



# Financial Crimes Enforcement Network

*A bureau of the U.S. Department of the Treasury*

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## **FinCEN Seeks Comments on Strengthening and Clarifying Customer Due Diligence Requirements**

VIENNA, Va. – The Financial Crimes Enforcement Network (FinCEN) today issued an [advance notice of proposed rulemaking](#) (ANPRM) to solicit public comment on a wide range of questions pertaining to the possible application of an explicit customer due diligence (CDD) obligation on financial institutions, including a requirement for financial institutions to identify beneficial ownership of their accountholders.

"The explicit requirement that a financial institution know its customers, and the risks presented by its customers, is basic and fundamental to both serving those customers and implementing a program that protects a financial institution from abuse by illicit actors," said FinCEN Director James H. Freis, Jr. "The comments we receive will help us balance the information needs of law enforcement with the responsibilities placed on the financial industry."

Over the past ten years, FinCEN and the broader Treasury Department have continued to engage the federal financial regulatory agencies, financial institutions, and Congress to combat various risks associated with the criminal abuse of legal entities, such as shell companies, and the associated exploitation of the financial system to facilitate financial crime, including money laundering, financing of terrorism and proliferation, and tax evasion. Despite efforts to highlight and clarify CDD and beneficial ownership expectations over this time, FinCEN is concerned that there is a lack of uniformity and consistency in the way financial institutions address these implicit CDD obligations and collect beneficial ownership information within and across industries.

An express CDD program rule is one key element of a broader U.S. Department of the Treasury strategy to enhance financial transparency in order to strengthen efforts to combat financial crime. Enhancing financial transparency to address such ongoing abuse of legal entities requires a broad approach. Other key elements of this strategy include: (i) improving the availability of beneficial ownership information of legal entities created in the United States; and (ii)

facilitating global implementation of international standards regarding CDD and beneficial ownership of legal entities.

"Broad public input through this ANPRM will assist FinCEN in considering a CDD obligation that would bring consistency and uniformity both within and across financial institution sectors," noted Freis. "With this consistency, FinCEN seeks to disrupt the ability of criminals to hide their assets behind the shroud of anonymity."

This ANPRM considers codifying, clarifying, consolidating, and strengthening existing CDD regulatory requirements and supervisory expectations, and establishing a categorical requirement for financial institutions to identify beneficial ownership of their accountholders. Comments on the ANPRM will be accepted for 60 days from the date of publication in the *Federal Register*.

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*F*inCEN's mission is to enhance U.S. national security, deter and detect criminal activity, and safeguard financial systems from abuse by promoting transparency in the U.S. and international financial systems.