



**Transparency by Design:  
A Path Towards a U.S. Company Registry with a Single Identifier**

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## About the Program Integrity Alliance

The Program Integrity Alliance (PIA) is a 501(c)(3), non-profit organization working to strengthen integrity in government through data, evidence, and collaboration.

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Ensuring that businesses are legitimate and that their formation is transparent and accountable is essential to safeguarding economic stability and public trust in the financial system. It is also vital to the integrity of public funds, since criminals can easily exploit opaque systems of business formation to steal public funds, launder money, and evade taxes.

### Key Takeaways

- **Fragmented data systems are a structural vulnerability.** Weak disclosure laws, nonstandard business data, and weak coordination between federal and state governments make it difficult to trace ownership or detect risk across jurisdictions.
- **Standardization is essential to prevention.** Harmonized data formats, interoperable identifiers, and cross-government data exchange would allow oversight bodies to detect suspicious networks, improve due diligence, and strengthen fraud prevention capacity.
- **The legal entity identifier (LEI) provides a proven global model.** Created in 2012, the LEI links entities to their owners through a single verifiable code that answers three core questions: *Who is who? Who owns whom? Who owns what?*
- **The LEI alone is insufficient without beneficial ownership data.** While LEIs provide crucial entity identification and corporate hierarchy mapping, they track accounting consolidation relationships, not the natural persons who ultimately own or control companies. A comprehensive solution requires both standardized identifiers and verified beneficial ownership disclosure.
- **A national company registry based on the LEI and supplemented with additional beneficial ownership information, would strengthen integrity, fairness, and trust across the U.S. business ecosystem.** The LEI system and registry could be piloted in a select group of states to drive reform from the bottom-up while building the governance, standards, infrastructure, and capacity for a sustained initiative.

## Contents

<b>Introduction .....</b>	<b>3</b>
<b>How lack of corporate transparency fuels fraud and corruption .....</b>	<b>5</b>
<b>Enablers of opaque ownership transparency and illicit activity .....</b>	<b>6</b>
Weak disclosure laws and regulations .....	7
Nonstandard company data .....	10
Limited Federal-State Data Exchange .....	10
<b>Building trust through the adoption of the LEI .....</b>	<b>12</b>
The global LEI as a foundation for transparency .....	12
The LEI advances corporate transparency despite ownership gaps .....	13
<b>Considerations for implementing a national, LEI-based company registry .....</b>	<b>18</b>
Governance .....	19
Standards .....	22
Infrastructure .....	23
People and Capacity .....	23
<b>Conclusion .....</b>	<b>23</b>

## Introduction

Ensuring that businesses are legitimate, and that their formation is transparent and accountable, is essential to safeguarding economic stability and public trust in the financial system. It is also vital to the integrity of public funds, since criminals can easily exploit opaque systems of business formation. Since the 2008 financial crisis, policymakers, oversight bodies, and civil society have grappled with how best to regulate corporate entities and strengthen accountability in a digital age.

Transparency International U.S. has documented widespread abuse of anonymous companies, noting that in most states it takes more information to obtain a library card than to form a business.<sup>1</sup>

Business formation remains a major channel for fraud and corruption, posing a significant vulnerability for the U.S. government. The current fragmented approach is unsustainable. A coordinated framework, supported by standardized business data across all levels of government, is essential to ensure transparency, prevent abuse, and protect the public interest. Opaque business entities that conceal their true ownership pose serious threats across a range of public interests, including fraud perpetrated against the government, national security vulnerabilities, tax evasion, money laundering and even corruption in the housing sector.

At the root of these concerns is a fragmented state business registration system that collects little information to verify whether companies are legitimate or to identify beneficial owners, resulting in minimal accountability. A beneficial owner is commonly defined as “any individual who directly or indirectly exercises substantial control over a reporting company or owns or controls at least 25 percent of the ownership interests of a reporting company.”<sup>2</sup> In many states, forming a company requires few disclosures, even for those that operate nationally or globally. Some states allow incorporation without any verifiable ownership information, fueling a shadow economy where fraud, corruption, and abuse can flourish. This lack of transparency enables bad actors to create shell companies that operate beyond meaningful oversight or scrutiny.

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<sup>1</sup> Global Financial Integrity. (2019). *The Library Card Project: The ease of forming anonymous companies in the United States*. <https://gfintegrity.org/report/the-library-card-project/>

<sup>2</sup> U.S. Department of the Treasury. (2024). *Beneficial ownership information reference guide*. <https://www.fincen.gov/sites/default/files/shared/BOI-Notice-to-Customers-508FINAL.pdf>

Anonymous companies shield bad actors, nonstandard data obscures patterns, and poor coordination hampers enforcement. The consequences are wide-ranging, including:

- **National security threats.** In defense procurement, the risks are especially acute. GAO has found that companies with hidden owners have secured U.S. military contracts, raising concerns about supply chain integrity, conflicts of interest, and potential infiltration by hostile actors.<sup>3</sup> The problem begins at the state level, where companies are formed with little or no vetting, allowing high-risk entities to enter the federal vendor system undetected.
- **Tax evasion.** Without ownership transparency, companies can be used to conceal assets and income from tax authorities. The Financial Crimes Enforcement Network (FinCEN) and other federal watchdogs have warned that state business registries remain a major blind spot in the U.S. anti-money laundering framework, enabling abuse by domestic and international tax evaders.<sup>4</sup>
- **Money laundering.** Oligarchs, sanctioned individuals, and adversarial governments have taken advantage of weak U.S. corporate formation laws to obscure their financial footprints and launder funds through the purchase of real estate, luxury goods, and sensitive technologies. These risks are exacerbated by state registration systems that impose no obligation to disclose beneficial owners and fail to coordinate with federal enforcement agencies.
- **Housing sector abuse.** In the housing sector, anonymous legal liability corporations (LLC) are routinely used to acquire and rent residential properties, shielding landlords from accountability for code violations, tax delinquencies, and tenant abuse. In New York, lawmakers have drawn attention to the link between concealed ownership and deteriorating housing conditions, as regulators struggle to identify and penalize violators when the owner is hidden behind layers of corporate entities.

