

This report with recommendation was received after the May 7 filing deadline and therefore has not been reviewed by the Committee on Rules and Calendar. Pursuant to §45.5 of the House Rules of Procedure, this late report will be considered by the House if the Committee on Rules and Calendar recommends a waiver of the time requirement and the recommendation is approved by a two-thirds vote of the delegates voting.

**ADOPTED**

**AMERICAN BAR ASSOCIATION  
TASK FORCE ON GATEKEEPER REGULATION AND THE PROFESSION  
SECTION OF REAL PROPERTY, TRUST AND ESTATE LAW**

**REPORT TO THE HOUSE OF DELEGATES**

**RECOMMENDATION**

1 RESOLVED, That the American Bar Association supports all reasonable and necessary efforts  
2 of the United States government and the international community to combat money laundering  
3 and terrorist financing activity in the international financial system;  
4

5 FURTHER RESOLVED, That the American Bar Association urges that the regulation of those  
6 involved in the formation of business entities within the states and territories of the United States  
7 should remain a matter of state and territorial law and state sovereign prerogative, with a  
8 minimum of federal governmental regulation;  
9

10 FURTHER RESOLVED, That the American Bar Association urges Congress to refrain from  
11 enacting legislation that would regulate lawyers in the formation of business entities and to defer  
12 to the states as they consider amendments to the Model Business Corporation Act, Uniform  
13 Partnership Act, Uniform Limited Partnership Act, Uniform Limited Liability Company Act, and  
14 Uniform Limited Cooperative Association Act (collectively, the “Entity Paradigm Laws”)   
15 proposed by the American Bar Association, the National Conference of Commissioners on  
16 Uniform State Laws, and others;  
17

18 FURTHER RESOLVED, That the American Bar Association urges that the manner in which  
19 lawyers conduct client due diligence for purposes of rendering legal services and the manner in  
20 which record or beneficial ownership of business entities is documented, verified, and made  
21 available to law enforcement authorities, not conflict with the ethical requirements and  
22 regulations imposed by state authorities on the legal profession, be risk-based, and take into  
23 account;  
24

25 (1) the actual risk of money laundering and terrorist financing in the formation of  
26 business entities; and  
27

28 (2) the burdens that such requirements or regulations might impose on state and territorial  
29 authorities, those involved in the formation of such entities, and the bona fide investment  
30 community; and

31  
32 FURTHER RESOLVED, That the American Bar Association urges state and local bar  
33 associations, and other appropriate constituencies within the legal profession, with the assistance  
34 of the ABA Task Force on Gatekeeper Regulation & the Profession, to develop appropriate  
35 guidance on adopting voluntary risk-based approaches to client due diligence that will inform  
36 legal professionals of the risks of money laundering [and terrorist financing](#), and assist them in  
37 taking appropriate steps for compliance with anti-money laundering and anti-terrorist financing  
38 legal requirements.

