

Fraud in Federal Programs: Limited Beneficial Ownership Information Available on Awardees

GAO-26-108174

Q&A Report to Congressional Requesters

August 31, 2026

Why This Matters

Beneficial ownership information (BOI) identifies the individuals who ultimately benefit from or control a company. However, while companies are required to list individuals as registered owners in state incorporation records, those registered owners may or may not be the beneficial owner. Lack of transparency in corporate ownership can help illicit actors hide while fraudulently using taxpayer funds or obtaining federal awards, such as contracts, grants, and health care programs.

For example, in June of 2025, the Department of Justice (DOJ) indicted several individuals allegedly associated with a Russia-based transnational criminal organization (TCO). These individuals are alleged to have exploited weak disclosure requirements in beneficial ownership reporting to try to defraud Medicare and private health care companies of over \$10 billion, ultimately receiving \$941 million.¹

The scheme from approximately August 2022 through September 2024 involved the TCO allegedly paying foreign nationals to legally own durable medical equipment companies, on behalf of an unnamed beneficial owner of U.S.-registered durable medical equipment companies. While the foreign nationals appeared to own the companies, the TCO allegedly controlled them and rapidly submitted billions of dollars in allegedly false and fraudulent health care claims to Medicare. Further, the TCO allegedly exploited the companies' status as legitimate U.S. businesses to access the U.S. banking system and launder the stolen funds.

You asked us to provide insights on what information is available from various federal, state, and commercial data sources to identify beneficial owners and the related fraud risks to federal awards. We are providing information on beneficial ownership fraud risks, reporting requirements, data sources that may contain beneficial ownership identifiers, and the financial risk associated with the awards.

This is part of GAO's ongoing body of work on beneficial ownership information. Prior work focused on broader gaps in beneficial ownership information, the Department of the Treasury's Financial Crimes Enforcement Network's (FinCEN) efforts to collect and safeguard beneficial ownership information, and how federal Offices of Inspectors General (OIG) may use beneficial ownership information.²

Key Takeaways

- Illustrative examples show that illicit actors have obscured beneficial ownership to fraudulently obtain hundreds of millions in federal awards, such as contracts, grants, and federal health care programs.
- Hundreds of billions of federal dollars are vulnerable to beneficial ownership-related fraud risks.

- While the federal award process requires award recipients to disclose ownership relationships, such as the parent subsidiary entity relationship, it does not require them to report beneficial ownership information.
- There is no central repository of beneficial ownership information for businesses that receive federal awards. However, data sources such as the FinCEN company registry, the System for Award Management (SAM), and state incorporation registration information contain information about business owners, who may or may not be the beneficial owner.
- The William M. (Mac) Thornberry National Defense Authorization Act (NDAA) for Fiscal Year 2021 included a provision for the General Services Administration (GSA) to maintain a database that contains beneficial ownership information for federal contractors. GSA has not yet done so. It intended to use the FinCEN company registry information, but those data are now of limited utility as domestic entities are exempt from reporting.

How have illicit actors and organizations obscured beneficial ownership information to defraud the government?

Illicit actors hide their ownership in multiple ways to fraudulently access federal awards and evade payment on taxes.³ Tactics have included:

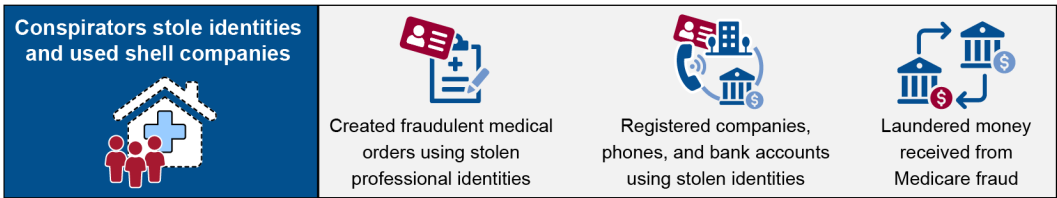
- using stolen identities to falsely identify as owners of companies the illicit actors own or control;
- creating corporate entities to serve as “storefront” and “shell” companies;
- misrepresenting entity ownership to hide the beneficial owner by using “nominee” or “straw” owners. A nominee is someone given limited authority to act for the entity during its formation and who has little or no control over an entity’s assets. A straw owner is a person, or persons who legally owns something in name only, on behalf of an unnamed beneficial owner;
- leveraging professional enablers or stealing the identities of professionals, such as doctors, to provide legitimacy to fraudulently filed claims. A professional enabler is an individual or organization that provides professional services that enable criminality. Their behavior is deliberate, reckless, improper, dishonest or negligent through a failure to meet their professional and regulatory obligations; and
- employing pass-through billing schemes that use companies to obscure beneficial ownership. Illicit pass-through billing is an activity involving the use of a business entity to obscure billing and the provision of services to enable fraud, such as the submission of false invoices.

These tactics to obscure ownership are reflected in the following examples, which are based on our review of the DOJ and Internal Revenue Service’s (IRS) press releases. Additional examples can be found in appendix I.

Using stolen identities and shell companies. From July 2019 through January 2023, three purported hospice owners used straw owners by stealing information from unsuspecting foreign nationals. They registered businesses and established bank accounts using the stolen information to fraudulently receive reimbursement from Medicare. Using the stolen identities allowed the hospice owners to hide their identities from Medicare officials and remain undetected by the banking

system. Additionally, the hospice owners stole the identities of three doctors, two of whom were deceased, to create fraudulent determination documents that hospice services were medically necessary and appropriate. However, the hospices were storefronts, with no legitimate patients and employees, with no services provided. Two additional co-conspirators helped to later launder money received from the fraud scheme. The co-conspirators moved money through various accounts and shell companies linked to the identities of the unsuspecting foreign nationals. The hospice owners defrauded Medicare of nearly \$16 million, spending the stolen funds on personal expenses, including payments on a luxury car, real estate, and private school tuition (see fig. 1).

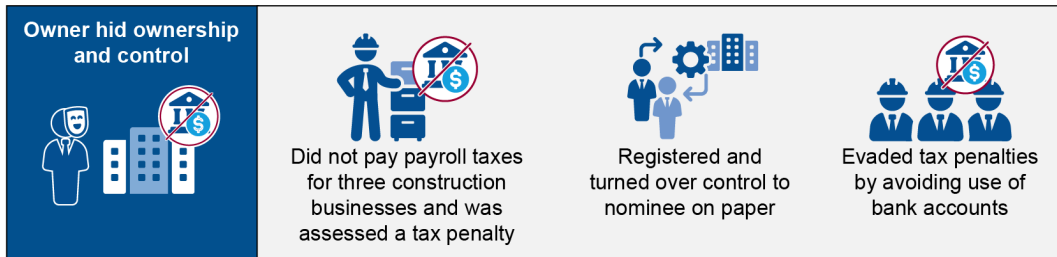
Figure 1: Using Stolen Identities and Shell Companies to Defraud Medicare



Sources: GAO analysis of Department of Justice press releases and court document (data); and Icons-Studio/stock.adobe.com (icons). | GAO-26-108174

Misrepresenting ownership and control by using a nominee. From March 2008 through around April 2019, a construction business owner was assessed penalties for failure to pay employment taxes. In order to evade paying the IRS Trust Fund Recovery penalties, they registered and caused others to register construction businesses in the name of unwitting nominees, while continuing to run and benefit from the businesses.⁴ They also avoided using bank accounts registered in their own name and inaccurately reported information to the IRS to further hinder collection efforts. While evading penalties, the owner again failed to pay employment taxes. This scheme ultimately led to a tax loss of over \$1.8 million (see fig. 2).