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<sup>3</sup> U.S. Government Accountability Office. (2025). *Fraud in Federal Programs* (GAO-25-107143). <https://www.gao.gov/assets/gao-25-107143.pdf>

<sup>4</sup> U.S. Department of the Treasury, Financial Crimes Enforcement Network. (2006). *The role of domestic shell companies in financial crime and money laundering: Limited liability companies*. [https://www.fincen.gov/sites/default/files/shared/LLCAssessment\\_FINAL.pdf](https://www.fincen.gov/sites/default/files/shared/LLCAssessment_FINAL.pdf)

The result is not just financial loss. It is erosion of public trust, especially when those who exploit the system operate with impunity. Solving this problem requires systemic reform: standardizing business data, mandating transparency in ownership, and building a national framework for entity verification that bridges state and federal boundaries.

### How lack of corporate transparency fuels fraud and corruption

GAO estimates that the federal government loses between \$233 billion and \$531 billion annually to fraud—about \$1,500 for every American citizen. In a constrained budget environment with rising interest payments on the national debt, reducing fraud risk should be a top priority.

Anonymous companies play a significant role in this problem. According to GAO, in 2023, more than 168,000 unique companies had active federal contracts or financial assistance, with a combined value approaching \$6.2 trillion.<sup>5</sup> What do we know about these entities, who owns them, and what types of controls are in place to ensure they are entitled to federal assistance, grants, or contracts? The short answer is: not enough.

Before entering into a contract, the government must have reliable information to verify a company's identity and eligibility. Basic information such as a company's name and address is important, but the greater challenge is understanding its corporate hierarchy. Many businesses have complex, opaque ownership structures that can hide risks. For instance, criminals used fictitious companies to exploit the fragmented business registration infrastructure across the U.S. government during the pandemic, stealing hundreds of billions of dollars in the process. With recent advances in artificial intelligence (AI), particularly generative AI, it has become even easier to create fake businesses with convincing details.

The implementation of major pandemic relief laws, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act, amplified fraud risks and demonstrated how the absence of clear entity identification and verification data creates a perfect environment for abuse. For example, some programs relied on Employer Identification Numbers (EINs) issued by the Internal Revenue Service (IRS) for tax reporting purposes as the primary identifier for program management. EINs, however, are intended for use as a tax reporting identifier and do not have adequate

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<sup>5</sup> U.S. Government Accountability Office. (2025). *Fraud in Federal Programs* (GAO-25-107143). <https://www.gao.gov/assets/gao-25-107143.pdf>

validations in place to support program management. Moreover, the use of EINs for program management during the pandemic created data quality issues. For example, the Small Business Administration's (SBA) Office of Inspector General (OIG) found that:

- Multiple businesses were associated with a single EIN.
- Some EINs did not align with IRS data structures or digits.
- Businesses fraudulently created EINs after the enactment of the CARES Act, but applied for relief funds as if they had been incorporated earlier.

In one example, the SBA's OIG uncovered a case in which criminals used stolen or falsified EINs and other business information to submit 150 fraudulent loan applications. The fraud actors used these fictitious businesses to steal over \$18 million in funds for the Paycheck Protection Program and COVID-19 Economic Injury Disaster Loan program,<sup>6</sup> with which they purchased luxury goods and property. With improved entity identification and validation standards, much of this fraud could have been prevented. In response, government agencies have begun taking steps to share and validate data more effectively to reduce such risks.

### Enablers of opaque ownership transparency and illicit activity

Weak ownership disclosure laws, fragmented data standards, and limited federal-state coordination are deep-rooted enablers of fraud and financial crime. These weaknesses have fueled the rapid growth of anonymous companies (i.e., legal entities with no verifiable ownership information) creating systemic blind spots that criminals exploit to hide their identities, move illicit funds, and abuse public systems. Anonymous companies allow bad actors to operate in the shadows. There are three main enablers of this problem:

1. **Weak disclosure laws and regulations.** Companies can be formed quickly, often through registration agents or online systems that collect little or no beneficial ownership data. Once established, they can open bank accounts, receive contracts, apply for loans, evade taxes, finance illicit activity including human trafficking, and move money across jurisdictions with minimal scrutiny. Because their true owners remain hidden, it is difficult for law

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<sup>6</sup> Office of Inspector General, U.S. Small Business Administration. (2023). *COVID-19 pandemic EIDL and PPP loan fraud landscape* (Report 23-09). <https://www.sba.gov/sites/default/files/2023-06/SBA%20OIG%20Report%2023-09.pdf>

enforcement, regulators, watchdogs, or journalists to follow the money or hold perpetrators accountable.

2. **Nonstandard company data.** Inconsistent and incomplete data make it difficult to detect fraud and financial crime across systems. Each state maintains its own company registry, with differing definitions for legal entity types, inconsistent address formats, varying data completeness, and limited validation processes. Some states do not collect any ownership data, while others rely on self-reported information that is not verified against authoritative records. This nonstandard and fragmented data landscape makes it hard to link entities across jurisdictions, identify duplicates or circular ownership structures, or conduct effective risk analysis. When company data is inconsistent, unverified, or siloed, it becomes a breeding ground for misuse.
3. **Limited federal–state data exchange.** Federal agencies manage massive disbursement systems for grants, contracts, and emergency aid, but often rely on outdated or incomplete entity information. States, meanwhile, serve as the front door of business registration, but have no standardized way to share entity data with regulators or federal oversight bodies. Without shared identifiers, data pipelines, or validation protocols, federal agencies cannot effectively cross-check whether an entity is legitimate, whether it has received funding under different names, or whether it is linked to prior fraud or other criminal activity that creates risk. During the COVID-19 pandemic, this disconnect allowed billions in relief funds to flow to companies that did not exist or existed only on paper.

