

## Historic Anti-Corruption Measures Become Law

The new provisions serve as the most significant update to U.S. anti-money laundering laws in a generation

1 January 2021

Today, Congress passed the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021. Key anti-money laundering provisions, most notably the Corporate Transparency Act (CTA), were included in the law. The CTA requires businesses to provide 'beneficial ownership' information to the U.S. Department of Treasury's Financial Crimes Enforcement Network, our nation's financial intelligence unit. The measure will ban the anonymous shell companies that criminals and corrupt foreign officials use to hide and move the proceeds of corruption and other illicit finance.

Transparency International (TI) helped to craft the bill. TI's global network of experts and advocates have extensively documented how previous gaps in U.S. anti-money laundering laws allowed corrupt foreign officials to exploit our financial system.

Gary Kalman, Director of TI's U.S. Office, issued the following statement on the passage of the CTA and the other anti-money laundering measures included in the defense bill:

Ending the abuse of anonymous shell companies is a tremendous victory for all who are concerned about the harmful impacts of corruption. It's a huge step forward in fighting illicit finance at home and around the globe. Simply put, corporate transparency means it will be harder for corrupt leaders and other criminals to hide and move stolen money through secretly-owned corporations.

The law includes several other important provisions to counter corruption. Taken together, these provisions show that Congress now recognizes the direct link between corruption and national security.

This is the first significant update to our anti-money laundering laws in twenty years, and one of the most important anti-corruption measures ever passed by the U.S. Congress. The decade-long effort to achieve these reforms had become a top

priority—not just for us here in the U.S. but for the anti-corruption community globally. The U.S. is now catching up with our allies in the European Union and elsewhere, and can help champion transparency as a critical global standard.

The most important anti-money laundering provision is the collection of company ownership information. This simple change will make it harder for terrorists to launder money to fund insurrection and violence. Corrupt foreign leaders who impoverish their own countries by stealing and misdirecting public funds will find it more difficult to hide those funds. This new level of transparency will help ensure that the international aid we provide actually goes to improve stability and to bolster economic and social conditions in troubled spots around the world. And it will help protect our financial system from providing enormous economic benefits to those who would do us harm.

In these divided times, it is encouraging that a broad and politically diverse coalition came together to make these critical reforms a reality. We'd like to especially thank Chairman Crapo (R-ID), Ranking Member Brown (D-OH), Chairwoman Waters (D-CA), Ranking Member McHenry (R-NC), Congresswoman Maloney (D-NY), Congressman King (R-NY), Congressman Luetkemeyer (R-MO), and Congressman Cleaver (D-MO), as well as Senators Warner (D-VA), Cotton (R-AR), Jones (D-AL), Rounds (R-SD), Whitehouse (D-RI), Grassley (R-IA), Wyden (D-OR), and Rubio (R-FL) for their support.

## **Related Resources**

- [Read the full text of the measure in the National Defense Authorization Act for Fiscal Year 2021 \(begins at page 2950 of the bill\)](#)
- [Letter to Congress from Diverse Coalition of Organizations on the Corporate Transparency Act and the National Defense Authorization Act for Fiscal Year 2021](#)
- [Op-ed: Offshore Finance Hurts Us—All of Us](#)

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