requirements pursuant to the Bank Secrecy Act, including implementing risk-based AML/CFT programs, reporting suspicious activity to FinCEN, and fulfilling relevant recordkeeping requirements. The proposed rule would increase transparency to the U.S. financial system and assist law enforcement in identifying illicit proceeds entering the U.S. economy. Related to this effort, Treasury also published a detailed [risk assessment](#) of the investment adviser sector that identified several illicit finance and national security risks.

Across this and other efforts, we are committed to working with businesses to ensure regulatory obligations are clear, efficient, and reasonable. This year Treasury intends to propose updated rules to help certain private sector firms focus on mitigating their biggest risks.

UPDATED ASSESSMENT OF ILLICIT FINANCE RISKS AND TRENDS

Understanding the complex illicit finance risk environment in the United States is essential for the public and private sectors in detecting and disrupting such activity. On February 7, Treasury published the [2024 National Risk Assessments on Money Laundering](#), [Terrorist Financing](#), and [Proliferation Financing](#). These reports highlight the most significant illicit finance threats, vulnerabilities, and risks facing the United States, including the ongoing fentanyl crisis, foreign and domestic terrorist attacks and related financing, increased potency of ransomware attacks, the growth of professional money laundering, and continued digitization of payments and financial services. These assessments also address how significant threats to global peace and security—such as Russia’s ongoing illegal, unprovoked, and unjustified war in Ukraine and Hamas’s October 7, 2023, terrorist attacks in Israel—have shaped the illicit finance risk environment in the United States.

Links:

- [2024 National Money Laundering Risk Assessment](#) (February 2024)
- [2024 National Terrorist Financing Risk Assessment](#) (February 2024)
- [2024 National Proliferation Financing Risk Assessment](#) (February 2024)
- [US Sectoral Illicit Finance Risk Assessment Investment Advisers](#) (February 2024)
- [Alert on Potential U.S. Commercial Real Estate Investments by Sanctioned Russian Elites, Oligarchs, and Their Proxies](#) (January 2023)

###