Together, these three enablers form a dangerous triad. The following sections examine each one in greater detail and illustrate how these systemic weaknesses enable fraud and financial crime.

### *Weak disclosure laws and regulations*

It has never been easier to create a business in the United States, especially in states where little information is required to do so. This can create a “business-friendly” environment by limiting barriers to business formation, but the opacity these laws create can fuel illicit activity, as detailed above. All states require baseline corporate information at formation and continued updates via periodic filings. However, substantial variation exists in whether business officers are disclosed, the frequency of filings, and the inclusion of transparency or financial

disclosures. These differences reflect each state’s regulatory approach and policy priorities.<sup>7</sup> Most states do not collect beneficial ownership data on corporations.<sup>8</sup>

In April 2025, the National Association of Secretaries of State issued a survey of business formation requirements. The survey found that all 50 states require corporations to file foundational “Articles of Incorporation” (AOI), or similarly named documents, with essential information including corporation name, address, registered agent name and address, incorporator details and the number of authorized shares. Fifteen states require listing initial officers and/or directors in the formation documents. States like Florida, California, and Nevada request detailed incorporator or officer information (e.g., names, addresses, business titles) in companies AOI. Most states also require mandatory periodic filings including annual reports or biennial filings.

While states maintain control of their own state registration laws and requirements, the weaknesses in some state-managed protocols are apparent. For example, in recent years Wyoming has become an epicenter for anonymous shell companies and opaque corporate structures. Based on analysis conducted by OpenCorporates, a public-benefit enterprise that works to increase and promote transparency of businesses globally, Wyoming has grown company incorporations faster than any other state. With a 42% increase since 2016, Wyoming has surpassed Delaware for the first time with 378 new companies per 1,000 adults, compared with the average of new companies in the rest of the U.S. of 36 per 1000 adults. That’s 950 percent more companies per adult than the rest of the country.<sup>9</sup>

Wyoming’s rapid growth in business formations is tied to the rise of registered agents—firms that allow companies to exist on paper without any real presence or operations in the state. Wyoming permits the creation of companies that list only a registered agent as their representative, enabling a flood of new entities to form under a veil of secrecy. See Box 1 below for more details on Wyoming’s experience and why it is illustrative of the need for greater transparency and consistent standards across states to prevent illicit activities.

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<sup>7</sup> National Association of Secretaries of State. (2024). *Summary of information collected from corporations and LLCs*. <https://www.nass.org/sites/default/files/surveys/2025-04/business-formation-requirements.pdf>

<sup>8</sup> National Association of Secretaries of State. (2025). *NASS review of key business entity information collected by states*. <https://www.nass.org/sites/default/files/company%20formation/nass-business-entity-info-collected-june2019.pdf>

<sup>9</sup> OpenCorporates. (2024, December 4). *Wyoming overtakes Delaware for per capita company incorporations*. <https://blog.opencorporates.com/2024/12/04/wyoming-overtakes-delaware-for-per-capita-company-incorporations/>

*Box 1: Wyoming as a hub of U.S.-based shell companies*

The mechanics of this system rely on the growth of professional registration agents, which are often law firms or incorporation services that can list their own addresses as the official headquarters for dozens, hundreds, or even thousands of companies. In one Cheyenne, WY office building, over 2,000 businesses were registered to a single suite, managed by a company that offered “confidential incorporation” services.

Through registered agents, companies often list fake office addresses, misstate business purposes, or provide misleading information about their structure and operations. While federal law enforcement has flagged these practices as a national security and money laundering concern, there is no routine validation of beneficial ownership, no requirement to verify the legitimacy of business locations, and little oversight of the registered agents themselves.

The problem is compounded by the fact that Wyoming’s lax requirements are marketed as a feature intended to attract more commerce to the state. Websites promote the state as an ideal destination for “privacy-focused” businesses, promising that owners’ names will never appear in public databases and that out-of-state and international individuals can easily create companies within minutes. Despite growing scrutiny, reform has been slow. Attempts to strengthen beneficial ownership reporting and empower regulators have faced political resistance, often framed as a defense of business freedom and state sovereignty.

Wyoming’s permissive business registration laws create a veil of secrecy that allows registered agents to form companies with fictitious addresses, false contact details, and no verified ownership information. The full extent of illicit activity enabled by these practices is unknown, and lawmakers remain divided over whether the state’s business-friendly rules encourage criminal behavior. Reform may be on the horizon: in spring 2025, the Wyoming legislature’s Joint Corporations, Elections and Political Subdivisions Committee formed a business fraud working group that drafted four bills for consideration later this year. The effort was led by Secretary of State Chuck Gray, whose office recently dissolved three Wyoming entities identified by the FBI as instruments of North Korea.<sup>1</sup>

<sup>1</sup>Wyofile. (2025). *Bad Actors and Abuse Spur Wyoming Lawmakers to Consider Tighter Business Regulations*. <https://wyofile.com/bad-actors-and-abuse-spur-wyoming-lawmakers-to-consider-tighter-business-regulations/>

### *Nonstandard company data*

In the current regulatory environment, entities of all sizes must navigate a maze of reporting requirements to register with federal, state, and local governments. Companies that contract with or support government agencies face even more requirements to compete for federal procurements and grants. A simple search of public databases shows that a large company can have more than 200 identification numbers tied to its legal entity status across federal and state sources. This occurs because there is no nationally recognized identifier, and existing ones rely primarily on addresses. Fraudsters exploit this weakness by mass-registering entities at the same location, inventing fake addresses, or reusing existing ones to create layers of opacity.

