

Department of the Treasury
Office of Investment Security

Strengthening Transparency, Eligibility, and Jurisdictional Scope in Foreign Investment Reviews

AUTHORS

Daniel Swift

*Senior Research Analyst, FDD's Center on
Economic and Financial Power*

Susan Soh

*Research Associate, FDD's Center on
Economic and Financial Power*

Washington, DC
March 18, 2026

Strengthening Transparency, Eligibility, and Jurisdictional Scope in Investment Reviews

Foundation for Defense of Democracies (FDD) Response to the CFIUS Known Investor Program Request for Information

March 18, 2026

I. Introduction

The Foundation for Defense of Democracies (FDD) welcomes the Department of the Treasury’s efforts to develop a Known Investor Program intended to streamline CFIUS review for trusted foreign investors while preserving the committee’s ability to address national security risks.

If properly designed, the program could reduce regulatory friction for low-risk investors from allied and partner nations, freeing CFIUS resources to focus on higher-risk transactions that warrant closer scrutiny. CFIUS serves as a vital defense against foreign adversaries seeking to acquire critical American companies and assets. The fundamental challenge, however, is not long approval times — it is corporate opacity. In today’s environment, it is extraordinarily difficult to determine which companies and investors are genuinely from allied nations and which are not. Like TSA PreCheck, which expedites screening for known travelers while maintaining security protocols for others, the Known Investor Program must not exempt investors who choose not to participate or who deliberately structure themselves to avoid participation altogether.

FDD supports the program’s stated goals: reducing bureaucratic hurdles for allies while maintaining rigorous national security guardrails — the core principle of the America First Investment Policy that spurred the program’s creation.¹ The problem lies in execution. The program as currently designed only reduces friction for a narrow subset of investors who already meet high transparency standards. It does nothing to address the opacity that adversaries exploit to acquire strategically significant assets, critical infrastructure, and sensitive real estate. FDD’s comments therefore focus on three critical areas: first, the need for enhanced transparency requirements; second, gaps in eligibility criteria that allow circumvention; and third, jurisdictional limitations that undermine the program’s effectiveness. Without addressing these deficiencies, the Known Investor Program risks becoming a bureaucratic nicety that benefits compliant allies while doing little to stop adversarial infiltration of critical American assets.

II. Transparency — Responsive to Questions 27, 36, and 37

Modern investment risk increasingly arises not from overtly sanctioned entities but from complex corporate ownership structures intentionally designed to obscure ownership and state influence. Adversarial actors, particularly entities linked to the People’s Republic of China, have repeatedly relied on layered holding companies, minority investment vehicles, venture funds, and offshore intermediaries to mask beneficial ownership and evade scrutiny.²

¹ The White House, Presidential Action, “America First Investment Policy,” February 21, 2025. (<https://www.whitehouse.gov/presidential-actions/2025/02/america-first-investment-policy>)

² Eli Clemens, “How Some Chinese Companies Obscure Ties to China and What Policymakers Should Do About It,” *Information Technology & Innovation Foundation*, November 3, 2025.

Example 1: Intelligence Community Exposure

An opaque web of shell companies allowed “China’s Warren Buffett” to acquire the leading insurance provider for CIA, FBI, and other U.S. intelligence officials.³ Fosun Group’s 2015 acquisition of Wright USA gave a Chinese company with close ties to the Chinese Communist Party (CCP) access to the names, job titles, and personal information of tens of thousands of American intelligence officials — including some working undercover.⁴ This information was not obtained through espionage or a cyberattack but through corporate opacity. U.S. intelligence officials understood the importance of protecting information shared with Wright USA, clearing the insurance underwriters evaluating applications to learn about the general duties and areas of expertise of American intelligence agents. However, they did not investigate the owners of the company, an oversight that directly undermined American national security. It was only after the deal went through and Fosun Group obtained access to Wright USA’s records that CFIUS scrutinized the non-notified transaction.³

Example 2: Semiconductor Acquisition

The Chinese government used American corporate opacity to secretly fund the \$1.3 billion acquisition of a specialized semiconductor manufacturer and U.S. government supplier. In 2016, Canyon Bridge Capital Partners established operations in Menlo Park — the heart of Silicon Valley — while registering as an LLC in Delaware. That same year, the firm offered to buy Lattice Semiconductor for \$1.3 billion using funds of unknown origin. The deal was ultimately blocked by President Donald Trump in his first term after it was revealed that the transaction between two seemingly American companies was, in fact, solely financed by the State Council of the People’s Republic of China, the top decision-making body of the Chinese government.⁵ Canyon Bridge Capital Partners initially planned to hide behind its U.S. domicile to avoid CFIUS review as a covered transaction, but was later convinced by Lattice Semiconductor and

(<https://itif.org/publications/2025/11/03/some-chinese-companies-obscure-ties-to-china-what-policymakers-should-do-about-it>)

³ Jeff Stein, “U.S. Probes Chinese Ownership of CIA Linked Insurance Company,” *Newsweek*, June 29, 2016. (<https://www.newsweek.com/2016/07/29/wright-usa-fosun-group-insurance-company-china-476019.html>)

⁴ “An Intelligent Living Entity,” *LEADERS Magazine*, December 2025.

