



June 28, 2017

The Honorable Sheldon Whitehouse  
530 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Whitehouse:

As a leading representative of the 28 million small businesses in America, Small Business Majority writes to thank you for your sponsorship of the [Corporate Transparency Act, a bill to crack down on the abuses of anonymous companies.

Small Business Majority was founded and is run by small business owners to ensure America's entrepreneurs are a key part of an inclusive, equitable and diverse economy. We actively engage our network of more than 55,000 small business owners in support of public policy solutions and deliver information and resources to entrepreneurs that promote small business growth.

As a network of business owners, we have experienced the harms of anonymous companies first hand. Shell corporations have been used to undermine the integrity of supply chains, disrupt local commerce and falsely underbid and win contracts that they have no intention of fulfilling. Fraudulent business-to-business companies present increased risks to honest small businesses looking to subcontract to leverage opportunities to grow their business. With anonymity there is far less accountability.

Patent trolls have used anonymous companies to target small business owners. And 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.

Some specific examples include:

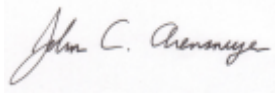
- A government contractor's employee tried to scam his employer's subcontractors by using shell companies to bill them for services his employer delivered. He then tried to use a bank account in the name of his anonymously owned company in Alabama to steal \$650,000 from his employer and other family-owned subcontractors.
- Keith Hedman recruited Dawn Hamilton to set up an anonymous company in Virginia. They successfully deceived the Small Business Administration and were able to fraudulently secure federal government contracts worth \$31 million from NASA and other agencies. Hedman then illegally passed the majority of the work to a larger company. The scam generated almost \$7 million in salary and payments for the conspirators that they should not have received.
- Criminals behind the largest U.S. Medicare fraud managed to steal over \$35 million from the government program by creating at least 118 fake health clinics in around 25 states in the names of anonymous companies incorporated in eight states—Alabama, California, Colorado, Kentucky, Maryland, Nevada, New Mexico and Texas. These contracts should have gone to legitimate businesses.

These are just a few of the real world consequences for small business owners.

For these reasons, we write to enthusiastically support your bill to increase transparency and accountability in the business sector with a simple proposal for reform. Your bill takes direct aim at a growing problem of fraudulent companies hiding behind anonymity. The basic act of listing the true owner of a company provides assurance that there can be accountability and increases confidence in the system.

We look forward to working with you on this important issue.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive style and is centered within a light gray rectangular box.

John Arensmeyer, Founder & CEO  
Small Business Majority