



FACTCOALITION

Financial Accountability & Corporate Transparency

TO: Trump/Pence Presidential Transition Team
FROM: The Financial Accountability and Corporate Transparency Coalition (FACT Coalition)
RE: Actions to Combat Terror Financing; Criminal Money Laundering; and Waste, Fraud, and Abuse in Government Contracting
DATE: November 21, 2016

Top Policy Asks

Combat Terror Financing and Criminal Money Laundering

Summary

Endorse and push strong legislation to end the abuse of anonymous shell companies: Anonymous shell companies are the vehicle of choice for criminals, terrorists, and kleptocrats looking to conceal funds from law enforcement. A simple fix — requiring the real owner of a company to be named during incorporation — will cut down, in dramatic fashion, the ability of criminals to finance their crimes. This requires legislation but has strong support from across the political spectrum.

The reason this simple policy should make the top of the list is:

- The policy can significantly curtail terror financing and criminal money laundering;
- It is a way to go after waste, fraud and abuse in federal contracting; and
- The issue has avoided any clear partisan association; has broad support from law enforcement, conservative think tanks, top financial institutions, as well as liberal advocacy groups. It's winnable.

In Full

With broad support from police and prosecutors, conservative and liberal think tanks, anti-human trafficking groups, government waste watchdogs, financial institutions (including all of the largest U.S. banks), anti-corruption groups, Republican and Democrat members of Congress, and others, this reform has the potential to be an early victory.

The reason for the 'unlikely allies' support is that anonymous companies are used for a broad cross-section of corrupt, criminal, and fraudulent

"For years [anonymous] corporations have been used as front organizations by criminals conducting illegal activity such as money laundering, fraud, and tax evasion. This legislation would act as a critical information gathering tool for law enforcement in combating these crimes ... The sharing of this information will also help speed the ability of law enforcement to investigate any possible connection between these corporations and terrorist funding."

Chuck Canterbury
National President, Fraternal Order of Police
March 17, 2016

activity. Human traffickers, drug cartels, and illegal weapons dealers shield their identity from law enforcement and launder the proceeds. Terrorists elude detection as they finance their deadly plots. Rogue nations like Iran use these vehicles to evade sanctions, and corrupt dictators use them to stash cash stolen from public treasuries. Meanwhile, at home, fraudsters use these entities to pillage taxpayer money with fraudulent claims to Medicare and other government programs.

In short, the simple act of ending anonymous companies is a strike against terrorism, criminality, as well as fraud against taxpayers. It promotes national security and ‘law and order.’

There are bipartisan bills in both Houses of Congress (S. 2489/H.R. 4450) that would require that the ‘beneficial owner’ of a company be named at the time of incorporation. It is a relatively simple change that is both achievable and would have an enormous impact.

“We believe the bill [S. 2489/H.R. 4450] would assist public sector efforts to identify money laundering and terrorist financing through the disclosure of the beneficial owners of corporations.”

Gregory A. Baer
President, The Clearing House Association
 (representing the nation’s top commercial banks)
 August 8, 2016

Combat Waste, Fraud, and Abuse in Government Contracting

Require Beneficial Ownership Information from Contractors: The Federal Acquisition Regulatory Council (FAR Council) — consisting of the Department of Defense, General Services Administration, National Aeronautics and Space Administration, and Office of Management and Budget — should require bidders for federal contracts and grants to publicly disclose their beneficial ownership information, as a means to ensuring that fraudsters, criminals, and sanctioned individuals are not granted contracts with taxpayer money.

In addition to the atrocities highlighted in the section above, recent reports have highlighted the use of anonymous companies to fraudulently win contracts with the federal government. In many instances, anonymous companies received payments and failed to deliver products and services costing taxpayers billions of dollars and, in cases involving the Department of Defense, endangering our troops.

This can entirely be done administratively — without Congress — and could be a quick win for the new Administration.

A Threat to Medicare

A criminal network pulled off one of the largest Medicare frauds ever—stealing more than \$35 million from taxpayers—by establishing at least 118 fake health clinics in around 25 states in the names of anonymous companies incorporated in Alabama, California, Colorado, Kentucky, Maryland, Nevada, New Mexico and Texas.

Global Witness

Scam involving millions of dollars of federal contracts and a string of anonymous companies, available at:
<http://greatripoffmap.globalwitness.org/#!/case/78318>

Contact

Please, contact Clark Gascoigne at cgascoigne@thefactcoalition.org with any questions.

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