RE: True Incorporation Transparency for Law Enforcement (TITLE) Act (S. 1454),

Dear Senators Whitehouse, Grassley, and Feinstein,

We, the undersigned organizations, write to express our strong support for your bipartisan True Incorporation Transparency for Law Enforcement (TITLE) Act (S. 1454), which would require companies to disclose information about the real people who own or control them (often called the “beneficial owners”) at the time they are created.

We support increased corporate transparency because it would (1) safeguard our national security and expose terrorist financing; (2) curb corruption and fraud, which robs taxpayers of resources designated for infrastructure, and other critical needs; (3) provide critical tools to law enforcement and others to combat money laundering; (4) promote sound corporate governance and financial stability; (5) combat human trafficking; (6) curtail the financing of drug cartels; and (7) help ensure a fair and level playing field for small- and medium-sized businesses.

Many U.S. states rank among the easiest places in the world to set up a company whose owners cannot be traced.¹ In many states, you need less identification to set up a company than you do to get a library card.² The lack of transparency allows corrupt foreign official to divert resources from public treasuries and destabilize the economies of developing nations. As shown last year by the Pulitzer-Prize-winning revelations of the Panama Papers and by CBS’ 60 Minutes, it’s all too easy to move suspect money in the U.S. through anonymous companies created in this country.³

Investigations continue to reveal that terrorists, drug cartels, human traffickers, arms dealers, corrupt foreign officials, tax evaders, sanctioned individuals, and other criminals easily and regularly set up U.S. shell companies without providing any information about who owns or controls such companies.⁴

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Criminals often layer anonymous corporations, with one owning another and so on, to make it even harder for law enforcement to “follow the money” to figure out who is directing the company’s activity — i.e. the identity of the real criminal. These tactics enable criminals to disguise their identities behind the anonymity provided to U.S. companies and to launder dirty money through the U.S. financial system. The lack of transparency also allows corrupt foreign official to divert resources from public treasuries and destabilize the economies of developing nations.

Anonymous companies have been set up in states across the U.S. to commit crimes and hurt Americans throughout the country. Some examples include:

- A gang used anonymous companies from Kansas, Missouri, and Ohio to trick victims from overseas in a $6 million human trafficking scheme.5
- A crime syndicate opened fake health clinics across the country in the names of anonymous companies from states including Alabama, California, Colorado, Kentucky, Maryland, Nevada, New Mexico, and Texas to steal at least $35 million from Medicare.6
- The Iranian government used an anonymous company from New York to conceal its ownership of a skyscraper on 5th Avenue, in direct breach of sanctions.7
- Con artists tricked churchgoers and military personnel into investing millions in a South Carolina company that turned out to be a Ponzi scheme.8
- Texas lawyers used sham companies from Delaware and Nevada to trick elderly people into investing their life savings in worthless enterprises.9

Currently, no state collects ownership information.10 A uniform, federal requirement that no company can be registered anonymously is the most effective way to ensure a level playing field for states. A change in the law would save money from states’ budgets by reducing the time and money currently spent trying to track down the anonymous company owners behind so many crimes in the United States. The Departments of Justice and Treasury have offered $40 million to offset the cost of states updating their systems to include beneficial ownership information, drawing from funds they have recovered from prosecuting precisely the types of criminals that this law would help stop in their tracks.11 By increasing the collection of fines and penalties that result from the improved ability of law enforcement to pursue and prosecute these criminals, the law would also generate new revenue for states.

As momentum builds globally to solve the problem of anonymous companies, the U.S. needs a policy solution that will address our role in it. Congress should pass legislation that requires all companies to

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6 ibid.
9 ibid.
disclose their ultimate owners to the government when they incorporate and to keep that information up to date. The government entity collecting the information should then make it available to law enforcement.

We thank you for your leadership and look forward to working with you on this important and commonsense step to make our corporate formation process more transparent. Your bill will make it harder for criminals to misuse American companies to facilitate illegal activities and stop the U.S. from being a dumping ground for dirty money. Please feel free to reach out to Clark Gascoigne (cgascoigne@thefactcoalition.org), Eryn Schornick (eschornick@globalwitness.org), or Liz Confalone (lconfalone@gfintegrity.org) for any additional information or questions.

Thank you for your commitment to this important issue.

Sincerely,

AFCSME
Lee A. Saunders
President

AFL-CIO
Damon Silvers
Director of Policy and Special Counsel

ActionAid USA
Brandon Wu
Director of Policy and Campaigns

Americans for Tax Fairness
Frank Clemente
Executive Director

Business & Human Rights Resource Centre
Phil Bloomer
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Citizens for Responsibility and Ethics in Washington (CREW)
Jennifer Ahearn
Policy Counsel

Coalition for Integrity
Shruti Shah
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Consumer Action
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Demand Progress
Daniel Schuman
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EarthRights International
Marco Simons
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Economic Policy Institute
L. Josh Bivens
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Enough Project
John Prendergast
Founding Director

Fair Share
Nathan Proctor
National Campaign Director

Financial Accountability and Corporate Transparency (FACT) Coalition
Gary Kalman
Executive Director

Financial Transparency Coalition
Porter McConnell
Director

Friends of the Earth
Ben Schreiber
Senior Political Strategist
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<tr>
<th>Organization</th>
<th>Name</th>
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<td>Raymond Baker</td>
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<td>Global Integrity</td>
<td>Alan Hudson</td>
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Tax Justice Network USA  
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Chair

The Center for Constitutional Rights  
Vincent Warren  
Executive Director

Transparency International  
Robin Hodess  
Acting Managing Director

U.S. Public Interest Research Group (U.S. PIRG)  
Andre Delattre  
Executive Director

cc: Members of the U.S. Senate Committee on the Judiciary