

August 9, 2022

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
317 Russell Senate Office Building
Washington, D.C. 20510

Dear Majority Leader Schumer and Minority Leader McConnell:

As organizations that work to combat corruption and promote accountability in government, we write to express our strong support for the Establishing New Authorities for Businesses Laundering and Enabling Risks to Security (ENABLERS) Act as amended.

The ENABLERS Act represents a major, bipartisan opportunity to close the loopholes in U.S. law that are allowing corrupt foreign leaders to finance military aggression and repressive, undemocratic regimes by stealing money from their people and hiding that money in the United States. Such schemes are possible because current U.S. anti-money laundering (AML) law does not require those American middlemen who help move and hide this money to perform appropriate background checks on their clients.

Because the United States does not require these safeguards, stories of American complicity in international corruption schemes are now infamous, and may be in direct conflict with our nation's foreign policy and national security priorities. A corporate formation agent, for example, formed a company in Delaware that reportedly owns a \$15-million mansion in Washington, D.C., linked to one of Vladimir Putin's closest allies. Also reportedly connected to the oligarch is a \$14-million townhouse in New York City owned by a separate Delaware company. Such stories help underscore why the United States Government has designated the fight against foreign corruption as a core national security priority, and why the first-ever U.S. Strategy on Countering Corruption includes an express line to "wor[k] with the Congress as necessary to secure additional authorities" to "cover key gatekeepers" to the U.S. financial system.

Last October's "Pandora Papers," the largest exposé of global financial data in history, revealed to a global audience just how essential American enablers are for moving questionable funds into the United States. The Papers illustrated how states such as South Dakota, Nevada, Delaware, Florida, and New Hampshire are now *global* hotspots for those seeking to hide their assets: For example, one Pandora Papers investigation revealed "nearly 30 trusts that held assets linked to people or companies accused of fraud, bribery, or human rights abuses." And perhaps most notoriously, Teodoro Obiang, the vice president of Equatorial Guinea and son of the country's authoritarian president, was able to steal millions of dollars from his country to purchase luxury

assets in the U.S. by using American lawyers. These enablers incorporated shell companies in the United States and opened bank accounts in the name of the companies for Obiang's personal use. Suspect funds were first wired to the lawyers' attorney-client and firm accounts, then transferred to the accounts of the shell companies.

The corporate formation agents, trust services providers, and lawyers in the above scenarios are all attractive targets for corrupt officials precisely because they are not required to perform basic due diligence on their clients. Instead, corrupt leaders exploit these loopholes in order to plunder the treasuries of some of the most vulnerable societies in the world.

The ENABLERS Act would help put an end to these practices by requiring those who provide certain professional services to adopt AML procedures that can help detect, flag, and prevent the laundering of corrupt and other criminal funds into the United States. The Act uses a risk-based approach by authorizing Treasury to require different, minimum but effective AML procedures for different service providers. Given the level of risk involved, service providers could be required to identify and verify the true owners of their corporate clients, report suspicious transactions, and/or establish due diligence policies, procedures, and controls in order to "know their customers," among other checks.

The Act also provides money to state, local, tribal, and territorial governments to help implement and enforce the law, requires Treasury to work collaboratively with existing local, state, tribal and territorial agencies best positioned to implement and enforce it, and gives these governments access to federal resources to levy professional sanctions (e.g., fines, disbarment) on those enablers who abuse their professional licenses to facilitate corruption and other crimes.

The ENABLERS Act offers a bipartisan, straightforward means of ensuring that American service providers can no longer be exploited by corrupt actors in their efforts to undermine U.S. national security and democratic governance across the globe. The fight against foreign corruption is a national security priority of the highest order, and the ENABLERS Act would help turn that designation into action.

Thank you for your consideration of our views. We welcome any opportunity to discuss this issue with you further. For any questions or additional information, please contact Scott Greytak, Director of Advocacy for Transparency International U.S., at sgreytak@transparency.org.

Sincerely,

Organizations

Accountability Lab

Africa Faith and Justice Network (AFJN)

Anti-Corruption Data Collective
Bekker Compliance Consulting Partners, LLC
Citizens for Responsibility and Ethics in Washington (CREW)
Coalition for Integrity
Crime Stoppers Caribbean, Bermuda and Latin America
EG Justice
Financial Accountability and Corporate Transparency (FACT) Coalition
Foreign Policy for America
Free Russia Foundation
Friends of Angola
Global Financial Integrity
Integrity Initiatives International
International Coalition Against Illicit Economies (ICAIE)
Never Again Coalition
Partnership for Transparency Fund
Project On Government Oversight
Sembrando Sentido
The Antiquities Coalition
The ONE Campaign
The Sentry
Transparency International U.S.

Individuals

Anna Downs, Governance Specialist, International Republican Institute
Audry Ntemo Luwungu, CFE, CAMS
Charles G. Davidson, Founder, Kleptocracy Initiative; co-chair, DC Forum
Debra LaPrevotte, FBI (retired)
Ilya Zaslavskiy, Head of Underminers.info, research project on post-Soviet kleptocracy
Kenneth Barden, JD, CAMS, CFCS
Layla Hashemi, ACAN Member and Moderator
Louise Shelley, Researcher
Michael Dziedzic, Retired Colonel and author of *Criminalized Power Structures: The Overlooked Enemies of Peace*
Shaazka Beyerle, Author, *Curtailing Corruption: People Power for Accountability and Justice*