Without stronger validation and linkage to beneficial ownership data, the system enables fraud rather than preventing it. Moreover, fragmented data is costly to maintain, time consuming, limits transparency and creates confusion when trying to conduct oversight and due diligence. While these processes and requirements were originally well-intentioned, a comprehensive data strategy is now needed to streamline entity registration, enhance transparency, and strengthen accountability.

### *Limited Federal-State Data Exchange*

Over the past decade, efforts to exchange data to prevent fraud and improper payments have advanced for federally funded programs. The Department of Treasury's (Treasury) *Do Not Pay System* is a U.S. government-wide data analytics and verification platform operated by Treasury's Bureau of the Fiscal Service to help federal agencies and federally funded state administered programs prevent improper payments, detect fraud, and reduce waste before disbursing funds. The Treasury reported that their data-driven approach to fraud and improper payment prevention enabled the prevention and recovery of over \$4 billion in fraud and improper payments last year. *Do Not Pay* leverages data from across the government to match entities before a payment is made. The data sets used in the system include records from deaths, excluded parties, sanctions, and prisoner databases. Treasury has requested access to other databases that could substantially improve fraud risk, but has faced legal barriers to gaining access to these data.

While systems like *Do Not Pay* demonstrate the potential of data sharing within the federal government, similar collaboration between federal and state agencies remains limited, leaving critical gaps that enable fraud and corruption. Last year,

the U.S. Department of Labor (DoL) and Treasury launched a data-exchange partnership that pulls data from across federal agencies and makes it accessible to state governments administering federal funded programs. “The data-sharing partnership provides state unemployment agencies with access to the *Do Not Pay Working System* data sources and services through the Unemployment Insurance (UI) Integrity Data Hub. Maintained by the National Association of State Workforce Agencies’ UI Integrity Center, the hub is a centralized, multistate data-matching system used by state unemployment agencies to aid fraud prevention and improper payment reduction efforts.”<sup>10</sup> This data sharing partnership holds promise but will only see value if the data services are used. The President’s FY25 Budget Request includes steps to require states to cross-match against system(s) to prevent, detect and recover improper and fraudulent payments.<sup>11</sup> DoL and Treasury continue to seek approval to connect other high value data sources from across the government in a secure way to reduce risk.

Despite these efforts, such initiatives remain the exception rather than the norm. Most federal and state systems still operate in silos, lacking the shared identifiers, legal frameworks, and technical infrastructure needed for continuous, real-time data exchange. As a result, opportunities to prevent fraud are often missed, and oversight depends on fragmented and outdated information. As discussed below, integrating the LEI into an open, standardized exchange across all levels of government would help close these gaps by ensuring consistent, verifiable information about every entity operating in the United States. Federal and state leaders could establish a common framework grounded in shared principles, defining the essential data elements required for each entity. Such a system would enable secure, reliable data sharing that links verified beneficial ownership, validated addresses, and complete corporate filings, providing a powerful tool for preventing fraud, strengthening oversight, and restoring public trust.

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<sup>10</sup> U.S. Department of Labor. (2024, May 2). *US Department of Labor, Treasury Department collaborate to reduce improper payments, strengthen integrity of unemployment insurance program.* <https://www.dol.gov/newsroom/releases/eta/eta20240502-1>

<sup>11</sup> U.S. Department of Labor, Employment and Training Administration. (2024). *Building resilience through UI modernization: Action area 4 – Strengthen program integrity.* [https://oui.doleta.gov/unemploy/pdf/transfplan/Building\\_Resilience\\_Action\\_area4.pdf](https://oui.doleta.gov/unemploy/pdf/transfplan/Building_Resilience_Action_area4.pdf)

## Building trust through the adoption of the LEI

### *The global LEI as a foundation for transparency*

For over a decade, transparency advocates, civil society and data experts across the financial sector have acknowledged the need for a global identifier for legal entities. In 2011, the Federal Reserve Board staff issued a working paper entitled “Creating a Linchpin for Financial Data: Toward a Universal Legal Entity Identifier.” This working paper described the creation of a structured identification system that assigns each entity a unique code, captures its legal connections to parent companies and subsidiaries, tracks changes in those relationships over time, and rapidly integrates information on newly formed entities. “A universal, standard LEI would likely provide a “public good” in that it could permit cheaper and more efficient analysis for all interested parties. It could also facilitate analysis that is currently incredibly difficult due to the plethora of proprietary entity identifiers.”<sup>12</sup>

To establish the Global LEI, the Financial Stability Board (FSB)—an international body that monitors and makes recommendations about the global financial system—created the Regulatory Oversight Committee (ROC). The ROC is a group of more than 65 financial markets regulators and other public authorities and 19 observers from more than 50 jurisdictions. The ROC created a 20-digit alphanumeric code based on the ISO 17442 standard that uniquely identifies legally distinct entities. The ROC oversees the Global Legal Entity Identifier Foundation (GLEIF), a supranational, non-profit organization established in 2014 to support the implementation and use of the LEI. GLEIF is headquartered in Basel, Switzerland.<sup>13</sup>

GLEIF does not issue LEIs directly. Instead, it acts as the global regulator and coordinator, accrediting Legal Operating Units to issue LEIs, ensuring data integrity, managing infrastructure, and providing governance and public access. The GLEIF also operates the Global LEI Index, which is a central repository of all the current and historical data that provides an open standardized public source of data. Box 2 illustrates the rapid growth of global LEI adoption in recent years.