Figure 2: Tax Evasion by Misrepresenting Entity Ownership and Control

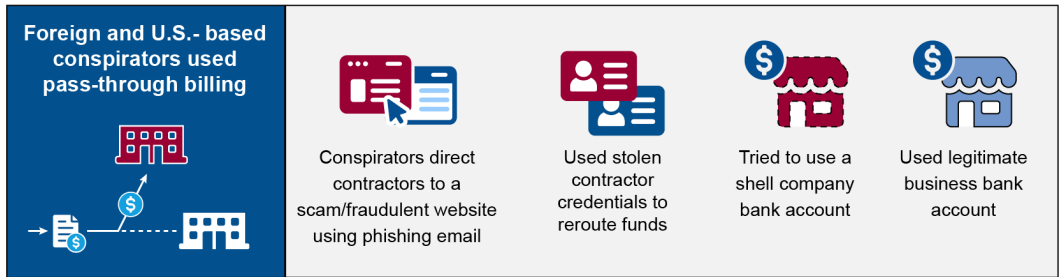


Sources: GAO analysis of Internal Revenue Service press release and court document (data); and Icons-Studio/stock.adobe.com (icons). | GAO-26-108174

Using pass-through billing. Between June 2018 and September 2018, members of a foreign-based scam ring ran an email compromise scheme to reroute federal funds away from legitimate federal contractors. The scam ring sent a phishing email to government contractors, directing them to a fake government website. The fake website tricked recipients into entering their log-in information, allowing the scam ring to steal their login credentials. The contractors' credentials were then used to enter the real government website and change the banking information for the legitimate contractor to an account controlled by the scam ring. To obscure beneficial ownership, the scam ring used a U.S.-based co-conspirator's legitimate business bank account to serve as a pass-through billing mechanism to carry out their fraud scheme. This was done after the U.S.-based co-conspirator tried to use a shell company bank account

that the bank flagged and closed. This fraud scheme caused the government to misdirect \$23.5 million to the scam ring (see fig. 3).

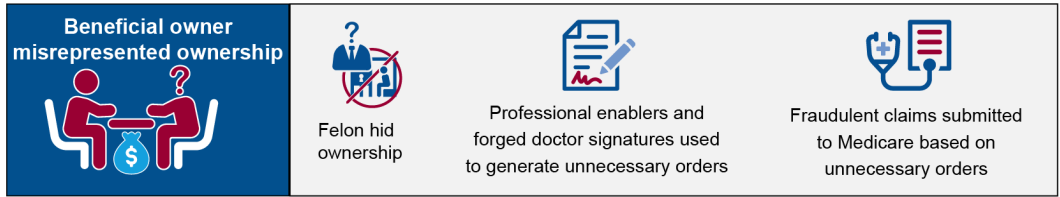
Figure 3: Using a Pass-Through Billing to Further a Government Contractor Account Compromise Scam



Sources: GAO analysis of Department of Justice press release (data); and Icons-Studio/stock.adobe.com (icons). | GAO-26-108174

Misrepresenting ownership and using professional enablers. From September 2020 through June 2024, one owner of a medical equipment company, in partnership with an undisclosed owner of the company who was a convicted felon, paid illegal kickbacks and bribes to marketers. In turn, these marketers helped obtain signed doctors' orders to facilitate a fraud scheme against Medicare. Claims were submitted for Medicare beneficiaries for medically unnecessary orthotic braces. The owners used these orders to ship the unnecessary braces to Medicare beneficiaries nationwide and then submit claims to Medicare for payment. Some of the doctors who worked for telemedicine companies were professional enablers of the fraud. They knowingly signed orders for patients they had no relationship with. Other doctors' signatures were forged for orders for their patients. Felons may be excluded from participating as providers with Medicare, and the primary owner lied to the Centers for Medicare & Medicaid Services (CMS) by hiding the co-owner's beneficial ownership in the company. CMS would not have allowed the company to enroll with Medicare had it known about the felon's ownership status. The co-conspirators submitted \$11.4 million in fraudulent claims to Medicare (see fig. 4).

Figure 4: Misrepresenting Ownership and Using Professional Enablers to Scam Medicare



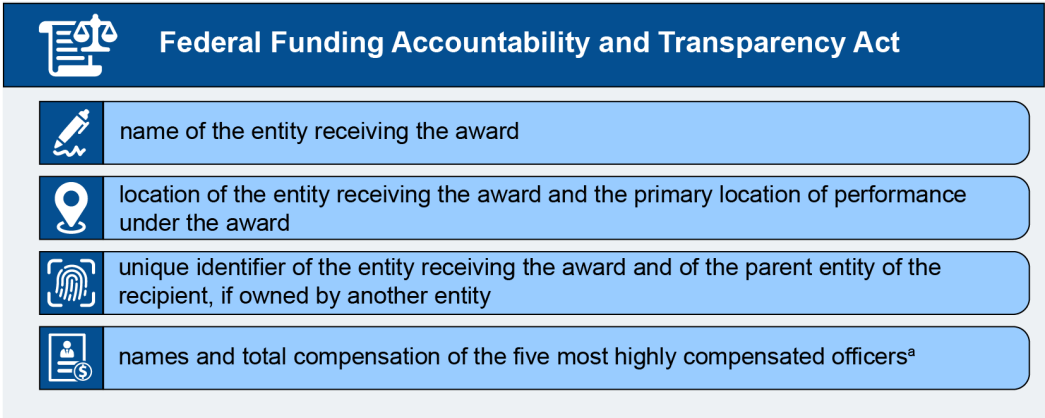
Sources: GAO analysis of the U.S. Department of Justice press release, court document, and federal regulation (data); and Icons-Studio/stock.adobe.com (icons). | GAO-26-108174

Do federal award reporting requirements include beneficial ownership information?

