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The Honorable French Hill
Chairman
House Financial Services Committee
224 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
224 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Hill and Ranking Member Waters,

On behalf of NFIB, the nation's leading small business advocacy organization, I write regarding the hearing entitled, "Updating America's Financial Privacy Framework for the 21st Century." NFIB represents nearly 300,000 small businesses nationwide and we appreciate the opportunity to discuss the financial privacy of American small businesses.

Small businesses face the reality that a single computer click can open their business up to targeted scams and fraud. For many small businesses, the owner often serves many roles, including as the compliance and technology officers. As technology advances, the threat of protecting their business and customers' data is constantly on the minds of small business owners. Congress can immediately protect small businesses by repealing the Corporate Transparency Act (CTA) and deleting the beneficial ownership information (BOI) that millions of small businesses were required to file with the federal government.

Unfortunately, the CTA opened small businesses and their data to substantial privacy threats. Under the CTA, small businesses with fewer than 20 employees and \$5 million in revenue were required to report their BOI to the Financial Crimes Enforcement Network (FinCEN).

According to FinCEN, 32.6 million law-abiding small business owners were required to file their BOI with the federal government. The FinCEN database poses countless threats for small business owners. For one, state, federal, and international law enforcement and intelligence agencies can access this information without a subpoena or warrant. Small businesses fear their information will be targeted by criminals, politically motivated individuals, or subjected to cyber-attacks by our nation's adversaries.

Following the implementation of the law, many questionable “compliance” firms popped up to assist small businesses in filing BOI under the CTA. Eager to avoid the civil penalties of up to \$10,000 and criminal penalties of up to 2 years in prison, many small businesses sought assistance from these firms. In 2025, an Indiana farmer contacted NFIB regarding one of these compliance firms. This farmer was contacted by the firm and started the process to file. The farmer did not complete the filing but was charged \$249 to his credit card.

Another small business in Michigan sought assistance to file his BOI on a website called BIOREGISTRATION.COM. The Michigan small business was charged \$139.00, although they never completed the filing. The business owner is now fighting the credit card charge and waiting for an answer. Although the filing requirement was halted, the business owner has not received a refund. More concerning, the business owner submitted his government ID and has no idea where his money went or who now holds their personal identifiable information. The business owner stated, “this was a rip-off, and I shouldn't even have had to do it!”

A small business owner in Florida shared his frustration after falling prey to an online scam filing company. The business owner stated that after spending hours filing what he believed was his BOI, he was alerted that he was not using the official FinCEN website. The business owner has no idea what has happened to his and his colleagues' personal information.

Other small business owners in Oregon and Texas were charged hundreds of dollars by these questionable compliance firms. The Texas business owner stated the \$300 payment went to a “BOI fraudster that impersonated a govt website.” The Oregon small business owner was charged \$200 by one of these filing companies. The owner noted “[t]his BOI reporting is wrong! It took so much time trying to figure out how to answer the questions correctly. What a complete waste of time.”

Sadly, there are countless stories like this, and it appears the CTA created a new grey market to prey on small business owners who simply were trying to comply with the law.

For other small businesses, compliance meant costs and fees to their CPAs or to hire an outside counsel to assist with their filings. This is an unnecessary added cost that has increased red tape and compliance burdens for small businesses. It's pulled scarce resources from business expansion and shifted them towards trying to stay out of prison.

The significant data privacy risk from the FinCEN BOI database is just one reason that small businesses overwhelmingly oppose the CTA. Thankfully, President Trump recognized the absurdity of BOI. He called the law invasive, outrageous, and an economic menace.¹ President Trump is right and small businesses overwhelmingly support his March 2025 exemption of U.S. businesses from

¹ @realDonaldTrump, Truth Social, March 2, 2025, <https://truthsocial.com/@realDonaldTrump/posts/114096106742782827>.

the CTA. This exemption reduced compliance and regulatory costs by over \$128 billion, the largest deregulatory action in 2025.² Congress must lock in this massive regulatory savings as soon as possible.

Proponents of the CTA claimed it is needed for “national security.” However, the irony is that the law has likely weakened national security as it has opened the U.S. economy, American citizens, and small business owners to more data and privacy risk. It is not a stretch of the imagination to say the federal database will be breached, hacked, or private information will be leaked. This is why Congress and Treasury must immediately and permanently destroy the records of US small business owners who filed their BOI with FinCEN.

Unfortunately, without Congressional leadership, the threat of BOI reemerging under a future Administration is likely. That is why over 30 million small businesses need Congress to step up and solidify this victory. Congress can do so by passing the H.R. 425, the *Repealing Big Brother Overreach Act*. H.R. 425 would repeal the unconstitutional and invasive CTA. Congress can also codify the Trump Administration’s exemption of US businesses from the beneficial ownership information reporting requirement and delete the data of US businesses who already filed their BOI. If Congress fails to act, 32.6 million small business owners could be left vulnerable to data leaks and a future administration reimposing this unconstitutional mandate on small businesses.

In addition to BOI, FinCEN’s Residential Real Estate (RRE) Rule has raised privacy concerns of many Americans, including small business owners. The expansive RRE went into effect on March 1, 2026, and requires all non-finance transfers of real estate to be reported to FinCEN in a complex reporting requirement. In practice, the RRE will add compliance burdens and costs on law-abiding Americans and small business owners. It will affect many small businesses, especially those who are looking to grow or simply move locations may purchase or sell the land their business is on in cash without financing with a bank. Small businesses are concerned that this new mandate regarding the long-standing and common practice of real estate transactions could now open Americans and businesses to another layer of paperwork, data privacy risk, and government intrusion. Like the CTA, the RRE rule is an expansive regulatory approach that adds significant new compliance burdens where a more targeted and tailored approach would likely accomplish the goal without the negative unintended consequences.

Thank you for the opportunity to discuss financial privacy for small businesses. NFIB appreciates your leadership to protect small business owners’ data. We look forward to working with you to

² The White House, *White House Office of Management and Budget’s Office of Information and Regulatory Affairs Releases End of Year Deregulatory Stats: Showing the Trump Administration Has Best Deregulatory Year in History*, Dec. 19, 2025, <https://www.whitehouse.gov/briefings-statements/2025/12/32750/>.

ensure small businesses are protected from invasive and burdensome regulations, like BOI and the RRE.

Sincerely,

A handwritten signature in black ink, appearing to read "JMcL", written in a cursive style.

Josh McLeod
Director, Federal Government Relations
NFIB