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<sup>12</sup>Board of Governors of the Federal Reserve System. (2011). *Creating a linchpin for financial data: Toward a universal legal entity identifier*. <https://www.federalreserve.gov/econres/feds/creating-a-linchpin-for-financial-data-toward-a-universal-legal-entity-identifier.htm>

<sup>13</sup> Global Legal Entity Identifier Foundation. (2025). *This is GLEIF*. <https://www.gleif.org/en/about/this-is-gleif>

### *Box 2: LEI Global Adoption*

A 2024 report from the Financial Stability Board stated that since 2019 the number of active LEIs has increased by 84%, from 1.4 million to 2.6 million worldwide (September 2024).<sup>1</sup> This rapid growth was largely driven by China, following implementation of its financial sector strategy in 2020, which made adoption of the LEI mandatory. U.S. regulators require or encourage LEI use in critical reporting areas: derivatives, private funds, broker-dealer trades, and systemic risk forms. However, no country globally has implemented a nationwide implementation strategy to maximize the cross-sectoral benefits of the LEI. Such a common identifier could help reduce the fraud and financial crime that the current siloed and opaque system in place today helps facilitate.

<sup>1</sup> Financial Stability Board. (2024). *Implementation of the Legal Entity Identifier: Progress report*. <https://www.fsb.org/uploads/P211024-2.pdf>

The LEI answers three basic questions: who is who, who owns whom, and who owns what. The answers to these questions represent the fundamental elements for establishing legal relationships. The LEI requires the following core data which is similar to data collected by the federal and state governments and follows the International Organization for Standardization (ISO) 17442 standard:

- The official name of the legal entity as recorded in the official registers.
- The registered address of that legal entity.
- The country of formation.
- The codes for the representation of names of countries and their subdivisions.
- The date of the first LEI assignment; the date on which the legal entity first established; the date of last update of the LEI information; and the date of expiry, if applicable.<sup>14</sup>

In October 2024, the ISO expanded the standard to specify how LEIs can be embedded in digital credentials. The resulting verifiable LEI, vLEI, makes an LEI instantly and cryptographically verifiable in digital transactions, giving users confidence in the identity of an organization and its authorized representatives.

### *The LEI advances corporate transparency despite ownership gaps*

The LEI system includes reporting of an entity's direct accounting consolidating parent as well as its ultimate accounting consolidating parent to help understand

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<sup>14</sup> Global Legal Entity Identifier Foundation. (2025). *Level 1 data: Who is who*. <https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-1-data-who-is-who>

interconnected corporate hierarchies. This “Level 2” data identify which legal entities consolidate a company’s financial statements, providing insights into group structures not typically captured in most federal or state entity registration systems. However, these relationships are defined by accounting consolidation standards, not by legal or beneficial ownership. As a result, the LEI reveals how legal entities are organized within broader networks but it does not directly connect entities to individual beneficial owners. Nonetheless, in the U.S., use of the LEI would be a marked improvement over the current system that fails to capture verify interconnected corporate structures as well as beneficial ownership information.

The U.S. federal government continues to operate with more than 50 different identifiers across federal agencies.<sup>15</sup> These include:

- **Unique Entity Identifier (UEI).** A 12-character alphanumeric code generated by SAM.gov beginning April 4, 2022, replacing the DUNS number. It is used for entities applying for or registered to receive federal contracts, grants, and loans. The UEI includes the name of the awardee’s or recipient’s ultimate parent.
- **Commercial and Government Entity (CAGE) Code.** A 5-character alphanumeric code assigned by the Defense Logistics Agency, primarily used for entities, especially defense contractors, interacting with the Department of Defense and supply systems of the North Atlantic Treaty Organization.
- **Employer Identification Number (EIN).** A 9-digit tax identification number issued by the IRS for tax administration, employer reporting, banking, and various federal filings.

Ownership verification processes typically rely on address matching and may require additional documentation when discrepancies arise.<sup>16</sup> This weakly controlled, largely self-managed entity identification system enables fraud and identity obfuscation, as bad actors can easily obtain multiple identifiers. Effective unique entity identifiers must include strong data quality controls and the ability to

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<sup>15</sup> Data Foundation. (2018). *Envisioning comprehensive entity identification for the U.S. federal government*. <https://datafoundation.org/news/reports/508/508-Envisioning-Comprehensive-Entity-Identification-for-the-US-Federal-Government>

<sup>16</sup> U.S. General Services Administration. (2022). *SAM.gov entity validation: Integrated Award Environment stakeholder forum*. [https://www.gsa.gov/system/files/Stakeholder\\_Forum\\_-\\_Validation\\_-\\_August\\_3%2C\\_2022.pdf](https://www.gsa.gov/system/files/Stakeholder_Forum_-_Validation_-_August_3%2C_2022.pdf)

detect relationships between entities, enforced through regular reporting, legal compliance, audits, and public oversight.

### Benefits of corporate and beneficial ownership transparency

The Corporate Transparency Act (CTA), enacted in January 2021, represents the most significant federal effort to unmask anonymous companies and bring beneficial ownership into the regulatory framework. Originally, the CTA required most companies formed or registered to do business in the United States to report their beneficial ownership information to the Treasury's Financial Crimes Enforcement Network (FinCEN). FINCEN is responsible for managing the beneficial ownership reporting system.

Initially, FinCEN planned to establish a centralized beneficial ownership registry where all companies, including those formed domestically, would report annually on their beneficial ownership structure. However, in March 2025, FinCEN significantly narrowed the CTA's reporting requirements by issuing an interim final rule that exempts entities previously classified as "domestic reporting companies" from the CTA's reporting obligations. This revised rule narrows the definition of "reporting companies" under the CTA to include only foreign entities registered to do business in the U.S., thereby exempting all U.S.-formed companies and their beneficial owners from beneficial ownership reporting requirements.<sup>17</sup>

This change may ease regulatory burdens by concentrating reporting obligations on foreign entities, it significantly restricts the capacity to monitor and centrally track beneficial ownership of U.S. companies through the CTA registry. This represents a major recalibration of the CTA's original intent and undermines the goal of comprehensive disclosure of domestic ownership.