No, federal award reporting requirements do not explicitly require entities to provide beneficial ownership information. The reporting requirements are specified in the Federal Funding Accountability and Transparency Act of 2006 (FFATA). FFATA requires a business entity that receives a federal award to disclose if it is owned by another business entity, including the parent identifier. Ownership disclosure under FFATA generally focuses on the formal, legal structure of the organization—such as parent companies—rather than the individual(s) who control or benefit from the entity behind the scenes. The Government Funding Transparency Act of 2008 amended FFATA to require the names and total compensation of the five most highly compensated officers of the entity, if the entity in the prior fiscal year received 80 percent or more of its annual gross revenues in federal awards, \$25 million or more in annual gross

revenues from federal awards, and the public does not have access to compensation information of senior executives of the entities through reports filed. FFATA requires entities to report four elements, as shown in figure 5.⁵ Only business entities, such as corporations, limited liability companies (LLC), and partnerships, are required to disclose ownership under FFATA. We address fraud risks associated with these ownership structures and completeness of data elsewhere in this report. Individuals and federal employees are excluded from reporting requirements.

Figure 5: Company Ownership Information Reporting Requirements Outlined in the Federal Funding Accountability and Transparency Act of 2006



Sources: GAO analysis of the Federal Funding Accountability and Transparency Act of 2006; Icons-Studio/stock.adobe.com (icons). | GAO-26-108174

^aReporting is required when an entity, in the prior fiscal year received more than 80 percent of annual gross revenues in federal awards, \$25 million or more in annual gross revenues from federal awards, and the public does not have access to compensation information through other reports.

Are there other federal reporting requirements that address ownership transparency for federal awardees?

Yes, the Corporate Transparency Act (CTA) and section 885 of the NDAA for Fiscal Year 2021 include requirements for beneficial ownership reporting that could provide information on federal awardees. However, as of July 2026, the section 885 requirements have not been fully implemented.

Corporate Transparency Act. The CTA, which was enacted on January 1, 2021, and went into effect on January 1, 2024, includes provisions for a federal beneficial ownership registry that is intended to help prevent and combat money laundering, terrorist financing, corruption, and tax fraud. The CTA requires Treasury’s FinCEN to develop reporting requirements for, and create a registry of beneficial owners of, business entities, subject to exemptions. This requirement is not limited to those business entities looking to do business with the federal government.

As part of this effort, FinCEN collects information via its Beneficial Ownership Information Report, outlined in figure 6.

Figure 6: FinCEN Beneficial Ownership Information Fields, as They Appear in the Report Form

34. All beneficial owners of the reporting company are U.S. persons ☐ (If checked, the reporting company is not required to provide BOI on any beneficial owners)

Part III. Beneficial Owner Information 1 of 1

35. Parent/Guardian information (individual of minor child)

36. Beneficial Owner FinCEN ID:

37. Exempt entity: ☐

Full legal name and date of birth:

38. Individual's last name or entity's legal name

39. First name

40. Middle name

41. Suffix

42. Date of birth

Residential address:

43. Address (number, street, and apt. or suite no.)

44. City

45. Country/Jurisdiction

46. State

47. ZIP/Foreign postal code

Form of identification and issuing jurisdiction:

48. Identifying document type

49. Identifying document number

50. Identifying document issuing jurisdiction:

a. Country/Jurisdiction

b. State

c. Local/Tribal

d. Other local/Tribal description

51. Identifying document image

Callouts:

- All beneficial owners of the reporting company are U.S. persons
(If checked, the reporting company is not required to provide BOI on any beneficial owners)
- Beneficial Owner FinCEN ID:**
FinCEN ID
- Exempt entity:**
Exempt entity
- Full legal name and date of birth:**
Individual's last name or entity's legal name.
First name
Middle name
Suffix
Date of birth
- Residential address:**
Address (number, street, and apt. or suite no.)
City
Country/Jurisdiction
State
ZIP/Foreign postal code
- Form of identification and issuing jurisdiction:**
Identifying document type
Identifying document number
Identifying document issuing jurisdiction:
a. Country/Jurisdiction
b. State
c. Local/Tribal
d. Other local/Tribal description
Identifying document image

Source : Excerpt from U.S. Department of the Treasury's Financial Crimes Enforcement Network Beneficial Ownership Information Report. Released March 2025. | GAO-26-108174

The CTA exempted certain types of entities from the requirement to report beneficial ownership information to FinCEN.⁶ For example, governmental authorities, tax-exempt entities, and large operating companies are exempted from reporting requirements. In addition, on March 26, 2025, FinCEN published an interim final rule that limits the scope of the regulation to foreign reporting companies. The regulation excludes U.S. domestic reporting companies from requirements to report beneficial ownership information and exempts foreign reporting companies from reporting beneficial ownership information of any U.S. persons who are beneficial owners.⁷ As we have previously reported, the exemption removed about 99 percent of entities previously required to report BOI, from approximately 32.5 million entities to approximately 124,000 entities.⁸ In August 2026, FinCEN published its final rule for reporting in the Federal Register. The final rule adopts all changes made in the interim final rule.

NDA section 885. Section 885 for Fiscal Year 2021 directed GSA to include beneficial ownership information in its database of information regarding the integrity and performance of certain persons awarded federal agency contracts and grants. Specifically, beneficial ownership information would be required for certain federal contractors under this provision. GSA is to

- include within the database, to the extent practicable, beneficial ownership information from federal awardees with contracts or grants greater than \$500,000;

- use definitions that align with those that the Department of Defense used to implement the foreign ownership reporting requirements from section 847 of the NDAA for Fiscal Year (FY) 2020; and
- make the data accessible to agency officials for contract oversight.

As of April 2026, GSA officials informed us that the agency is awaiting the formal rule-making process prior to implementing the section 885 requirements. Implementation of section 885 has been delayed due, in part, to the Federal Acquisition Regulation (FAR) rulemaking process:

- Because section 885 requires changes to how federal contractors disclose beneficial ownership in federal systems, it would be implemented through the FAR.
- FAR Case 2021-005 was opened by the FAR Council to draft, review and implement the necessary regulatory language to implement section 847 of the NDAA for FY 2020, section 885, and related provisions. However, the deadline for drafting the proposed FAR rule has been extended until at least September 2026. The Department of Defense Open FAR Cases status report does not list a reason for this extension.

To minimize the information collection burden to the public, GSA officials explained that the agency intended to leverage the beneficial ownership information collected by FinCEN under its interim final rule implementing the CTA. However, the utility of the FinCEN registry to meet section 885 requirements is now limited due to the changes in the scope of CTA reporting requirements. As discussed earlier, the final rule exempts domestic entities and U.S. persons from reporting their beneficial ownership information to FinCEN. About 95 percent of records for businesses registered to receive federal awards are U.S.-registered entities and would, thus, be exempted from reporting under the revised rule.

