

HOUSE JOINT RESOLUTION NO. 58

INTRODUCED BY J. KARJALA

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A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY TO EXAMINE OPTIONS FOR INCREASING TRANSPARENCY IN CORPORATE FILINGS AS A WAY TO PREVENT SHELL CORPORATIONS FROM SHIELDING CRIMINAL ACTIVITIES; AND REQUIRING THAT THE FINAL RESULTS OF THE STUDY BE REPORTED TO THE 67TH LEGISLATURE.

WHEREAS, financial institutions nationally and locally are required to report beneficial owners as a way of detecting money-laundering schemes, but similar provisions do not apply to businesses like unlicensed massage parlors or businesses that in the past have been associated with criminal activities; and

WHEREAS, guidance from the United States Department of the Treasury for the Financial Crimes Enforcement Network (FINCEN) states: "Transparency in beneficial ownership provides highly valuable information that supports law enforcement, tax, regulatory or counterterrorism investigations."

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislative Council be requested to designate an appropriate interim committee, pursuant to section 5-5-217, MCA, or direct sufficient staff resources to examine:

- (1) the intersection of legitimate business registration protections and the need of local and state law enforcement to gain appropriate, timely information for criminal justice investigations;
- (2) what definition of beneficial ownership is the most appropriate for businesses in Montana, taking into consideration the broad range of business registrations from ranches to distillers and options for exemptions from the definition;
- (3) whether requiring expanded information to be filed with the Montana Secretary of State's office can be done without undue burden to businesses to assist with the needs of law enforcement investigations or whether local business licenses might be allowed to obtain the expanded information instead of the state;
- (4) the length of time for record retention from a law enforcement perspective;
- (5) the balance between accurate, updated information and overregulation; and

1 (6) what lessons might be learned from financial institutions' experiences related to suspicious financial
2 dealings.

3 BE IT FURTHER RESOLVED, that the study involve stakeholders including the Secretary of State's
4 Office, the Attorney General's Office, representatives of small businesses and local governments, and other
5 persons interested in finding ways to deter criminal activities by providing appropriate tools for law enforcement
6 yet maintaining the safety of legitimate businesses.

7 BE IT FURTHER RESOLVED, that if the study is assigned to staff, any findings or conclusions be
8 presented to and reviewed by an appropriate committee designated by the Legislative Council.

9 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review
10 requirements, be concluded prior to September 15, 2020.

11 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,
12 comments, or recommendations of the appropriate committee, be reported to the 67th Legislature.

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