

GAO Highlights

Highlights of [GAO-25-107403](#), a report to congressional committees

Why GAO Did This Study

The Corporate Transparency Act, enacted in 2021, requires certain legal entities to report their beneficial ownership information to FinCEN. This requirement supports U.S. efforts to prevent bad actors from concealing or benefiting from ill-gotten gains through shell companies or other opaque ownership structures. The act required FinCEN to adopt a rule to safeguard this information from unauthorized use.

The Corporate Transparency Act also includes a provision for GAO to determine whether FinCEN's safeguards, procedures, and use of beneficial ownership information, as established in its access rule, are consistent with requirements of the act. This report is the first in a series of seven annual reports.

This report examines (1) whether FinCEN's access rule included Corporate Transparency Act requirements for protecting the security and confidentiality of beneficial ownership information, (2) the extent to which FinCEN granted agencies access to beneficial ownership information in compliance with the act, and (3) FinCEN's oversight of agencies' access to and use of the information.

GAO reviewed the Corporate Transparency Act and FinCEN's beneficial ownership information access rule; analyzed FinCEN's policies, procedures, and other documents related to the access program; and interviewed FinCEN and other agency officials.

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ILLICIT FINANCE

Treasury's Initial Safeguards for Allowing Access to Information on Corporate Ownership

What GAO Found

Beneficial owners are individuals who, directly or indirectly, own or control a certain percentage of, or exercise substantial control over, a company or other legal entity. The Financial Crimes Enforcement Network (FinCEN) collects and shares information about beneficial owners to help safeguard the U.S. financial system from illicit use and to support law enforcement investigations, among other purposes. In December 2023, FinCEN adopted a rule that allows authorized users (such as federal agencies engaged in national security, intelligence, or law enforcement activity) to access this information if they establish data-safeguarding procedures for it. GAO found that the rule incorporated all the Corporate Transparency Act's requirements for protecting the security and confidentiality of beneficial ownership information.

In spring 2024, FinCEN launched the first phase of its five-phase process to grant access to beneficial ownership information by selecting six federal agencies for a pilot, partly to test its IT system. To be approved for access, FinCEN required each agency to sign a memorandum of understanding specifying safeguards they would implement to protect the data. Agencies also had to submit an initial report describing safeguarding procedures and certify they complied with the rule's protection requirements. As of October 2024, four of the six agencies had submitted the necessary documents (see table).

Federal Agencies Approved to Access Beneficial Ownership Information, as of October 29, 2024

Agencies granted access	Federal Bureau of Investigation Internal Revenue Service-Criminal Investigations U.S. Postal Inspection Service U.S. Secret Service
Agency staff with access	100
System searches conducted	Nearly 1,700

Source: Financial Crimes Enforcement Network. | GAO-25-107403

In September 2024, FinCEN began the second phase, enabling about 200 additional federal agencies to request access to beneficial ownership information. Based on feedback from the pilot, FinCEN revised its memorandum of understanding to clarify certain compliance requirements. FinCEN also created a procedure for reviewing and granting agency requests for information. Agencies must still sign a memorandum of understanding, report on their safeguarding procedures, and certify compliance with information protection requirements.

FinCEN officials told GAO they have been developing policies and procedures for overseeing users' access and safeguarding practices. This oversight is to include conducting annual audits, monitoring how users search the data, and reviewing reports submitted by authorized users. FinCEN plans to assess the need for additional oversight mechanisms as the access program is fully implemented. GAO will continue to monitor FinCEN's implementation of its oversight policies and procedures.