GSA officials stated they have not coordinated with FinCEN directly on their implementation efforts but have been observing the overall implementation of the CTA as it impacts GSA's required actions stemming from section 885. GSA officials noted they are awaiting the proposed rule that will come from FAR Case 2021-005. Further, GSA officials said that limited resources and competing priorities inhibit GSA from independently determining the viability of the FinCEN company registry and that other databases that could help them implement the section 885 requirements. Until these issues are resolved, the beneficial ownership information gap for federal awardees that section 885 sought to close 5 years ago remains unresolved. We will continue to monitor GSA's progress on section 885 implementation.

Are there any data sources that contain beneficial ownership information on federal awardees?

No data sources explicitly collect beneficial ownership information on federal awardees. However, there are data sources with certain fields that can be useful for identifying beneficial owners. Specifically, GSA's System for Award Management, state incorporation registries, and FinCEN's beneficial ownership registry each contain some information that can be used for this purpose. However, access to beneficial ownership information on federal awardees varies for federal contract oversight officials.

System for Award Management. SAM is a government database managed by GSA. Entities use the SAM website, www.sam.gov, to—among other things—

register to do business with the U.S. government. Within SAM, the Master Extract Sensitive file contains information on entities registered to do business with the U.S. government.

Entities go through a validation process—conducted by an outside validation service—that verifies the existence and uniqueness of an entity. Entity uniqueness is based on a combination of the legal business name, physical address, start year, state of incorporation, and (as needed for international entities) national identifier. Entities must use this process to obtain a Unique Entity ID (UEI), which is required to do business with the U.S. federal government.⁹

Federal program managers and the public may use SAM to search for entity registration and exclusion records to determine if businesses are eligible to do business with the U.S. federal government. GSA officials stated that federal agencies have access to the complete entity hierarchy information about registered entities in SAM. This information is available to the government through its contract with the entity validation services provider. Only the ultimate parent entity—which is not necessarily the beneficial owner—is made available to the public, when associated with an award.

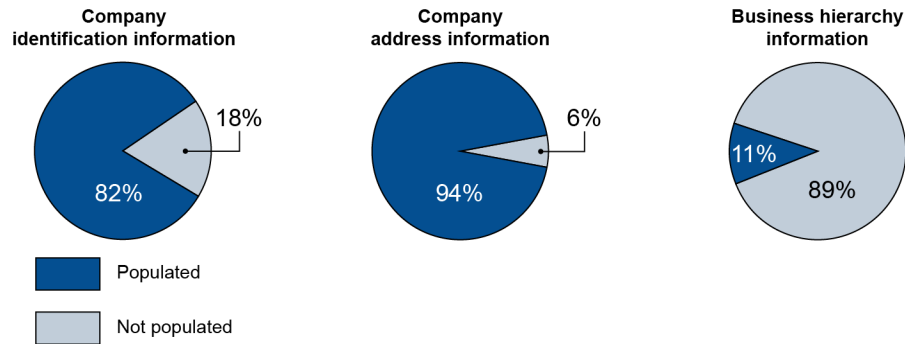
In April 2025, we found that investigators may use SAM during an investigation.¹⁰ OIG investigators may look for common values in certain fields in SAM that can indicate that an owner is a figurehead for a set-aside fraud case, a potential excluded party, or is reinventing themselves as a new company. Officials from one OIG reported that identifying beneficial owners using SAM is time-consuming and costly.

In July 2025, GSA officials told us that SAM does not currently capture information on individuals who are beneficial owners, outside of a few specific use cases for sole proprietorships, single person LLCs, and certain partnerships. There are also some registration questions that may identify beneficial ownership, but this would be unique to individual registrations. For example, a sole proprietorship may list its Social Security number to provide the Taxpayer Identification Number (TIN) when registering with SAM.

Although not specifically collected to identify beneficial owners, categories of data fields are also in the Master Extract Sensitive file that could be informative for such purposes. For example, (1) company identification information, including TIN and UEI; (2) company address; and (3) business hierarchy information can provide insights about beneficial owners. However, not all of these fields are required for registration, and some of this information is self-reported at registration.¹¹

We analyzed an extract of the SAM Master Extract Sensitive file current as of July 2025 to determine the extent to which these three entity information categories are populated (i.e., had information present in the system).¹² We found that SAM.gov had information for 877,000 companies that were registered to do business with the U.S. government. For those registrations, availability of information within the three categories was highest for company address, but the company identification and business hierarchy groups were less well-populated. About 95 percent of records for companies registered to do business with the federal government were U.S.-incorporated entities and are, thus, exempted from reporting under the FinCEN final rule. See figure 7.

Figure 7: Extent to Which Three Entity Information Fields Were Populated in the System for Award Management, July 2025



Source: GAO Analysis of General Services Administration System for Award Management data. | GAO-26-108174

State incorporation registries. U.S. companies are formed by registering with secretaries of state or similar state offices. Some registration data may contain beneficial ownership information if legally required by the area of incorporation. For example, as we previously found in May 2026, according to the National Association of Secretaries of State:

- Washington, D.C., requires articles of organization, articles of incorporation, and biennial reports to include the name and address of individuals whose legal or beneficial ownership exceeds 10 percent, or who have control over the LLC or corporation; and
- New York enacted legislation, effective January 1, 2026, requiring LLCs (but not other corporations) formed or registered to do business, in New York to provide beneficial ownership information using the same definition of “reporting company” as the CTA and any regulations promulgated under the CTA, including the amended definition under the March 2025 interim final rule.¹³

However, most jurisdictions do not require entities to identify beneficial owners when forming a new business or registering an existing business. The amount of company information collected by states and available to the public, including information on owners of record or beneficial owners, varies by state. Further, we found in April 2025 that the vast majority of states require little to no disclosure of contact information or other information about an entity’s officers or others who control the entity.¹⁴

In 2025, in a roundtable with seven OIG participants and in discussions with officials from the Council of the Inspectors General on Integrity and Efficiency, we found that OIGs used secretary of states’ information to help identify beneficial owners during an investigation. However, investigators identified limitations with state registry data. Identifying beneficial owners of a company generally requires accessing states’ records for registrations, but this data source is not a reliable means of identifying potential fraud or beneficial owners. This is because state systems are generally not standardized, according to roundtable participants.¹⁵

