



Transparency International-USA calls for greater transparency of anonymous companies in the United States following the massive Panama Papers leak.

The massive leak of 11.5 million files dubbed the “Panama Papers” highlight the vulnerability of the global financial system and showcase how easy it is for public officials to use anonymous companies to hide their identities.

Washington D.C., 4 April, 2016 – The leaked Panama Papers reveal the offshore holdings of over 100 politicians and public officials from around the world. The list includes current and former world leaders and the offshore entities in the leak are connected to people in more than 200 countries and territories.

Unfortunately it is not just Panama and other tax havens that provide vehicles for kleptocrats and other criminals to launder their illicit wealth and enjoy it in financial centers around the world. In every state in the United States, one can incorporate a legal entity without having to disclose who controls the entity or derives economic benefits from it. In fact, so synonymous is Delaware with anonymous companies and ghost corporations that it was named in Transparency International’s Unmask the Corrupt campaign (Unmaskthecorrupt.org) as one of the most symbolic cases of corruption.

“It is time for the United States to end the secrecy around anonymous companies and help prevent the flow of illicitly acquired funds into the United States” said Claudia J. Dumas, President and CEO of TI-USA.

The U.S. government has pledged to increase transparency of companies formed in the United States in various fora such as the [Open Government Partnership National Action Plan](#), [G8 Action Plan for Transparency of Company Ownership and Control](#), and most recently the [G20 High Level Principles on Beneficial Ownership transparency](#). However, meaningful progress in the U.S. remains elusive.

The U.S. Government should pass the Incorporation Transparency and Law Enforcement Assistance Act introduced earlier this year by Representative Carolyn Maloney (D-NY) and Senator Sheldon Whitehouse (D-RI) that would require Treasury/states to collect, maintain and update beneficial ownership information on legal entities for law enforcement purposes . Ideally, this information should be public so that corrupt individuals cannot hide behind layers of anonymous companies.

The initial [stories](#) coming out of the Panama Papers leaks also show the use of anonymous companies in real estate transactions to hide corruptly acquired funds by wealthy individuals from outside the United States.

In addition to legislation to collect beneficial ownership information upon company formation, gatekeepers involved in luxury good purchases such as the real estate industry should be required to conduct due diligence into buyers’ identities and the sources of their funds” said Shruti Shah, Vice President for Programs and Operations at TI-USA.

Several investigations in the past have also shown how corrupt officials and money launderers utilize the U.S. financial systems to conceal, transfer and spend the illicit funds. Therefore, the U.S. Department of Treasury should issue without delay rules requiring financial institutions to determine and verify the identity of the beneficial owners of corporate customers.

Over the years, the United States has committed to combating the flow of the proceeds of foreign corruption into the United States in a number of different fora. By adopting the reforms recommended above, the United States would send a strong signal that it is taking the necessary steps to uphold its commitments.

Transparency International-USA is the U.S. chapter of the global Transparency International movement, which is present in more than 100 countries around the world. TI-USA is committed to improving governance both in the United States and internationally.

Notes to Editors:

- The Panama Papers can be found [here](#).
- Under its recent initiative, [UnmasktheCorrupt](#), Transparency International is calling on governments around the world to deny the corrupt the ability to enjoy luxury lifestyles with ill-gotten gains and to take actions to support the return of funds to the countries from which funds have been stolen. It is calling for an end to secret companies, public registries that reveal the beneficial owners behind all companies, restrictions on the foreign travel of corrupt individuals and requirements for those selling real estate and luxury goods to do adequate due diligence on their customers.
- More information on beneficial ownership transparency can be found [here](#).
- TI-USA's previous letter to the Financial Crimes Enforcement Network (FinCEN) can be found [here](#) and [here](#).

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