



EXPOSING THE FRAUDSTERS

HOW ANONYMOUS COMPANIES FORMED IN THE U.S. HAVE BEEN USED TO DEFRAUD AMERICANS, AND HOW THE CORPORATE TRANSPARENCY ACT CAN STOP SUCH SCAMS

Introduction

Fraud reportedly cost American consumers at least [\\$12 billion](#) in 2024: Medicare scams harm seniors, taxpayers, and legitimate healthcare providers; counterfeit medicines harm patients; small business scams rob entrepreneurs of scarce capital; and investment scams drain the retirement accounts of workers and retirees. The insidious ingenuity of these criminals preys upon the trust of Americans in our consumer marketplace.

The criminals behind consumer scams often employ anonymous companies to execute their schemes and evade detection. What the getaway car is to a bank heist, the anonymous company often is to a fraud scheme.

From Anonymous Companies to Corporate Transparency

For years, anonymous companies in the U.S. have been easy to form and readily available to exploit. This is because in all 50 states, someone must provide more information to obtain a library card than to form an anonymous company that can then be used as a front for fraud.

In 15 minutes, and for a nominal fee, anyone in America can form or register a company without providing any information about the person or people who own or control the entity (aka, the

“beneficial owners”). Most states require someone who forms or registers a company to list a company “contact,” but there’s no requirement that this be the actual owners (and is often simply the lawyer or other registration agent who files the relevant paperwork). Even the agent need not ask, or ever know, the identity of the true owners of the company. All this means is that if an anonymous company is used to commit fraud, and law enforcement seeks to “follow the money,” they’ll inevitably hit an impenetrable wall of opacity.

To counter the secrecy that protects scam artists and other financial criminals, Congress passed, and President Trump supported, the bipartisan Corporate Transparency Act (CTA) in 2021. The law was hailed as a landmark reform by both advocates for consumer rights and police, prosecutors, and other law enforcement officials at the municipal, county, state, and federal level. Providing for international law enforcement cooperation, the CTA even promised to be a vital tool for scams that originate overseas.

However, the CTA’s ability to fight fraud and protect American consumers can only be realized if the law is robustly and effectively enforced. This means that the Treasury Department and the Financial Crimes Enforcement Network (FinCEN) must faithfully implement and enforce the law as passed by Congress—and not create loopholes, dangerous exemptions, or arbitrary compliance deadlines.

19 Examples of Anonymous Companies Formed in the United States Being Used to Commit Fraud

To demonstrate the potential impact of a properly implemented and enforced CTA on consumer fraud, what follows are over a dozen examples of fraud schemes that relied upon anonymous companies formed in the United States to carry out such crimes. The list is by no means comprehensive but rather selected from a limited review of cases to illustrate the prevalence and utility of anonymous companies in fraud schemes.

The following descriptions are modified excerpts from official press releases and other public materials appearing on the U.S. Department of Justice or U.S. Federal Trade Commission websites.

Medicare, Medicaid <i>Charges brought in 2022</i>	Ten individuals were <u>charged</u> for their involvement in a scheme to fraudulently divert payments from Medicare, Medicaid, and private insurers intended for hospitals to provide medical services, resulting in \$11 million in financial losses. The defendants allegedly laundered the funds through accounts opened in the names of false and stolen identities and shell companies, transferring the funds overseas where they were used to purchase luxury goods and automobiles.
Cryptocurrency Investment <i>Arrested in 2024</i>	Two Chinese nationals <u>were arrested</u> for allegedly leading a scheme to launder \$73 million in proceeds from cryptocurrency investment scams. Victims transferred millions of dollars to U.S. bank accounts opened in the names of dozens of shell companies whose sole apparent purpose was to facilitate the laundering of fraud proceeds. Over 70 different shell companies were identified as part of the scheme.

<p>Consumer Products/Recurring Fees <i>Settlement in 2024</i></p>	<p>A federal court <u>ordered the forfeiture</u> of roughly \$40 million from a group of defendants who allegedly defrauded consumers nationwide signing them up for subscription plans for products without their consent. The defendants used shell companies to open merchant accounts and process unauthorized online charges. The laundered funds were then used to purchase lavish assets such as a jersey worn by Michael Jackson and luxury watches.</p>
<p>Tech Support Charges Brought in 2022</p>	<p>Six individuals were <u>charged in connection</u> with a cross-border technical support scam that targeted over 20,000 victims, many of whom were elderly. Victims were allegedly tricked into believing that their computers were infected with malware and that the accused were able to provide repair services, resulting in the payment of more than \$10 million to bank accounts tied to a network of <u>shell companies</u>, including at least one anonymous company.</p>
<p>Small Business Lenders <i>Sentenced in 2021</i></p>	<p>A California man was sentenced to prison for <u>defrauding small business lenders</u>, obtaining nearly \$1 million by setting up shell corporations registered in the names of people he paid to pretend to be corporate officers. The sham businesses included kitchen remodeling companies and an audio-visual company, according to court documents. The defendant applied for business loans from at least 22 financial institutions and used the names of 14 companies in doing so, court documents state.</p>
<p>Consumer Products/Recurring Fees <i>Lawsuit filed in 2019</i></p>	<p>An individual was <u>accused</u> of scamming American consumers out of tens of millions of dollars in undisclosed and recurring subscription fees after purchasing a falsely advertised product. The defendant allegedly <u>created over 100 shell companies</u>, opening bank accounts in their names, then falsified documents to open accounts with merchant processors to disguise his involvement.</p>