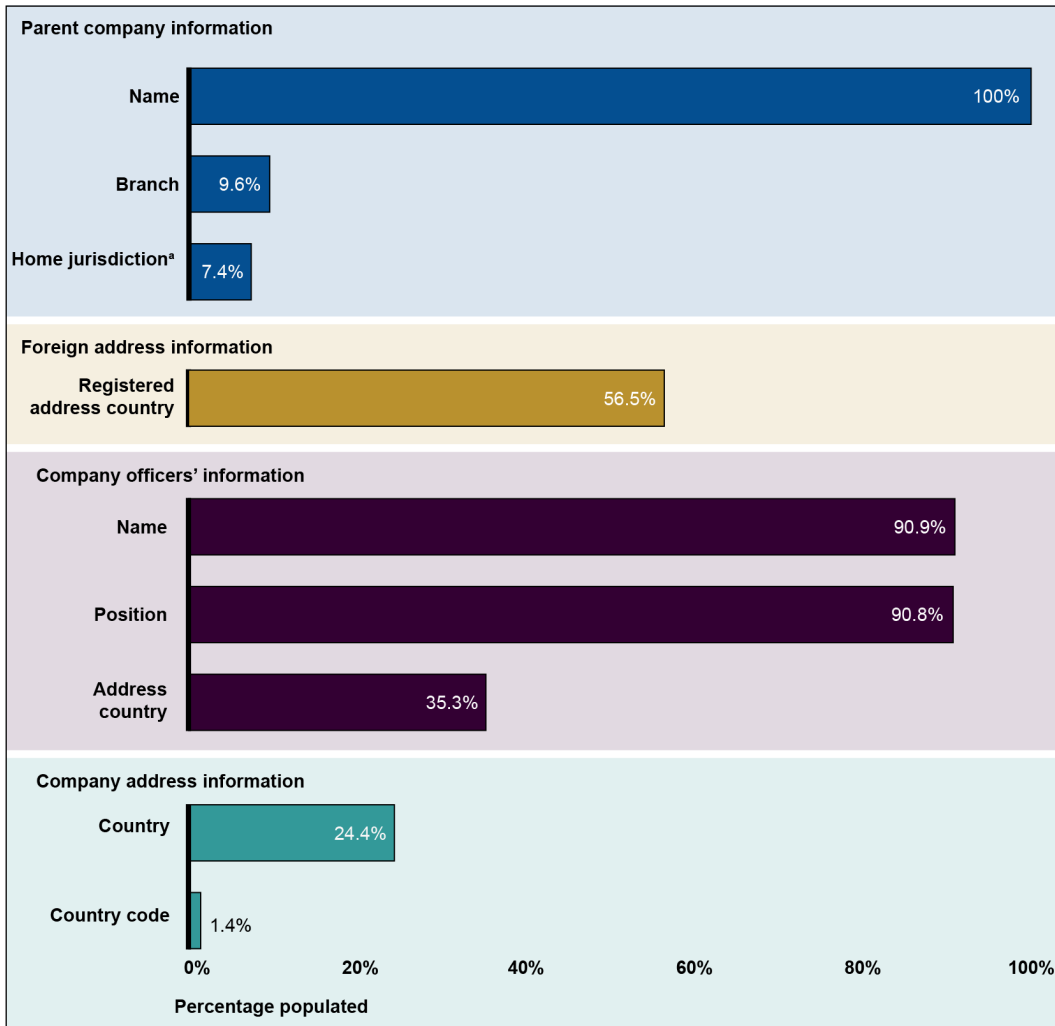
We analyzed state registry data from OpenCorporates, a third-party aggregator of this information across the 50 states, Washington, D.C.; and Puerto Rico.¹⁶ We found that as of July 2025, state business registrations in the aggregate file had information for approximately 109,400,000 entities registered to do business in the U.S., including foreign entities.

We then specifically analyzed the following data fields to determine the extent to which they were populated and could yield beneficial ownership information for companies registered in the U.S.:

- company parent information, and country where the company is registered;
- officers' position, name, and country; and
- additional address information on company country.¹⁷

As shown in figure 8, information about foreign ownership was not fully populated in the OpenCorporates data. For example, the field branch, which is the local registration of a foreign company, was populated in the OpenCorporates data in less than 10 percent of records. However, several other fields, including registered address country, address country, and country code, also provided information detailing if a company is registered in a foreign country.¹⁸

Figure 8: Extent to Which Ownership Information Fields were Populated in the Aggregate State Business Registration File, July 2025



Source: GAO analysis of Aggregate State Business Registration data. | GAO-26-108174

Note: OpenCorporates contains aggregate, publicly available, state business registration. Some states may have additional information that is not captured in this analysis.

^aWhen a company is a branch, the home jurisdiction indicates where the parent company is registered.

FinCEN's company registry. As previously discussed, consistent with its March 2025 interim final rule for the CTA, FinCEN currently collects beneficial ownership information for entities formed under the laws of foreign countries that have registered to do business in the U.S. Unlike the original rule, domestic companies are exempt from the reporting requirement under the March 2025 interim final rule. In August 2026, FinCEN published the final rule in the Federal Register. The final rule added further exemptions for reporting U.S. person "company applicants" for foreign companies, defined as both the individual who directly files the document that first registers a reporting company and the individual who is primarily responsible for directing or controlling such filing.

The FinCEN registry is not fully accessible to all authorized users. In early 2024, FinCEN launched its IT system to collect, store, and manage beneficial ownership information submitted by required filers. It then began to implement a five-phase program to allow authorized users (such as federal agencies engaged in national security, intelligence, or law enforcement activity) to request access to the IT system.

In early 2025, FinCEN completed its first phase by granting six federal law enforcement agencies access to its IT system under a pilot program. We found that system searches by the six agencies fell sharply in October 2024 and remained low through March 2026. While FinCEN did not identify any specific causes for the decline, it could be due to a variety of factors such as lawsuits relating to the underlying reporting obligations, which led to pausing and extension of reporting deadlines, as well as additional regulatory changes to the program.

To gain insights on how the three data sources compare in terms of beneficial ownership information, we reviewed documentation on original reporting requirements for FinCEN's registry and what is currently required, along with SAM's Master Extract Sensitive file and the aggregated state business registration data. As shown in figure 9 below, the FinCEN company registry contains beneficial ownership information and verifying documentation for foreign companies. Beneficial ownership information for domestic companies that reported prior to the rule change remain searchable until the March 2025 interim rule was finalized. While there is no timeframe for doing so, FinCEN indicated in its final rule that it will delete any BOI information it believes was provided by a U.S. person. SAM does not purposefully collect beneficial ownership information. While some secretary of state offices may contain this information, the vast majority of states do not require reporting of beneficial ownership information for companies.

Figure 9: Comparison of Beneficial Ownership Information Required by FinCEN's Company Registry, with Information Collected by the System for Award Management, and Secretary of State Offices



Sources: GAO analysis of U.S. Department of Treasury Financial Crimes Enforcement Network documentation, General Services Administration System for Award Management documentation, secretary of state documentation, and proposed state legislation documentation. | GAO-26-108174

^aAs of March 2025, any U.S. persons that are beneficial owners of foreign entities are exempt from providing their information to FinCEN.

^bAs of March 2025, domestic entities are no longer required to report beneficial ownership information to the FinCEN company registry. These reports are to be deleted from the system. There is currently no timeframe for deletion.

