

July 20, 2020

The Honorable Nancy Pelosi
235 Cannon House Office Building
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
2421 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi and Minority Leader McCarthy,

We write to urge your support of H.Amdt.1 (the Corporate Transparency Act) to the National Defense Authorization Act, which is currently included in en bloc #1. This amendment takes a significant step toward ending the abuse of anonymous shell companies that undermines the integrity of our financial system and puts our national security at greater risk.

Transparency International's U.S. office (TI-US) is part of the largest global coalition dedicated to fighting corruption. With over 100 national chapters around the world, the organization partners with businesses, government, and citizens to promote transparency and accountability and curb the abuse of power in both the public and private sectors.

Corrupt leaders, rogue nations, terrorists, and other criminals routinely hide behind anonymous companies to launder the proceeds of their crimes with impunity. For example, Iran was able to evade U.S. sanctions for years by purchasing real estate in New York City through an anonymous company.¹ A notorious illegal arms dealer, Viktor Bout, used anonymous companies to move weapons and money to conflict zones and corrupt leaders around the world.² Closer to home, the U.S. Department of Defense unwittingly entered into contracts with anonymous companies that were later revealed to be secretly owned by the Taliban.³

¹ See FACT Coalition, "How Rogue Nations & Sanctioned Groups Use Shell Companies," Feb. 14, 2019, available at thefactcoalition.org/how-rogue-nations-sanctioned-groups-use-shell-companies/.

² See Casey Michel, "The U.S. Is a Good Place for Bad People to Stash Their Money," *The Atlantic*, Aug. 10, 2017, available at www.theatlantic.com/business/archive/2017/07/us-anonymous-shell-companies/531996/.

³ See Karen DeYoung, "U.S. Trucking Funds Reach Taliban, Military-Led Investigation Concludes," *The Washington Post*, July 24, 2011, available at www.washingtonpost.com/world/national-

The threat of unfettered access to our financial system by anonymous companies has been echoed by hundreds of national security experts and current and former military leaders. For example, in a 2019 report by Transparency International's Defense and Security program, *Holes in the Net: U.S. Arms Export Control Gaps in Combatting Corruption*, experts noted that "Anonymous shell companies are a well-established means of diverting contract funds to political cronies and those tied to insurgents, terrorists, warlords, criminal networks, and other malign actors."⁴

As the world's largest economy, the U.S. is a favored target for illicit cash. As detailed in several studies and evaluations that call out the U.S. as a top secrecy jurisdiction, the inadequacy of our current laws compounds the problem. By providing a safe haven for corrupt and criminal actors and their stolen funds, we undermine our own safety and security.

The Corporate Transparency Act helps us begin to rein in all of these abuses. Corrupt and criminal networks that threaten the U.S. have become more sophisticated in how they raise and move illicit money around the globe. We have not comprehensively updated our anti-money laundering laws in decades to meet these changes. It is long past time to do so.

We urge your support of H.Amdt.1 (the Corporate Transparency Act) to the National Defense Authorization Act, which is currently included in en bloc #1, and appreciate your consideration of our views here. If you have any questions, please contact Scott Greytak, TI-US's Advocacy Director, at sgreytak@transparency.org or 614-668-0258.

Sincerely,

Gary Kalman
Director

Scott Greytak
Advocacy Director

cc:
Members of the U.S. House of Representatives

[security/us-trucking-funds-reach-taliban-military-led-investigation-concludes/2011/07/22/gIQAmMDUXI_story.html?utm_term=.361db33ec736](https://www.transparency.org/security/us-trucking-funds-reach-taliban-military-led-investigation-concludes/2011/07/22/gIQAmMDUXI_story.html?utm_term=.361db33ec736).

⁴ Colby Goodman, "Holes In The Net: US Arms Export Control Gaps In Combatting Corruption," Transparency International Defence and Security Programme, Jan. 14, 2020, available at [ti-defence.org/publications/united-states-arms-export-sales-corruption-fraud-risk/](https://www.transparency.org/publications/united-states-arms-export-sales-corruption-fraud-risk/).