<p>Medicare <i>Sentenced in 2022</i></p>	<p>A Florida man <u>was sentenced</u> to 14 years in prison for a healthcare and wire fraud scheme that cost Medicare more than \$20 million. As part of the scheme, the defendant used anonymous shell companies to market prescription creams to customers. Pharmacies and laboratories associated with the shell companies paid the defendant kickbacks. The defendant also opened bank accounts in the name of one of his shell companies, avoiding paying over \$1.6 million in personal income taxes by diverting the funds through those accounts and purchasing luxury watches, diamond jewelry, vehicles, and two yachts.</p>
<p>Credit Cards <i>Sentenced in 2022</i></p>	<p>A California man with connections to Russian hackers was <u>sentenced to 24 years in prison</u> for his role in a \$3.4 million international credit card fraud scheme, which involved approximately 71 fraudulent companies created for the sole purpose of charging approximately 119,000 stolen credit card numbers. Some of the business entities were <u>established</u> in the names of victims without their knowledge.</p>
<p>Telemarketing, Tech Support <i>Arrested in 2020</i></p>	<p>Four individuals were <u>arrested</u> in connection with an international telemarketing fraud scheme targeting senior citizens and allegedly deceiving victims into granting remote access to their computers under the guise of offering technical support. The defendants allegedly stole victims' bank account information and convinced victims to wire money using bank accounts opened in the names of corporate shell accounts.</p>
<p>Debt Collection Targeting Small Businesses <i>Sentenced in 2024</i></p>	<p>A Canadian man was <u>sentenced to prison</u> for his role in a \$5 million telemarketing fraud scheme that targeted small businesses by using misleading cold calls and fake invoices to con business owners into believing that they owed money for fraudulent directory listings. To appear legitimate, the defendant opened anonymous shell companies registered in Florida and Delaware, paying nominee directors cash for the use of their names on corporate records.</p>

<p>Retail Investors <i>Charges Brought in 2024</i></p>	<p>A Florida man was charged with wire fraud for <u>masterminding an investment fraud scheme</u> while on federal supervised release for prior charges related to fraud and money laundering. The defendant allegedly established a shell company in Florida and <u>registered</u> it in the name of his then-girlfriend. He allegedly recruited unsuspecting investors by falsely claiming that the company managed over \$18 million in client assets, while in reality, there were few, if any, funds under management.</p>
<p>Payment Processing Services <i>Guilty Plea in 2025</i></p>	<p>A California man pled guilty to <u>operating an unlicensed money transmitting business</u> that received and transmitted funds from a business email compromise scheme. The defendant ran the business by using shell companies that existed only on paper and targeted victims by sending fraudulent wire instructions from spoofed email accounts. Victims sent interstate wire transfers for payment to the fraudulent company instead of to the true creditors to whom the victims owed money.</p>
<p>Internet Dating Services <i>Sentenced in 2024</i></p>	<p>Four Nigerian citizens residing in the U.S. and Canada were sentenced to prison for a series of <u>romance and investment scams</u> targeting victims across the U.S. The defendants used fake identities and email accounts on internet dating sites to trick people into wiring or mailing money to shell companies and fictitious agents. The proceeds were moved through several layers of bank accounts and shell companies to hide the sources of the money and make it difficult to trace. Dozens of victims lost amounts ranging from several thousand dollars to several hundred thousand dollars.</p>
<p>Timeshares <i>Sentenced in 2019</i></p>	<p>The leader of a large-scale timeshare resale scam was <u>sentenced to prison for defrauding</u> more than 1,000 victims, many of them elderly, out of \$3.3 million. The defendant and 20 co-conspirators used stolen data to identify timeshare owners and promised to sell the timeshares in return for the owner paying half the costs associated with the sales in advance. The defendants used a network of fake front companies in various cities across the country.</p>

<p>Text Messaging Services <i>Extradited to the U.S. in 2021</i></p>	<p>A Chinese national and an Australian national were <u>extradited</u> to the U.S. for their role in a scheme where hundreds of thousands of mobile phone customers were auto-subscribed and fraudulently charged for text messaging services without their knowledge or consent. The two defendants and their co-conspirators allegedly generated more than \$50 million in proceeds over the multiyear scheme, which were laundered through multiple bank accounts tied to a network of anonymous shell companies.</p>
<p>Internet Services <i>Charges Unsealed in 2024</i></p>	<p>Nine members of a <u>Tennessee-based multi-state money laundering organization</u> were allegedly responsible for laundering the proceeds of internet fraud, including business email compromise schemes, that targeted businesses and individuals in the U.S. and abroad. The defendants allegedly used sham and front companies to conceal the funds. The conspirators are alleged to have laundered more than \$20 million in proceeds.</p>
<p>Internet Services <i>Sentenced in 2024</i></p>	<p>A Pennsylvania man was sentenced to prison for his role in helping <u>launder thousands of dollars</u> in proceeds from business email compromise schemes, romance scams, and other frauds. Two front companies were used by the defendant to launder the proceeds. He had been previously convicted for separate money laundering charges in 2011.</p>
<p>Campaign Finance Scam <i>Conviction in 2023</i></p>	<p>Three individuals were <u>convicted</u> of raising approximately \$4 million in contributions from the public for two political action committees based on false and misleading representations on how the funds would be used. The defendants used shell companies to open bank accounts where some funds were eventually deposited.</p>
<p>Consumer Products/Recurring Fees <i>Settlement in 2020</i></p>	<p>Operators of an online subscription scheme agreed to settle an FTC complaint alleging that they <u>duped consumers</u> out of more than \$74.5 million by luring them with supposedly “free trial” offers for cosmetics and dietary supplements, then enrolling them in subscriptions and billing them without their consent. The defendants allegedly used a network of dozens of shell companies and straw owners to process consumer payments.</p>

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