^cThree states recently proposed legislation to collect beneficial ownership information from at least some types of companies, including California, Maryland, and Massachusetts. The District of Columbia and New York State already have beneficial ownership reporting requirements in place.

How much federal award money is vulnerable to beneficial ownership-related fraud risks?

Hundreds of billions of federal dollars are vulnerable to beneficial ownership-related fraud risks. We identified five categories of beneficial ownership risk factors for federal awards and examined the associated federal funds for those categories, as reported in USAspending.gov.¹⁹

These five fraud risk categories are related to contract set-asides, procurement activities, and company type.²⁰ Table 1 describes the categories and outlines total federal obligations within each of those five categories from October 2024 through July 2025. In April 2025, we reported that federal programs face heightened fraud risks when beneficial ownership information is opaque for private companies that compete for government contracts or apply for grants or benefits.²¹

We identified that the following categories are vulnerable to beneficial ownership fraud risks. These categories do not represent all obligations made by the federal government.

Table 1: Federal Award Funds Potentially Vulnerable to Beneficial Ownership Fraud Risks

Risk factor	Risk factor description	Total obligations (billions) October 1, 2024 – July 2, 2025
Contracts awarded by agencies on GAO High-Risk List for contracting issues^a	Federal agencies flagged for contracting risk may have structural or process weaknesses that also make them vulnerable to Beneficial Ownership Information (BOI) risks.	\$295.0
Set-Aside contracts	Set-aside contracts require that a business be owned and controlled by a qualifying individual or group. If ownership is misrepresented or obscured, the entire award decision can be compromised.	\$177.9
Contracts awarded to limited liability companies and limited liability partnerships	These types of corporate entities may be used to obscure beneficial ownership information.	\$102.6
Contracts awarded to foreign-owned businesses	Foreign-owned companies are a BOI fraud risk because they combine cross-border opacity, nominee ownership, and weak foreign registries with access to U.S. federal awards.	\$15.4
Financial assistance awarded to foreign entities	Foreign-owned companies are a BOI fraud risk because they combine cross-border opacity, nominee ownership, and weak foreign registries with access to U.S. federal awards.	\$8.5

Notes: The risk categories above are not mutually exclusive and should not be totaled. USAspending.gov award data for October 1, 2024 through July 2, 2025, downloaded on July 8, 2025. While USAspending.gov is the official public source of federal spending information, and we have determined that it is sufficiently reliable for purposes of describing federal award funds potentially vulnerable to beneficial ownership fraud risks, we have previously reported issues with the quality of award data. See *Federal Spending Transparency: Opportunities to Improve USAspending.gov Data*, [GAO-24-106214](#) (Washington, D.C.: Nov. 7, 2023); and GAO, *Federal Spending Transparency: Opportunities Exist to Further Improve the Information Available on USAspending.gov*, [GAO-22-104702](#) (Washington, D.C.: Nov. 8, 2021).

^aAgencies on GAO's High Risk List for contracting or acquisition issues are the Department of Defense, the Department of Energy, the National Aeronautics and Space Administration, and the Department of Veterans Affairs.

Agency Comments

We provided a draft of this report to the Secretary of the Treasury and the Administrator of GSA for review and comment. FinCEN and GSA provided technical comments, which we incorporated, as appropriate. The Bureau of the Fiscal Service did not have comments on this report.

How GAO Did This Study

We identified relevant fraud cases from various sources; reviewed federal regulations on beneficial ownership reporting requirements; analyzed federal spending and registration data, as well as state-level company registration data; and identified fraud risks and the potential financial impacts of beneficial ownership fraud in federal awards.

We searched the U.S. Department of Justice press releases, Offices of Inspectors General press releases, and IRS press releases to identify examples of fraud related to beneficial ownership. For illustrative purposes, we selected a nongeneralizable sample of incidents where illicit actors concealed their identities and fraudulently obtained or used funds from federal government contracts, loans, grants, or other benefits. We gathered further information, when needed, from court records, such as indictments, for these examples.

We reviewed pertinent federal regulations to identify reporting requirements for beneficial ownership information for entities interested in doing business with the U.S. federal government. Specifically, we reviewed the CTA and its implementing regulations to identify beneficial ownership information reporting requirements for foreign reporting companies and to exempt U.S. persons who are beneficial owners of any foreign reporting company doing business in the U.S.²² We also reviewed entity reporting requirements for each federal award type, as defined by the FFATA.

We used FinCEN's Beneficial Ownership Information Report as the baseline to develop the crosswalk of key fields in each potential data source we selected for this engagement. We reviewed fields and their definitions in SAM's Master Extract Sensitive File and OpenCorporates Data Dictionary and matched them to the most closely related fields in FinCEN's Beneficial Ownership Information Report. We selected SAM for our review because it is the required reporting mechanism for the FFATA. We selected OpenCorporates, a third-party data aggregator of secretary of state records, for our review because it aggregates business filing documentation from state registries. We reviewed documentation to describe and compare available beneficial ownership information in the FinCEN beneficial ownership registry, the SAM sensitive registration extract, and OpenCorporates.²³ Further, we analyzed data from the SAM sensitive registration extract, as of July 2025, and OpenCorporates data, as of July 2025, to describe the extent to which potential beneficial ownership information is populated in these data sources.²⁴ For the analysis of SAM data, we identified categories of potential beneficial ownership information and calculated the percentage populated at the category level.²⁵ We did not perform analysis on data from the FinCEN beneficial ownership registry because data collection and pilot efforts were ongoing at the time of our audit.

We analyzed awards in public USAspending.gov contracts and financial assistance data to describe the federal dollars vulnerable to potential beneficial ownership fraud risks. Unique companies were identified by their Unique Entity Identifier. We analyzed all award actions, including actions for contracts and financial assistance awarded prior to October 2024, from October 1, 2024, through July 1, 2025; this includes actions related to awards issued before fiscal year 2025. We accessed these data from the award data archive on USAspending.gov.²⁶ These data were the most recently available for our audit work.

We assessed the reliability of the SAM, USAspending.gov, and OpenCorporates data by reviewing relevant documentation, interviewing knowledgeable officials, and conducting electronic data testing. We determined they were sufficiently reliable for the purposes of our work determining how populated potential beneficial ownership information may be in SAM and OpenCorporates, and identifying federal award dollars potentially vulnerable to beneficial ownership fraud risks.

We conducted this performance audit from March 2025 to August 2026 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

List of Addressees

The Honorable Charles E. Grassley
Chairman
Committee on the Judiciary
United States Senate

The Honorable Sheldon Whitehouse
Co-Chair
Caucus on International Narcotics Control
United States Senate

We are sending copies of this report to the appropriate congressional committees, the Secretary of the Treasury and the Administrator of the General Services Administration. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

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Appendix I: Additional Illustrative Examples

As noted in the body of this product, we identified additional illustrative examples detailing how opaque beneficial ownership information may be used to fraudulently obtain federal dollars. Based on our review of U.S. Department of Justice press releases, we identified examples showing the impacts on an array of federal programs. The following examples demonstrate various tactics used by fraudsters to hide their beneficial ownership from federal agencies to defraud the government.

