RESOLVED, That the American Bar Association supports reasonable and necessary legislation and related regulations to detect and combat money laundering and terrorist financing that would:

(a) require every domestic business entity to designate either (i) a responsible individual who significantly participates in the control or management of the entity, or (ii) a records contact individual with responsibility for obtaining, maintaining, and taking reasonable measures to verify applicable beneficial or record ownership information for the entity, or both, and

(b) provide law enforcement agencies with timely access to adequate, accurate, and timely information regarding the entity’s responsible individual, or the entity’s applicable beneficial or record ownership, or both, in response to a valid subpoena, summons, or warrant; and

FURTHER RESOLVED, That the American Bar Association urges that any legislation and related regulations to detect and combat money laundering and terrorist financing be consistent with the following fundamental principles:

(1) constitutional rights and legitimate confidentiality interests must be protected;

(2) appropriate due process must be provided;

(3) the collection, maintenance, and verification of applicable responsible individual, beneficial ownership, or record ownership information must be an obligation of the entity;

(4) any definition of and reporting threshold for beneficial ownership must be clear, reasonable, and not unduly burdensome;

(5) information concerning an entity’s responsible individual, beneficial ownership, or record ownership, as applicable, should only be available to:
   (i) law enforcement agencies promptly, but only in response to a valid subpoena, summons, or warrant; and
   (ii) financial institutions, but only with the consent of the entity and subject to confidentiality protections when appropriate;
all types of business entity structures, including corporations and limited liability companies, should generally be subject to the same requirements, with appropriate exemptions or variations to recognize differences in entity forms, risk levels, existing regulatory obligations, or other factors;

any penalties for noncompliance must be calibrated to reflect the nature and degree of the noncompliance; and

any new requirements must not undermine the attorney-client privilege, the confidentiality of lawyer-client communications, or the confidential lawyer-client relationship.