³ Greg Roumeliotis, “U.S. watchdog expands scrutiny to more Chinese deals,” *Reuters*, October 11, 2016.

(<https://www.reuters.com/article/business/us-watchdog-expands-scrutiny-to-more-chinese-deals-idUSKCN12B0C4>)

⁵ “Canyon Bridge Capital Partners, LLC,” *Radiant Analytics*, accessed March 12, 2026.

(<https://radiantanalytics.com/firm/adv/canyon-bridge-capital-partners-llc-286596>); Tatman Savio, Kevin Wolf, and Christian Davis, “President Trump Block Chinese-Funded Acquisition of U.S. Semiconductor Company,” *Akin*, September 15, 2017. (<https://www.akingump.com/en/insights/alerts/president-trump-blocks-chinese-funded-acquisition-of-u-s>); Liana Baker, Koh Gui Qing, and Julie Zhu, “Chinese government money backs buyout firm’s deal for U.S. chip maker,” *Reuters*, November 28, 2016. (<https://www.reuters.com/article/business/chinese-government-money-backs-buyout-firms-deal-for-us-chip-maker-idUSKBN13N1QD>); The White House, Press Statement, “Statement from the Press Secretary on President Donald J. Trump’s Decision Regarding Lattice Semiconductor Corporation,” September 13, 2017. (<https://trumpwhitehouse.archives.gov/briefings-statements/statement-press-secretary-president-donald-j-trumps-decision-regarding-lattice-semiconductor-corporation/#:~:text=The%20national%2Dsecurity%20risk%20posed,by%20the%20United%20States%20Government>); Michael Gershberg and Justin Schenck, “President Trump Blocks Chinese Acquisition of Lattice Semiconductor Corporation,” *Harvard Law School Forum on Corporate Governance*, September 24, 2017. (<https://corpgov.law.harvard.edu/2017/09/24/president-trump-blocks-chinese-acquisition-of-lattice-semiconductor-corporation>)

legal counsel to jointly submit to CFIUS review as a covered transaction due to the concerning source of its funds.⁴

Example 3: Military Base Surveillance

Chinese operatives have used American corporate secrecy to position themselves near America's fleet of B-2 stealth bombers. The Knob Noster Trailer Park adjacent to Whiteman Air Force Base in Missouri — home to America's fleet of nuclear-capable B-2 stealth bombers — was acquired through a web of U.S. shell companies. The ultimate owners: a Canadian couple with ties to Miles Guo, a self-described former CCP intelligence affiliate.⁶ All of this was done legally, and apparently without CFIUS review, despite directly exposing a critical military installation to potential espionage.⁵

The Known Investor Program's requirement for ownership disclosure at both the company and parent entity level is a welcome provision. Visibility into beneficial ownership is essential for identifying who ultimately controls an asset or investment. However, this addresses only willing participants — not the larger national security threat.

The program does nothing to address companies that do not participate. More fundamentally, it does not solve this problem: adversaries who structure themselves as American companies can bypass CFIUS review entirely. Disclosure requirements imposed only on voluntary participants cannot address the actors most likely to pose risk — those hiding behind American shell companies.

A foreign adversary can incorporate a U.S. company in minutes with no ownership disclosure requirements — whether in Delaware, South Dakota, or dozens of other states. Through such a shell, the adversary assumes the legal cover of an American domicile and, with it, the ability to evade CFIUS reporting obligations entirely. More than 2 million corporations and LLCs are formed in the United States every year — far too many for CFIUS to track. This creates a critical national security blind spot that leaves the committee powerless against foreign actors hiding behind America-domiciled entities.⁷

Full enforcement of the Corporate Transparency Act (CTA) as Congress intended would provide comprehensive beneficial ownership transparency and significantly reduce the investigative burden on American law enforcement and CFIUS. The CTA was designed to address the opacity

⁴ Liana B. Baker, Greg Roumeliotis and Koh Gui Qing, "Exclusive - China-backed fund relaunches bid for U.S. chip deal approval: sources," *Reuters*, March 24, 2017. (<https://www.reuters.com/article/world/exclusive-china-backed-fund-relaunches-bid-for-u-s-chip-deal-approval-sources-idUSKBN16V1SY>)