Housing grant and direct payments fraud. The former Executive Director of a local housing authority embezzled at least \$100,000 in federal funds from the Department of Housing and Urban Development, in part, by hiding their control over businesses that sent fake invoices to the housing authority. The fraud scheme occurred from May 2023 through January 2024. The entity received grant and direct payments in fiscal years 2023 and 2024 to provide safe, decent, and affordable housing options for low-income families in the community.

Contracts fraud. Using opaque ownership, the owner of a construction company fraudulently obtained more than 25 government contracts worth more than \$125 million. This fraud scheme occurred between 1995 and 2021. When bidding for contracting work, the owner misrepresented his company's ownership, employees' qualifications, company's construction experience, and company's financial condition. As to ownership, the male, nonminority owner falsely represented, repeatedly, that the company was a female-owned business or a female- and minority-owned business to secure unmerited advantages in the bidding

process. In fact, the owner founded, ran, and controlled the entity and made all material decisions on the construction company's behalf. As the owner revealed to a bank that inquired about the entity's ownership status in 2016, "I am the sole owner and president of the entity and have always been."

Federal Child Nutrition Program fraud. In part through the use of shell companies, the founder and Executive Director of a nonprofit organization and co-owner of a restaurant fraudulently obtained and disbursed more than \$240 million in Federal Child Nutrition Program funds. The fraud scheme occurred between 2019 and 2021. These programs, administered by the U.S. Department of Agriculture, support food served to children in schools and a variety of other settings. Most child nutrition funding is provided in the form of per-meal cash reimbursements that states distribute to schools and institutions, which is used toward the cost of operating the program.

The founder/Executive Director of the nonprofit organization and co-owner of the restaurant created dozens of shell companies to enroll in the Federal Child Nutrition Programs as food program sites and to receive and launder the proceeds of the fraudulent scheme. In exchange for sponsoring these sites' fraudulent participation in the program, the nonprofit organization received more than \$18 million in administrative fees to which it was not entitled. In addition to administrative fees, the nonprofit organization's employees solicited and received bribes and kickbacks from individuals and companies sponsored by the nonprofit. Many of these kickbacks were paid in cash or disguised as "consulting fees" paid to shell companies created by the nonprofit employees to make them appear legitimate.

Federal grant fraud. To hide the embezzlement of federal grant funds, the finance director of a nonprofit corporation created two sham corporations to divert the money from the nonprofit. The director knowingly misapplied over \$300,000 for their personal benefit including, among other things, the purchase of an airplane, maintenance on the airplane, flight school, and the purchase of real estate. The nonprofit entity was formed to improve and preserve the water quality of the river and its watershed. The fraud scheme occurred between 2010 and 2014.

Medicare fraud. An owner and operator of two medical laboratories obscured medical necessity by submitting false and fraudulent claims to Medicare for approximately \$52 million, of which Medicare paid approximately \$36 million. The owner-operator further hid their involvement and ownership by using two shell companies to receive money from the scheme. The owner-operator purchased doctors' orders from "patient recruiters" for expensive genetic testing. The patient recruiters ran deceptive telemarketing campaigns that targeted beneficiaries and persuaded them to agree to take the tests to justify the fraudulent Medicare billing. The owner-operator made roughly \$5.5 million from the scheme.

As part of the scheme, the patient recruiters used a tactic known as "doctor chasing"—faxing physicians false and misleading requests for prescriptions designed to trick them into signing off on tests their patients did not need. The faxes and accompanying materials falsely stated, among other things, that the prescription requests were made on behalf of a mutual patient. But they were generated by call centers that deceived the Medicare beneficiaries to agree to the tests without being examined or treated by physicians for the diseases underlying the tests. The fraud scheme occurred between January 2021 and October 2023.

Medicare and Department of Veterans Affairs healthcare fraud. The owner of the marketing company and their co-conspirators billed Medicare for medically unnecessary braces, using false documents to hide their connection to the companies from Medicare. Medicare and the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) lost nearly \$200 million. CHAMPVA is a health care program for spouses and children of veterans who have, or had, a permanent and total service-connected disability or who died from a service-connected condition. The owners of the marketing company also defrauded Medicare and CHAMPVA by billing the programs for orthotic braces through eight durable medical equipment supply companies that they owned and managed.

The owner worked with overseas call centers that pressured elderly Americans to provide their personal and health insurance information and agree to accept medically unnecessary orthotic braces. Some of the individuals who agreed to the braces suffered from Alzheimer's and dementia. In certain instances, the call centers altered call recordings to make it seem like Medicare patients agreed to the braces when they did not. Evidence at trial also showed that the owner and their co-conspirators billed Medicare for braces for limbs that amputees did not have and for deceased beneficiaries.

The marketing company owner paid sham telemedicine companies to obtain signed orders from doctors and nurse practitioners who never examined and often never even spoke to the patients. The owner sold the orders to marketers and medical supply companies, which then submitted claims to Medicare. The fraud scheme occurred between 2017 and 2019.

Set-aside contracts fraud. A security services company and co-conspirators allegedly falsely represented that its subsidiary company was a Woman-Owned Small Business and a Service-Disabled Veteran Owned Small Business. They allegedly made these false claims to obtain small business set-aside contract awards from the Department of Homeland Security (DHS) for security services at federal buildings. The fraud scheme occurred between 2016 and 2023.

The subsidiary company was a purported small business subcontractor to the parent company, one of the federal government's largest security guard providers at federal buildings throughout the U.S. The U.S. alleged that the parent company, acting through former high-ranking corporate executives, knowingly engaged in a fraudulent scheme to use purported small businesses that it controlled, such as the subsidiary company, to obtain DHS set-aside contracts for which the parent company was itself ineligible.

The Vice President of the parent company allegedly instructed their wife to incorporate the subsidiary company using the wife's middle and maiden names to hide their relationship. The two of them allegedly controlled the subsidiary company along with other parent company executives, and the Vice President served as de facto director of operations for the subsidiary company.

Endnotes

¹The charges contained in the indictment are merely allegations. The defendants are presumed innocent unless, and until, proven guilty.

