



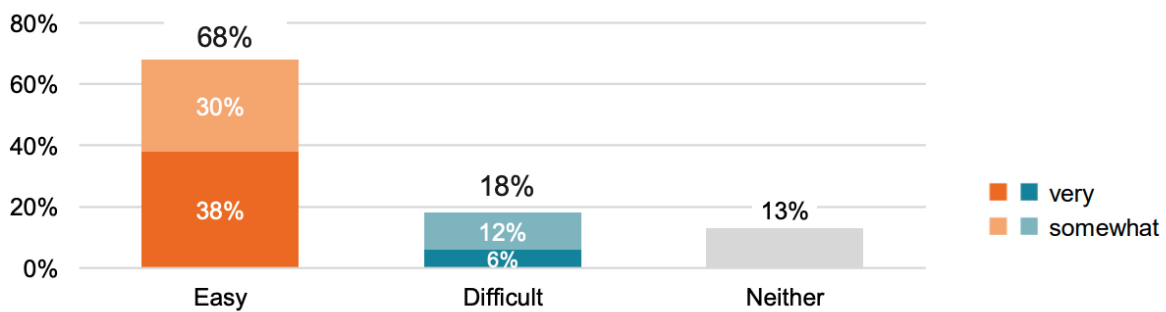
Small Businesses Support the Corporate Transparency Act

Anonymous companies have been used by bogus competitors to steal contracts, rogue employees to embezzle money, and fraudulent vendors to undermine supply chains. With fewer resources than larger enterprises, small businesses are often easier targets for scammers and criminals.

That’s why small business groups, including Small Business Majority and the Main Street Alliance, joined law enforcement professionals, anti-human trafficking organizations, and major financial institutions in backing the Corporate Transparency Act (CTA), a landmark anti-money laundering law requiring certain companies to disclose their true, or “beneficial” owners. **But now, this critical law is under threat from opponents who say its reporting requirements are “too burdensome” and who downplay the risks posed by anonymous companies. The facts say otherwise.**

Beneficial Ownership Disclosure Does Not Burden Legitimate Small Business Owners

Figure: Majority of small business owners find it easy to file a Beneficial Ownership Information Report



Source: *Small Business Majority, 2024*

The CTA only requires certain businesses to report four pieces of readily known and accessible information: name, address, date of birth, and a driver’s license or other identification number. This is less information than is necessary to acquire a library card in all 50 states.¹

According to the U.S. Small Business Administration, approximately 82% of all businesses in the U.S. are non-employer firms, meaning that there is only one person in the enterprise.² Genuine small business owners do not have trouble identifying the owner of their business. **That’s why nearly 70% of small business owners said in recent polling that reporting under the CTA was “easy”, while only 6% found it very “difficult”.**³

The Harms to Small Businesses from Anonymous Companies Are Clear

[Anonymous Companies Gouge Small Businesses and Their Customers](#)

An Illinois man created an anonymous company that appeared to be a subcontractor to his employer: a small air conditioning repair business. He used it to submit fraudulent invoices to both his own employer and its

¹ Global Financial Integrity, “Report Demonstrates Ease of Establishing Anonymous Shell Companies,” March 21, 2019, accessible at <https://www.gfintegrity.org/press-release/report-demonstrates-ease-of-establishing-anonymous-shell-companies/>.

² Small Business Administration, “Frequently Asked Questions,” February 2026; https://advocacy.sba.gov/wp-content/uploads/2026/02/FINAL_FAQsAboutSmallBusiness_2026_012826.pdf

³ Small Business Majority, “Small business owners share their experiences with new Beneficial Ownership information reporting requirements,” February 15, 2024 <https://smallbusinessmajority.org/our-research/small-business-owners-share-their-experiences-new-business-ownership-information-reporting-requirements>

customers despite providing no service to either party. The employee stole approximately \$350,000 before getting caught.⁴

[Anonymous Companies Are Used by Patent Trolls to Target Entrepreneurs](#)