⁶ The Office of Congressman Mark Alford, Press Release, "Alford Demands Briefing, CFIUS Review of Alleged CCP-Linked Ownership of Trailer Park Adjacent to Whiteman AFB," November 13, 2025. (<https://alford.house.gov/news/documentsingle.aspx?DocumentID=1384>)

⁵ The Office of Congressman Eric Schmitt, Press Release, "Senator Schmitt Calls for Review of Chinese-Owned Land Near Whiteman AFB," December 19, 2025. (<https://www.schmitt.senate.gov/media/press-releases/senator-schmitt-calls-for-review-of-chinese-owned-land-near-whiteman-afb>)

⁷ Elaine Dezenski and Josh Birenbaum, "Keep the Door Closed to Anonymous Shell Companies," *Foundation for Defense of Democracies*, May 27, 2025. (<https://www.fdd.org/analysis/2025/05/27/keep-the-door-closed-to-anonymous-shell-companies>)

of American shell companies by requiring disclosure of beneficial ownership information. However, FinCEN’s implementing rule exempts more than 99 percent of companies that Congress intended to cover, effectively restoring the very opacity the statute was meant to eliminate.⁸ Transparent, readily available access to beneficial ownership information for any company attempting to acquire national security assets would allow CFIUS to quickly determine whether the acquirer is genuinely American or an adversarial entity hiding behind an America-domiciled corporation. This would streamline CFIUS operations and strengthen the committee’s ability to safeguard American economic and national security.

III. Expanding the Exclusionary Framework — Responding to Question 9

The RFI proposes excluding entities appearing on several U.S. Government restricted-party lists, including sanctions and export control screening lists, and entities domiciled in or with significant presence in an “Adversary Country,” as defined by Section 4 of the America First Investment Policy.

These exclusions are necessary but insufficient.

The United States faces economic threats from more than just actors on the Adversary Country list. In non-market economies (NMEs), state intervention so significantly shapes market outcomes that investments cannot be evaluated using standard market assumptions — a risk the U.S. government has long recognized in the antidumping context. The Department of Commerce, at Congress’s direction, already designates certain countries as NMEs.⁹ While that designation was not originally intended as an investment screening tool, it provides a reliable proxy for state influence — through subsidies, state-owned enterprises, and directed capital allocation — that poses strategic risk when deployed against U.S. assets. The NME list should be updated to reflect current global trade dynamics and incorporated into the Known Investor Program’s eligibility framework.

Beyond NME-designated countries, the eligibility framework must also account for third-country facilitation networks. Adversary countries do not act alone. They support and are supported by a network of bad actors and supposedly neutral regimes that help them offload sanctioned energy, obtain export-controlled technology, and more. China has purchased most of the sanctioned crude from Russia, Iran, and the regime of Nicolás Maduro, but intermediaries in Turkey and Singapore facilitate the transactions.¹⁰ Myanmar has become a hotbed for Chinese criminal

⁸ Beneficial Information Reporting Requirements, Department of the Treasury, Financial Crimes Enforcement Network, 87 Federal Register 59498, September 30, 2022.

(<https://www.federalregister.gov/documents/2022/09/30/2022-21020/beneficial-ownership-information-reporting-requirements>)

⁹ U.S. Department of Commerce, International Trade Administration, “U.S. Antidumping & Countervailing Duties,” accessed March 13, 2026. (<https://www.trade.gov/nme-countries-list>)

¹⁰ “Risky Business: Turkey’s ASB Group Allegedly Aiding The Iranian Regime in Unprecedented Sanctions-Busting Operation,” *United Against Nuclear Iran*, November 15, 2022. (<https://www.unitedagainstnucleariran.com/press-releases/risky-business-turkeys-asb-group-allegedly-aiding-iranian-regime-unprecedented>); U.S. Department of the Treasury, Office of Foreign Assets Control, Press Release, “Treasury Targets Global Network Shipping Iranian Oil, Funding Iran’s Military and Terrorist Activities,” May 13, 2025. (<https://home.treasury.gov/news/press-releases/sb0139>)

behavior, especially scam centers, and purchased sanctioned Iranian diesel to fuel military jets.⁶ South Africa has close ties to the Iranian and Russian militaries and has been the recipient of opaque Chinese investment and CCP political training.⁷

The U.S. government has already documented these activities through sanctions investigations by the Department of the Treasury’s Office of Foreign Assets Control and export control enforcement by the Department of Commerce’s Bureau of Industry and Security. CFIUS should leverage this existing intelligence to update the list of countries whose investors are disqualified from the Known Investor Program.

IV. Jurisdictional Scope: Addressing Greenfield Investments — Responding to Questions 33 and 35

The RFI explicitly invites suggestions that may require “regulatory change or legislative enactments.” FDD responds accordingly.