²GAO, *Illicit Finance: Treasury Should Monitor Partnerships and Trusts for Future Risks*, [GAO-25-106955](#) (Washington, D.C.: Dec. 19, 2024); *Illicit Finance: Treasury's Initial Safeguards for Allowing Access to Information on Corporate Ownership*, [GAO-25-107403](#) (Washington, D.C.: Feb. 20, 2025); *Fraud in Federal Programs: FinCEN Should Take Steps to Improve the Ability of Inspectors General to Determine Beneficial Owners of Companies* [Reissued

with revisions on Jun. 9, 2025], [GAO-25-107143](#) (Washington, D.C.: Apr. 8, 2025); *Corporate Transparency: Treasury Should Address Gaps in Ownership Information Resulting from Expanded Exemptions*, [GAO-26-107967](#) (Washington, D.C.: May 29, 2026); and *Illicit Finance: Status of Treasury's Safeguards for Providing Access to Information on Corporate Ownership*, [GAO-26-108182](#) (Washington, D.C.: Jun. 23, 2026).

³We have previously identified some instances where opaque ownership structures may be used for legitimate reasons, such as registering an aircraft. See GAO, *Aviation: FAA Needs to Better Prevent, Detect, and Respond to Fraud and Abuse Risks in Aircraft Registration*, [GAO-20-164](#) (Washington, D.C.: Mar. 25, 2020).

⁴Trust Fund Recovery penalties are assessed by the IRS when entities do not pay federal employment taxes.

⁵The System for Award Management (SAM) is the required reporting tool for this information. SAM.gov is an official website of the U.S. government and is operated by GSA.

⁶Companies not required to report beneficial ownership information to FinCEN include securities reporting issuers; governmental authorities; banks, credit unions, depository institution holding companies, and money services businesses; securities brokers or dealers; securities exchange or clearing agencies, and other entities registered under the Securities and Exchange Act of 1934; investment companies or advisers; venture capital fund advisers; insurance companies and state-licensed insurance producers; Commodity Exchange Act-registered entities; accounting firms; public utilities; financial market utilities and pooled investment vehicles; tax-exempt entities and those entities that assist tax-exempt entities; large operating companies; subsidiaries of exempted companies; and inactive entities. 31 U.S.C. § 3556(a)(11)(B); 31 C.F.R. § 1010.380(c)(2). See [GAO-26-107967](#).

⁷According to the rule, this determination was made pursuant to 31 U.S.C. § 5336(b)(1)(A)(xxiv) which authorizes the Secretary to exempt from the reporting requirements "any entity or class of entities" if the Secretary, with the written concurrence of the Attorney General and the Secretary of Homeland Security, determines that "requiring beneficial ownership information from the entity or class of entities . . . would not serve the public interest" and "would not be highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes."

⁸See [GAO-26-107967](#). FinCEN's September 2022 final rule regarding beneficial ownership information reporting requirements (87 Fed. Reg. 59498 (Sept. 30, 2022)) identified 32,556,929 reporting entities, excluding original CTA exemption categories. The March 2025 interim final rule which limited reporting requirements to "foreign reporting companies" (90 Fed. Reg. 13688 (Mar. 26, 2025)) identified about 20,000 reporting entities.

⁹This process is required by the Federal Acquisition Regulation (FAR) part 52.204-6.

¹⁰[GAO-25-107143](#).

¹¹We calculated composite scores across several fields for each grouping. Fields used to create the composite score for company identifying information included UEI, entity structure, and financial institute. Fields used to create the composite score for company address information include country of incorporation, and state of incorporation. Fields used to create the composite score for business hierarchy information include HQ parent UEI, HQ parent legal business name, and HQ parent country code. Our analysis showed that while fields such as mailing address city and mailing address country were nearly completely populated, other fields were less populated.

¹²The SAM Master Extract Sensitive file is a snapshot of data. The data we accessed may include information that has changed since a business registered with SAM.gov.

¹³[GAO-26-107967](#).

¹⁴[GAO-25-107143](#).

¹⁵[GAO-25-107143](#).

¹⁶The data in OpenCorporates we analyzed contains information that is publicly available. It does not include information that is behind a paywall or otherwise inaccessible. We included all companies within the July 2025 OpenCorporates files containing a jurisdiction code indicating any of the 50 states; Washington, D.C.; and Puerto Rico. Of these records, nearly 50 percent had an active or unknown status. The other records are for inactive businesses. OpenCorporates provides

snapshots of data. The data we receive may include information that has changed since OpenCorporates collected the data.

¹⁷OpenCorporates provides snapshots of data. The data we received may include information that has changed since OpenCorporates collected the data.

¹⁸In the context of registering an entity to do business in a jurisdiction (outside of which it was formed), states often use the term “foreign” to refer to a business formed or incorporated in another state, not only one formed outside the U. S. Therefore, these percentages may represent U.S. companies and companies registered in foreign countries.

¹⁹The website USAspending.gov is the official source for spending data for the U.S. government and includes information about federal awards such as contracts, grants, and loans. It is intended to inform the American public about how much the federal government spends every year and for what purposes. The information on USAspending.gov can allow users to identify funding opportunities and can also help in identifying potential fraud, waste, and abuse. GAO, *Federal Spending Transparency: Opportunities to Improve USAspending.gov Data*, [GAO-24-106214](#) (Washington, D.C.: Nov. 7, 2023) and *Federal Spending Transparency: Opportunities Exist to Further Improve the Information Available in USAspending.gov*, [GAO-22-104702](#), (Washington, D.C.: Nov. 8, 2021).

²⁰A set-aside in government contracting is a procurement strategy that reserves specific contract opportunities exclusively for certain business categories to ensure they receive a fair share of federal spending. An 8(a) company is a small business certified by the U.S. Small Business Administration to participate in a 9-year business development program aimed at assisting socially and economically disadvantaged individuals. It allows firms to receive federal contracting preferences, including sole-source contracts

²¹[GAO-25-107143](#).

²²Companies formed under laws of foreign countries but registered to do business by filing with a U.S. secretary of state or similar office are required to report beneficial ownership information to FinCEN.

²³We included all companies within the July 2025 OpenCorporates files containing a jurisdiction code indicating any of the 50 states; Washington, D.C.; and Puerto Rico.

²⁴We define completeness as the field that is populated with information. We do not evaluate the veracity of these records.

²⁵GSA categories were comprised of the following fields: UEI, Doing Business As Name, legal business name, entity structure, financial institute, account number, taxpayer name, financial institute, account number, taxpayer name, tax identifier type, tax identifier number, physical address country code, country of incorporation, state of incorporation, mailing address country, HQ parent legal business name, HQ parent unique entity ID, HQ parent country code, immediate parent legal business name, immediate parent unique entity ID, immediate parent country code, domestic parent legal business name, domestic parent unique entity ID, domestic parent country code, ultimate parent legal business name, ultimate parent unique entity ID, and ultimate parent country code.

²⁶While USAspending.gov is the official public source of federal spending information, we have previously reported issues with the quality of award data. See [GAO-24-106214](#) and [GAO-22-104702](#). We have determined that it is sufficiently reliable for purposes of describing federal award funds potentially vulnerable to beneficial ownership fraud risks.