While beneficial ownership reform at the federal level stalls, New York offers an illustrative example of the potential for states to move forward with their own transparency initiatives. Box 3 describes the enactment of New York's LLC Transparency Act, which aims to curb the misuse of anonymous companies.

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<sup>17</sup> U.S. Department of the Treasury, Financial Crimes Enforcement Network. (2025, March 25). *Beneficial Ownership Information Reporting Requirement Revision: Interim Final Rule*. *Federal Register*, 90(58).

*Box 3: The New York LLC Transparency Act and state-led initiatives to enhance beneficial ownership transparency*

The New York LLC Transparency Act, signed into law in December 2023 and taking effect in January 2026, aims to unmask the true individuals behind LLCs operating in New York.<sup>1</sup> This legislation represents a major shift toward greater corporate accountability at the state level. It aligns New York with the national push for transparency under the CTA while going further in some areas, including its annual reporting requirement and its mandate for exempt companies to file formal attestations. By closing loopholes and increasing oversight, the law is intended to curb the misuse of anonymous LLCs and strengthen trust in New York's business and regulatory environment.

The New York LLC Transparency Act was passed in response to growing concerns about the misuse of anonymous LLCs to shield illicit activity, obscure ownership, and evade accountability. For years, New York, like many states, allowed individuals to create LLCs without disclosing who actually owned or controlled them. Investigative reporting and advocacy from anti-corruption groups highlighted how easily bad actors could exploit the system, prompting lawmakers to act. It requires both newly formed and existing LLCs, whether domestic or foreign, to disclose their beneficial owners to the New York Department of State. Beneficial owners are defined as individuals who own or control at least 25 percent of the company or exercise substantial control over it. Entities must submit identifying information for these individuals, including names, addresses, birthdates, and a government-issued ID number.

In discussions with the author, a New York Assemblymember described how politicians rallied for passage of the law in front of a Mailboxes, Etc. location because a P.O. Box at the that location was the only information the state had about a landlord it was doing business with. The assemblymember added that there were hundreds of businesses registered with P.O. boxes at this particular Mailboxes, Etc. location, highlighting how little accountability the current situation allowed for.

The NY law also requires annual filings from all covered LLCs to ensure ownership information remains current. This aligns with the original requirements of the CTA, but goes beyond federal requirements as revised in the interim final rule, which only mandate updates when changes occur. Importantly, while the act mandates disclosure, it does not make this ownership information publicly available. Instead, the data will be held in a confidential database accessible only by government agencies, courts, or with the consent of the beneficial owner. This compromise emerged from a debate between those advocating for full transparency and those concerned about privacy and safety. It offers an option for those concerned about maintaining privacy while enhancing integrity.

<sup>1</sup> New York State Legislature. (2023). *New York LLC Transparency Act* (S.995B/A.3484A). <https://nyassembly.gov/leg/?bn=A03484&term=2023>

The U.S. needs a more transparent system for tracking businesses and beneficial ownership, particularly in light of efforts to undermine provisions outlined in the CTA. Criminals exploit the lack of transparent information on beneficial owners to commit financial crimes, including money laundering, tax evasion, and terrorist financing. A centralized accessible beneficial ownership registry, underpinned by the LEI and addressing data gaps concerning natural persons, would bring trust, clarity, and accountability to the business ecosystem.

While part of the intent of the CTA was to formalize a centralized beneficial ownership registry, access to that registry is restricted to authorized users (e.g., law enforcement agencies, regulators, and financial institutions). A public registry, including the LEI and beneficial ownership information, would serve a complementary purpose of empowering journalists, civil society, watchdogs, and the public to follow the money and expose misconduct. It would also make it easier for honest businesses to prove their legitimacy and compete on a level playing field.

Additionally, a national company registry would provide oversight bodies another way to protect taxpayer dollars and fulfill their missions. A recent report from GAO surveyed the Inspectors General (IG) community and found that beneficial ownership data would be valuable to their criminal investigations. According to GAO, "When information is unclear about the identity of the person who ultimately owns or controls a company that is participating in federal programs or operations, there is a heightened risk of procurement-, grant-, and eligibility- related fraud."<sup>18</sup>

GAO found that a registry could help IGs by giving them access to beneficial ownership information in one place, making it easier to spot links between individuals or entities involved in complex fraud investigations. One member of the IG community recounted an investigation where uncovering the real owner within a company's hierarchy took months of sifting through scattered records and public filings, only to reveal that the listed owner was not the actual beneficial owner.

As this example illustrates, a nationally-implemented company registry would eliminate the patchwork of incomplete, inconsistent, and opaque business data that currently hinders enforcement, financial oversight, and trust in the corporate system. It would allow federal agencies to verify entities in real time when distributing hundreds of billions in grants and contracts each year, reducing fraud and duplicate payments. State and local governments could check whether

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<sup>18</sup> U.S. Government Accountability Office. (2025). *Fraud in Federal Programs* (GAO-25-107143). <https://www.gao.gov/assets/gao-25-107143.pdf>

vendors are legitimate, connected to previously penalized actors, or operating under circular ownership structures. For small businesses and legitimate entrepreneurs, the system would reduce the burden of redundant documentation and strengthen trust in the legal and financial ecosystem.

### Considerations for implementing a national, LEI-based company registry

At its core, a company registry based on the LEI and incorporating beneficial ownership information would not be a single, centralized database controlled by the federal government. Rather, it would be a federated, interoperable network of state and federal systems built on shared standards and open data formats. States would continue to register and regulate businesses, but would do so using common tools, schemas, and validation protocols that feed into a publicly accessible national layer of entity information. This structure respects federalism while addressing a critical gap: the inability to reliably know who is behind the businesses receiving government funds, opening bank accounts and signing contracts. Box 4 highlights the benefits of such an approach for U.S. states, according to OpenCorporates.

