



NATIONAL FRATERNAL ORDER OF POLICE®

328 MASSACHUSETTS AVE., N.E.
WASHINGTON, DC 20002
PHONE 202-547-8189 • FAX 202-547-8190

CHUCK CANTERBURY
NATIONAL PRESIDENT

JAMES O. PASCO, JR.
EXECUTIVE DIRECTOR

H.R. 3089, Corporate Transparency Act of 2017

- **2 Million Per Year:** Currently, about 2 million new U.S. corporations form each year without States collecting any beneficial ownership information.
- **Role in Crime:** Corporations and Limited Liability Companies with hidden owners impede law enforcement investigations into terrorism, money laundering, Medicare and financial fraud, and tax evasion. Law enforcement expands substantial resources investigating these crimes only to reach a dead end at one of these anonymous shell corporations. The following cases demonstrate the need for greater transparency in our financial system:
 - **Viktor Bout:** Viktor Bout, a notorious arms dealer, was convicted in Federal court in 2011 for conspiracy to kill U.S. nationals, deliver anti-aircraft missiles, and provide to a terrorist organization. To carry out these crimes, he used shell companies around the world, including a dozen in Delaware, Texas, and Florida, all of which were used to hide his activities.
 - **Michel Huarte:** Michel Huarte formed 29 shell companies in Florida, Georgia, and Louisiana, and used them to bill Medicare out of at least \$34 million. It took years to find out he was behind this scheme. He pleaded guilty to health care fraud and received a sentence of 22 years.
 - **60 Minutes Report:** Recent report demonstrated how businesses are incorporated solely to conceal their owners and their activities. Link: <https://www.globalwitness.org/en/reports/undercover-new-york-full-length-videos/>
- **Federal Response:** The government has already taken steps at the Federal level.
 - **"Feds widen hunt for dirty money in Miami real estate."** This recent article outlines the use of FinCEN implementing a "geographic targeting order" to target, invest and break down the illegal money laundering cycles. "The misuse of shell companies to launder money is a systemic concern for law enforcement and regulatory agencies." – FinCEN agency officials say
 - **FinCEN advisory to Financial Institutions and Real Estate Firms and Professionals:** The Financial Crimes Enforcement Network (FinCEN) issued this advisory to provide financial institutions and the real estate industry with information on money laundering risks associated with certain real estate transactions.
 - **"How secret offshore money helps fuel Miami's luxury real-estate boom."** "A property owned in the name of a shell company is not transparent," said Jennifer Calvery, Director of the U.S. Financial Crimes Enforcement Network (FinCEN), the Treasury agency behind the new policy. "There may be legitimate reasons to be non-transparent, but it's also what criminals want to do."
- **FOP Sponsored Legislation:** Representatives Carolyn B. Maloney (D-NY) and Peter T. King (R-NY) have introduced a bipartisan bill, H.R. 3089, "Corporate Transparency Act," which directs the U.S. Department of Treasury, specifically Financial Crimes Enforcement Network (FinCEN), to issue regulations requiring corporations and Limited Liability Companies to collect the beneficial ownership information if a State does not have a formation system in place to collect the information.
 - This legislation would require that the beneficial owner, physical address and a unique identification number from a driver's license or passport be collected by the State or FinCEN.
 - The information will not be made public but would be available to law enforcement investigating possible violations of law.

— BUILDING ON A PROUD TRADITION —