Under the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), foreign acquisitions of existing U.S. businesses generally fall under CFIUS jurisdiction.¹³ Foreign greenfield investments — where foreign actors establish new U.S. entities rather than acquiring existing ones — generally fall outside that review unless real estate provisions apply. The result is a structural vulnerability: a foreign adversary can establish a new U.S. entity in a sensitive sector, near a sensitive facility, and face no CFIUS scrutiny whatsoever — even when the national security risk is functionally identical to an acquisition.

This gap is not theoretical. The 2025 America First Investment Policy acknowledged it directly, announcing the administration’s intent to work with Congress to “strengthen CFIUS authority over ‘greenfield’ investments.”¹⁴ The Known Investor Program — precisely because it emphasizes early-stage investment visibility — provides a natural vehicle for Treasury to advance that statutory objective.

Expanded greenfield jurisdiction need not be unlimited. Authority could be scoped to:

⁶ Johnathan Head and Tessa Wong, “China sentences 11 members of mafia family to death,” *BBC* (UK), September 29, 2025. (<https://www.bbc.com/news/articles/c78nrx309kzo>); Daniel Swift and Susan Soh, “Iran Fuels Repression in Myanmar,” *Foundation for Defense of Democracies*, January 28, 2026. (<https://www.fdd.org/analysis/2026/01/28/iran-fuels-repression-in-myanmar>)

⁷ Max Meizlish and Daniel Swift, “South Africa Eyes Confrontation With Trump over Growing Ties to China, Russia, Iran,” *Foundation for Defense of Democracies*, January 16, 2026. (<https://www.fdd.org/analysis/2026/01/16/south-africa-eyes-confrontation-with-trump-over-growing-ties-to-china-russia-iran>); Rafiq Wagiet, “Transnet wins legal battle blocking Chinese locomotive supplier from selling spare parts,” *Eyewitness News*, July 16, 2025. (<https://www.ewn.co.za/transnet-wins-legal-battle-blocking-chinese-locomotive-supplier-from-selling-spare-parts>); Stephanie Findlay, “South Africa’s Ruling ANC Looks to Learn from Chinese Communist Party,” *Time*, November 24, 2014. (<https://time.com/3601968/anc-south-africa-china-communist-party>)

¹³ Foreign Investment Risk Review Modernization Act of 2018, Pub. L. 115-232, 132 Stat. 2174, codified as amended at 50 U.S.C. § 4565. (<https://www.congress.gov/bill/115th-congress/house-bill/5841/text>)

¹⁴ The White House, Presidential Action, “America First Investment Policy,” February 21, 2025. (<https://www.whitehouse.gov/presidential-actions/2025/02/america-first-investment-policy>)

- Investments near sensitive government or military installations
- Investments in sectors already subject to mandatory CFIUS filing requirements
- Investments originating from actors connected to Adversary Countries or NME-designated jurisdictions

Targeted jurisdiction of this kind would close the most acute vulnerabilities without imposing broad new review burdens on low-risk investment.

International precedent supports this approach. The United Kingdom’s National Security and Investment Act authorizes reviews of entity formation and similar activities when they pose national security risk and involve a change of control of an existing asset¹⁵ — demonstrating that allied democracies have developed workable frameworks for greenfield-adjacent screening. The United States should follow suit.

V. Conclusion

The Known Investor Program will function as a meaningful national security tool only if designed to address both its opportunities and its limitations. Streamlining reviews for trusted investors is valuable but insufficient standing alone.

Three steps would substantially strengthen the program:

First, Treasury should support full enforcement of the Corporate Transparency Act as Congress intended, reversing FinCEN’s exemptions that have restored the opacity Congress sought to eliminate — and that adversaries actively exploit to route investment through America-domiciled shell companies beyond CFIUS’s reach.

Second, Treasury should incorporate Commerce Department Non-Market Economy designations into the Known Investor Program’s eligibility framework, closing the gap between formal adversary designations and the broader universe of state-influenced investors who pose equivalent risk.

Third, Treasury should support congressional action to amend FIRRMA and extend CFIUS jurisdiction to greenfield investments near sensitive sites or in mandatory-filing sectors — fulfilling a commitment the administration has already made.

Properly implemented, the Known Investor Program can serve as both an accelerant for trusted investment and a more effective barrier against those who would exploit regulatory gaps. These objectives are complementary, not contradictory. Rigorous transparency enables efficiency.

¹⁵ “The UK Government updates the NSIA guidance and clarifies the scope of the call-in power: What you need to know,” *Linklaters*, May 30, 2024. (<https://www.linklaters.com/insights/blogs/foreigninvestmentlinks/2024/may/updates-to-nsia-section-3-and-market-guidance>)