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## CORPORATE TRANSPARENCY ACT: THE EXPANSION OF BENEFICIAL OWNERSHIP REPORTING REQUIREMENTS

*The recently implemented Corporate Transparency Act along with its implementing regulations by FinCEN, which are designed to enhance business transparency and deter illicit financial activities, stand to expand beneficial ownership reporting requirements for most corporate entities in the United States. The broad scope of these rules is intended to curb money laundering and terrorist financing, and so is inherently far-reaching. In this article, the authors provide an in-depth analysis of the rules and implementation of the Corporate Transparency Act and specifically delve into beneficial ownership information reporting rules and its impact on financial institutions. In addition, the Article emphasizes the complexity surrounding the definition of “beneficial ownership,” the concept of “substantial control,” and the challenges faced in compliance with the new rules. Finally, the Article underlines the importance of expert analysis in navigating these complexities to ensuring accurate compliance.*

By Zila Acosta-Grimes and Nina Zegarra-Schmidt \*

Some individuals in the U.S. have historically misused shell corporations as a means, among other illicit actions, to bypass sanctions, to fraudulently apply for COVID-19 relief money, and to enable drug trafficking endeavors. As a result, many domestic and international agencies have reported a lack of transparency with respect to beneficial ownership information (“BOI”) as a significant obstacle in investigating and preventing such

crimes.<sup>1</sup> Although the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (“FinCEN”) in 2016 finalized a Customer Due Diligence (“CDD”) Rule

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<sup>1</sup> These include the National Strategy for Combatting Terrorist and Other Illicit Financing, the Russian Elites, Proxies, and Oligarchs Task Force (“REPO”), the Financial Action Task Force (“FATF”), and National Money Laundering Risk Assessments.

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