



Financial Crimes Enforcement Network

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

FinCEN news releases are available on the Internet and by e-mail subscription at www.fincen.gov.
For more information, please contact FinCEN's Office of Public Affairs at (703) 905-3770.

FOR IMMEDIATE RELEASE

March 5, 2010

CONTACT: Bill Grassano

703-905-3770

FinCEN Clarifies Expectations Regarding Beneficial Ownership Guidance Released in Conjunction with Financial Regulators

VIENNA, Va. – The Financial Crimes Enforcement Network (FinCEN) today issued guidance, [*Guidance on Obtaining and Retaining Beneficial Ownership Information*](#), which clarifies and consolidates regulatory expectations for obtaining beneficial ownership information for certain accounts and customer relationships. FinCEN worked closely with its regulatory partners to develop the guidance and is issuing it jointly with the Federal banking agencies and the Securities and Exchange Commission.

“This Guidance represents an important step in clarifying and consolidating existing U.S. regulatory expectations for obtaining beneficial ownership information for certain accounts and customer relationships,” said FinCEN Director James H. Freis, Jr. “While much of the document consolidates previously issued regulatory guidance, by synthesizing the disparate obligations, FinCEN is highlighting how the rules can be mutually reinforcing in mitigating risks.”

The guidance reiterates that a financial institution should know its customers and the risks presented by its customers and specifically articulates that, where an institution sees heightened risks with an account or customer, they should conduct enhanced due diligence. Information on beneficial ownership in account relationships provides another tool for financial institutions to better understand and address money laundering and terrorist financing risks, protect themselves from criminal activity, and assist law enforcement with investigations and prosecutions. Financial institutions may also wish to use existing tools and information available by surveying and obtaining beneficial ownership information on an enterprise-wide basis from other areas of the institution’s operations, such as credit underwriting, fraud detection, or marketing.

Financial investigations consistently have demonstrated the importance of beneficial ownership information in identifying and investigating a broad range of financial crime, including money laundering, terrorist financing, tax evasion, and sanctions evasion. This has prompted the United States, other financial centers and multilateral organizations to examine, clarify and strengthen,

as appropriate, legal entity formation processes and the practices of financial institutions with respect to identifying the beneficial ownership of their non-individual customers. FinCEN and other components of the Department of the Treasury will lead efforts to continue studying whether additional steps with respect to obtaining accurate beneficial ownership information may be required to enhance the transparency of the financial system, protect financial institutions from financial crime, and promote reporting of suspicious activity as required under the Bank Secrecy Act.

###

*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.