



441 G St. N.W.
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B-336653

September 13, 2024

The Honorable Sherrod Brown
Chairman
The Honorable Tim Scott
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Patrick McHenry
Chairman
The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Department of the Treasury, Financial Crimes Enforcement Network: Anti-Money Laundering Regulations for Residential Real Estate Transfers*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of the Treasury, Financial Crimes Enforcement Network (FinCEN) entitled “Anti-Money Laundering Regulations for Residential Real Estate Transfers” (RIN: 1506-AB54). We received the rule on August 28, 2024. It was published in the *Federal Register* on August 29, 2024. 89 Fed. Reg. 70258. The effective date of the rule is December 1, 2025.

According to FinCEN, this rule requires certain persons involved in real estate closings and settlements to submit reports and keep records on certain non-financed transfers of residential real property to specified legal entities and trusts on a nationwide basis, though transfers made directly to an individual are not covered by the rule. FinCEN states that the rule describes the circumstances in which a report must be filed, who must file a report, what information must be provided, and when a report is due. FinCEN further states that these reports are expected to assist the Department of the Treasury, law enforcement, and national security agencies in addressing illicit finance vulnerabilities in the U.S. residential real estate sector, and to curtail the ability of illicit actors to anonymously launder illicit proceeds through transfers of residential real property, which threatens U.S. economic and national security.

Enclosed is our assessment of FinCEN’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to

the subject matter of the rule, please contact Charlie McKiver, Assistant General Counsel, at (202) 512-5992.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive style with a large initial 'S' and a long, sweeping tail on the 'J'.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Andrea Gacki
Director
Financial Crimes Enforcement Network

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF THE TREASURY,
FINANCIAL CRIMES ENFORCEMENT NETWORK
ENTITLED
“ANTI-MONEY LAUNDERING REGULATIONS
FOR RESIDENTIAL REAL ESTATE TRANSFERS”
(RIN: 1506-AB54)

(i) Cost-benefit analysis

The Department of the Treasury, Financial Crimes Enforcement Network (FinCEN) prepared an analysis of the costs and benefits for this rule. See 89 Fed. Reg. 70258, 70277–88. FinCEN estimated that the rule will result in annualized costs of \$538.4 million, using a 7 percent discount rate, and \$538 million, using a 3 percent discount rate. *Id.* at 70288.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

FinCEN certified that this rule will not have a significant economic impact on a substantial number of small entities. See 89 Fed. Reg. 70258, 70288–89.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

FinCEN stated that its cost-benefit analysis satisfies the Act’s analytical requirements. See 89 Fed. Reg. 70258, 70289.

(iv) Agency actions relevant to the Administrative Pay-As-You-Go-Act of 2023, Pub. L. No. 118-5, div. B, title III, 137 Stat 31 (June 3, 2023)

In its submission to us, FinCEN indicated the Act is not applicable to this rule.

(v) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On February 16, 2024, FinCEN published a proposed rule. 89 Fed Reg. 12424. FinCEN stated that they received comments from various interested parties. See 89 Fed. Reg. 70258, 70261. FinCEN responded to comments in the rule. *Id.* at 70261–77.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

FinCEN determined that this rule contains information collection requirements under the Act. See 89 Fed. Reg. 70258, 70289.

Statutory authorization for the rule

FinCEN promulgated this rule pursuant to sections 1829b and 1951–1960 of title 12, and sections 5311–5314 and 5316–5336 of title 31, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

FinCEN stated that this rule is significant under the Order and was reviewed by the Office of Management and Budget. See 89 Fed. Reg. 70258, 70288.

Executive Order No. 13132 (Federalism)

FinCEN did not discuss the Order in this rule.