Patent trolls use anonymous companies to target small business owners. With few legal resources, some business owners find themselves paying unnecessary licensing fees or spending time and money to defend themselves against bogus infringement claims.⁵

[Anonymous Companies Hurt Honest Competition](#)

A Maryland woman won government contracts by submitting extremely low bids, undercutting honest businesses. With her co-conspirators, she then subcontracted the work before disappearing without paying the subcontractors. Money and contracts were laundered through a series of through a web of 15 shell companies in Maryland, Delaware, Georgia, Nevada, North Carolina, and Tennessee.⁶

[Anonymous Companies Exploit Programs Meant for Legitimate Small Businesses](#)

A former construction company executive in Pennsylvania used anonymous companies to take advantage of a program for small businesses owned by minorities for which he was not eligible. Hiding behind a Connecticut company for 15 years, he won contracts worth \$136 million in Pennsylvania alone.⁷

[Anonymous Companies are Used to “Clone” and Defraud Legitimate Businesses](#)

In 2023, the Michigan Attorney General filed a civil suit against two “clone” LLCs that mimicked real businesses in an attempt to cash stolen checks.⁸ Both were formed by a person using an alias. The CTA would require such entities to disclose their true owners.

The Corporate Transparency Act Must Be Fully Implemented and Enforced

The American public overwhelmingly supports beneficial ownership transparency. In nonpartisan polling, 81% of general election voters agreed that “Asking some small businesses to do 20 minutes of paperwork identifying their true owner is a small price to pay for keeping our communities safe from drug trafficking, terrorist financing, and other financial crimes.”⁹

The CTA is not currently being enforced with regard to domestic companies or U.S. beneficial owners of foreign companies,¹⁰ leaving a gaping hole in the U.S. anti-money laundering framework that criminals are continuing to use to defraud and otherwise harm legitimate small businesses. Congress and the Administration must take steps to restore the original intent and function of the CTA, and finally put an end to the scourge of anonymous companies.

⁴ *United States Department of Justice*, “Illinois Man Pleads Guilty to Fraud and Money Laundering Charges,” July 27, 2016

<https://www.justice.gov/usao-edmo/pr/illinois-man-pleads-guilty-fraud-and-money-laundering-charges>

⁵ “Small businesses support laws that end anonymous companies,” *Main Street Alliance*, July 10, 2017, <https://medium.com/@MainStAlliance/small-businesses-support-laws-that-end-anonymous-companies-8f8cc2277606>.

⁶ *United States Department of Justice*, “Clinton Woman Pleads Guilty In \$2.3 Million Government Contract Fraud Scheme,” August 7, 2013, <http://www.justice.gov/usao/md/news/2013/CLINTONWOMANPLEADSGUILTYIN2.3MILLION.html>.

Image from: Small Business Majority, “Opinion Poll: Small Business Owners Support Legislation Requiring Transparency in Business Formation,” April 4, 2018, <http://bit.ly/2LHdwrW>

⁷ Global Witness, “Hidden Menace: How secret company owners are putting troops at risk and harming American taxpayers,” July 12, 2016, <http://bit.ly/HiddenMenace>

⁸ *Michigan Department of Attorney General*, “Attorney General Sues to Dissolve Fraudulent LLCs, Alleges ‘Cloning’ Business Identity Theft,” November 9, 2023 <https://www.michigan.gov/ag/news/press-releases/2023/11/14/attorney-general-sues-to-dissolve-fraudulent-llcs>.

⁹ McLaughlin & Associates, “McLaughlin & Associates Poll Shows Overwhelming Support For Corporate Transparency Act,” October 9, 2024 <https://mclaughlinonline.com/2024/10/09/mclaughlin-and-associates-poll-shows-overwhelming-support-for-corporate-transparency-act>.

¹⁰ FACT Coalition, “Treasury Reopens the Floodgates to Dirty Money in the U.S.,” March 3, 2025 <https://thefactcoalition.org/treasury-reopens-the-floodgates-to-dirty-money-cta>.