#### *Box 4: The benefits of standardized company registration data for states*

OpenCorporates examined the many potential benefits for states. When states publish their company registration data in a standardized, machine-readable, and open format, the quality of that data improves. Moreover, they are more likely to spot and correct errors because more people can see and use the data. States often pay high fees, directly or indirectly, to acquire “official” company data or rely on proprietary, “black box” datasets.

Use of open data reduces those costs by allowing more competition, fewer intermediaries, and direct access. Also, having access to all relevant data helps state governments better enforce tax collection, regulation, licensing, and law enforcement, since current fragmented or restricted data causes missed revenue and delayed or incomplete oversight.<sup>1</sup>

<sup>1</sup> OpenCorporates. (2020). *U.S. company data: State of the nation 2020*. <https://blog.opencorporates.com/wp-content/uploads/2020/01/access-to-company-data-in-the-us-v2.pdf>

The registry could include core information about each entity, including its legal name, status, registration jurisdiction, formation date, and beneficial ownership structure, and include the LEI for each entity. It would link that data to other relevant sources, such as federal grant eligibility, tax compliance status, and sanctions lists. As discussed, it would enable real-time verification by a wide range of stakeholders,

including procurement officers, regulators, law enforcement, financial institutions, oversight bodies, civil society organizations, and the public. Over time, it would also allow for advanced analytics to identify shell companies, fraud rings, and ownership networks that span across states or countries.

In this vision, the registry is not just a technical product; it is a public good. It signals that the U.S. takes seriously the integrity of its markets, the accountability of its corporate actors, and the role of transparency in democratic governance. It is the digital infrastructure that would underpin fair commerce, safe investment, and effective government in the 21st century. There are four key components to implement this vision for a company registry, including the following:

1. **Governance.** The leadership and decision-making structure that brings together federal and state officials with advisors from civil society, oversight bodies, financial institutions, and business entities.
2. **Standards.** The common data definitions and specifications that leverage the global LEI to ensure consistent entity identification and interoperability.
3. **Infrastructure.** The technical platforms built through three-state pilots to aggregate standardized data into a prototype registry.
4. **Capacity.** The training programs and playbooks that equip government staff to implement reformed business formation processes.

### *Governance*

The governance body would establish a vision and shared goals and principles for the reimagined entity registration and corporate data infrastructure that leverages the LEI for public sector benefit. The initial vision put forward in this paper would be the creation of a secure, transparent, and scalable entity identification system that ensures every business operating in the U.S. can be uniquely and reliably verified from the moment of registration. By integrating the LEI and beneficial ownership reporting into the state business formation process and extending their use across federal funding and oversight programs, this effort will close long-standing gaps in entity transparency, public accountability, and financial integrity. The goal is not just a technical upgrade, but a public infrastructure shift that strengthens trust in the business ecosystem and improves intergovernmental coordination.

The governance body would provide leadership to further shape this vision and anticipate and address issues related to scope, implementation, and alignment with existing efforts. For instance, a new centralized beneficial ownership registry based on LEIs would need to account for what FinCEN already collects under the

CTA, recognizing limitations imposed by the interim rule as well as constraints on public access. In addition, the governance body would address questions around balancing transparency with privacy, acknowledging the policy and implementation challenges inherent in collecting beneficial ownership information. The governance body could determine which data should be made publicly available and which should remain restricted to official government use. Resolving such questions at the governance level would be essential to building public trust and ensuring the registry's long-term success. Box 5 explores potential entities that could take part in the governance of the initiative.

*Box 5: Potential stakeholders leading and contributing to the governance structure*

The success of the initiative requires sustained and committed support from a range of actors that would have a vested interest in reform. These actors span federal, state, and local governments, as well as industry and civil society. A nonprofit coordinating body could manage strategy development and convene the governance body, with federal and state leadership holding decision-making authority and external experts providing advisory input.

**Federal government entities:**

- Financial Crimes Enforcement Network (FinCEN): Lead authority on beneficial ownership data under the Corporate Transparency Act.
- Bureau of the Fiscal Service / Payment Integrity Center of Excellence (PICOE): Brings deep expertise in improper payment prevention, risk analytics, and integration with the Do Not Pay system.
- Internal Revenue Service (IRS): EIN issuance and tax ID validation.
- General Services Administration (GSA) – Integrated Award Environment / SAM.gov: Oversees entity validation and Unique Entity Identifiers (UEIs). Key to aligning federal procurement with the LEI framework.
- U.S. Government Accountability Office (GAO): Provides program oversight and evaluation, advising on fraud reduction benchmarks.
- U.S. Securities and Exchange Commission (SEC): Oversees corporate reporting and financial disclosure alignment with transparency regimes.
- Federal Trade Commission (FTC): Brings expertise in corporate fraud enforcement and privacy compliance.

*Box 5: Potential stakeholders leading and contributing to the governance structure (continued)*

- U.S. Securities and Exchange Commission (SEC): Oversees corporate reporting and financial disclosure alignment with transparency regimes.
- Federal Trade Commission (FTC): Brings expertise in corporate fraud enforcement and privacy compliance.
- Small Business Administration (SBA): registration and funding eligibility for entrepreneurs.

**State and local government entities:**

- National Association of Secretaries of State (NASS): Represents officials overseeing business registration in most states.
- National Association of State Chief Information Officers (NASCIO): Provides IT and cybersecurity leadership from the states.
- Three Pilot State Secretary of State Offices: Represent diverse legal and technical models.
- State Attorneys General or Fraud Control Units: Ensure enforcement and public integrity mechanisms are connected to the system.
- Local Government Officials (e.g., city controller or procurement officer): Provides insight into data use in municipal operations.

