



June 10, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
United States House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
United States House of Representatives
4340 O'Neill House Office Building
Washington, D.C. 20024

Dear Chairwoman Waters and Ranking Member McHenry,

On behalf of our private equity and private credit members, the American Investment Council (the "AIC"), writes in support of the Committee's efforts to aid law enforcement and to update the U.S. anti-money laundering framework. To this end, we agree with the laudable goals of the "Corporate Transparency Act of 2019" (H.R. 2513), which would establish a centralized repository for the storage of beneficial ownership information that would be maintained by the Financial Crimes Enforcement Network ("FinCEN"). The AIC would like to highlight two points in the bill, however, that would present significant compliance and other issues, in the hope that they can be addressed in the legislative process.¹

First, although H.R. 2513 properly carves out SEC-registered investment advisers ("RIAs") from the definitions of "corporation" and "limited liability company," private investment funds, special purpose investment vehicles and other entities that RIAs may form are not as clearly exempted. These entities may be formed for the myriad investment needs of RIAs and their clients, often on short notice for specific transactions and purposes, but they should not be subject to the FinCEN registry because information about these entities is readily available from the regulated entities that form them. For this reason, we urge the Committee to adopt an express carve out from the definitions of "corporation" and "limited liability company" for

¹ The AIC is an advocacy, communications and research organization established to advance access to capital, job creation, retirement security, innovation, and economic growth by promoting responsible long-term investment. In this effort, the AIC develops, analyzes, and distributes information about the private equity and private credit industries and their contributions to the U.S. and global economy. Established in 2007, and formerly known as the Private Equity Growth Capital Council, the AIC is based in Washington, D.C. The AIC's members are the world's leading private equity and private credit firms, united by their commitment to growing and strengthening the businesses in which they invest.

private investment funds. Adopting such an exception also would harmonize H.R. 2513 with FinCEN's Customer Due Diligence Rule, which provides an express exemption from its beneficial ownership disclosure requirements for pooled investment vehicles managed and advised by RIAs and other financial institutions.

Second, the bill requires entities to disclose information, including personal information of an agent, even if they qualify for a disclosure exemption. We believe this requirement needlessly reduces the usefulness of the exemptions. In addition, requiring submission of personal information by corporate agents who will lack any personal interest in the entity being formed is unduly onerous and intrusive. We respectfully submit that law enforcement would have no need for this personal information, given that law enforcement would be able to obtain necessary information about the entity by contacting the exempt institution that formed the entity. Therefore, we respectfully request that the Committee remove the requirement for identification information on agents of entities that are exempt from the definitions of "corporation" and "limited liability company."

We thank Chairwoman Waters, Ranking Member McHenry and others on the Committee for their leadership on these issues and are confident that H.R. 2513, when modified to address the concerns raised above, will significantly improve the resiliency of our financial system against the threats posed by abuses of anonymous shell companies. We look forward to continuing discussion of these important points, which would allow members of law enforcement access to the information they need to work effectively while minimizing the compliance and other burdens on AIC members, who invest in businesses that create jobs in communities across the country.

Thank you for your consideration.

Respectfully submitted,



Jason Mulvihill
Chief Operating Officer & General Counsel
American Investment Council