**Civil society organizations and subject matter experts:**

- Global Legal Entity Identifier Foundation (GLEIF): Oversees the international LEI framework and ensures global interoperability.
- Open Corporates or similar organizations: Provide expertise in open data, transparency, and usability.
- Leading Transparency Experts: Representatives from the FACT Coalition, Open Ownership, Transparency International
- Civic Technology Experts: Brings agile development expertise and supports open-source development.
- Academic Experts: Advise on ethics, privacy, and governance from institutions.
- Privacy and Civil Liberties Advocates: Ensure the system upholds privacy standards and legal protections.
- Business Representatives: Provide input from corporate interests.
- Standards Experts: Support interoperability and metadata quality

### *Standards*

A core component of the development of a national company registry would be to create common standards for data and how information is exchanged across underlying processes and systems. Data standards are vital so that complex structures can formally agree on specifications for how data is structured, labeled, formatted, and exchanged to ensure consistency, accuracy, interoperability, and usability across systems and organizations. In this context, the data standards would integrate LEIs and beneficial ownership data, and define the rules and formats for capturing, validating, storing, and sharing information about legal entities, their ownership structures, and their business registration details.

To begin the process, a working group consisting of stakeholders in Box 4 above could examine the existing data in key domains to identify all the current sources and the authoritative data source for a new standard. Key business domains would include the following:

- **State business registration data.** These data vary widely across jurisdictions. For example, Wyoming and Delaware permit anonymous filings through agents, whereas New York now requires beneficial ownership disclosures under its LLC Transparency Act.
- **Federal entity identifiers.** This includes identifiers like the UEI from SAM.gov described above, which have the entity name, address, and purpose, but lack consistent beneficial ownership data and are based on commercial validation sources like Dun & Bradstreet.
- **Global LEI records.** Maintained under ISO 17442, they capture both entity identity and corporate ownership relationships, validated through Local Operating Units (LOUs) and renewed annually. Unlike most U.S. systems, LEIs link parent–subsidiary hierarchies, enabling financial oversight across jurisdictions.
- **Beneficial ownership data.** As discussed, the LEI's Level 2 data reveals corporate hierarchies but does not identify the natural persons who ultimately own or control entities. Integrating verified beneficial ownership information into the registry would be essential to connect legal entities to the individuals exercising substantial control or holding significant ownership stakes.

The working group could create a data schema, validation rules, and transformation pipelines that map jurisdiction–specific fields into a standardized format. The goal would be to limit the number of process or data infrastructure

changes and allow for the mapping of existing data to a common open data standard based on the LEI and complemented by beneficial ownership information collected by states during company registration.

### *Infrastructure*

Unlike the beneficial ownership registry maintained by FINCEN, the LEI-based company registry would not be a single database controlled by one agency. Instead, it would be a distributed, interoperable system in which each state retains control over business formation and regulation while participating in a federated architecture of data-sharing agreements, APIs, and common identifiers like the LEI. Rather than imposing a top-down federal mandate, this approach would leverage state authority and innovation while building shared infrastructure that converges into a federated national data broker aggregating data from state registries based on defined data standards and schemas.

Beneficial ownership data would be linked at the point of registration and updated over time, enhancing transparency and oversight for stakeholders receiving public funds, engaging in commercial contracts, or moving money through financial institutions. This open-source system, which could be developed and validated through a three-state pilot, could become the connective tissue that allows each state to modernize its own systems while contributing to a standardized, verifiable, and up-to-date national view of corporate entities and their ownership structures.

### *People and Capacity*

For any technology transformation, people are the most important component. Training the workforce to use new entity identification standards and the national registry requires more than technical instruction. It involves building a culture of data responsibility, legal literacy, and intergovernmental collaboration. The goal is to equip public servants, registration agents, analysts, and IT professionals with the knowledge, tools, and confidence to implement and sustain a modern, interoperable, and secure system. The training effort must begin with a clear articulation of why this system matters.

## **Conclusion**

The United States stands at a crossroads. Weak disclosure laws, fragmented business data, and the absence of a coordinated national framework have created systemic vulnerabilities that criminals exploit with ease. Billions of dollars in taxpayer funds are siphoned off through fraudulent entities that hide in plain sight,

enabled by outdated infrastructure and a lack of transparency in how we register and verify businesses operating within our economy. At the same time, honest entrepreneurs and government agencies alike struggle with inefficiencies, redundancy, and risk because they cannot access a unified, trustworthy picture of who owns and controls legal entities.

A national, public company registry that includes LEIs and beneficial ownership information is not just a technical solution, it is a democratic imperative. It would bring coherence to a fractured system, empower law enforcement, reduce waste and fraud, and build public trust in the institutions that govern our economic lives. It would modernize the public infrastructure that underpins financial integrity, fair competition, and equal access to opportunity. And it would do so by respecting state sovereignty while establishing a shared, open, and verifiable layer of truth about the corporate actors who benefit from the privileges of incorporation in the U.S.

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## Citation

Edwards–Holmes, A. (2025, December). *Transparency by Design: A Path Towards a U.S. Company Registry with a Single Entity Identifier*. Program Integrity Alliance.

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## Acknowledgements

We would like to thank the following individuals and organizations for their contributions to this report: Emily Gallagher, Assemblymember, District 50, New York State Assembly; Scott Greytak, Director of Advocacy, Transparency International U.S.; Erica Hanichak, Deputy Director, FACT Coalition; Jenny Rhone, former Deputy Inspector General, USDA, and former Executive Director, Pandemic Response Accountability Committee; Matt Rumsey, Director of Research, Center for Open Data Enterprise; Chris Taggart, Founder, OpenCorporates; Peter Warms, Head of Business Development, North America, Global Legal Entity Identifier Foundation; Dave Zvenyach, former Director, Technology Transformation Services, General Services Administration; senior officials at the U.S. Department of Health and Human Services and the U.S. Department of the Treasury; and the professional staff of the U.S. House Oversight Committee.

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