



December 11, 2017

The Honorable Jeb Hensarling
Chairman, Financial Services Committee
U.S. House of Representatives
2228 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member, Financial Services Committee
U.S. House of Representatives
2221 Rayburn House Office Building
Washington, DC 20515

RE: Oppose H.R.4519; Defend Bipartisan Anti-Corruption Measure

Dear Chairman Hensarling and Ranking Member Waters,

We are writing on behalf of the **Financial Accountability and Corporate Transparency Coalition (FACT Coalition)** to urge you to oppose H.R.4519, which would repeal the bipartisan Cardin-Lugar anti-corruption provision (Section 1504) of the Wall Street Reform and Consumer Protection Act of 2010. The FACT Coalition is a non-partisan alliance of more than 100 state, national, and international organizations that promotes policies to combat the harmful impacts of corrupt financial practices.¹

Sponsored by former Sen. Richard Lugar (R-IN) and Sen. Ben Cardin (D-MD), the bipartisan measure combats corruption and protects national security by requiring oil, gas, or mining companies that file an annual report with the Securities and Exchange Commission to disclose their country and project-level payments to host governments each year.

The statute puts the U.S. in line with other nations. *30 other countries—including Norway, Canada, and all 28 members of the European Union—have instituted the same disclosure requirements on extractive companies.* This means that over 90 percent of internationally operating companies in the extractives sector are covered by these transparency measures. And, there are already reports coming out of these countries. We have seen reports from BP, Shell, and BHP Billiton—among other major multinational oil and gas companies. Despite this, no European company has suffered as a result of disclosures it has made.

Moreover, it's estimated that Cardin-Lugar would result in negligible compliance costs for American businesses, as was noted by one company, Tullow Oil, which has been reporting under requirements equivalent to Cardin-Lugar for several years. The rule requires disclosure of payments that companies track in the normal course of doing business.

While we take for granted the transparency of federal budgets in the United States, this is simply not the case in many developing nations. In a number of countries, government revenues and budgets aren't published

¹ For a list of FACT Coalition members, visit <https://thefactcoalition.org/about/coalition-members-and-supporters/>.

anywhere—which encourages public officials to steal from their citizens and extort private companies for bribes and kickbacks.

The problem is especially acute in a number of countries in the Middle East and Africa, where natural resource revenues often constitute the bulk of a government’s funds. As we’ve seen in countries such as Syria and Iraq, such widespread graft (combined with a lack of transparency) breeds disillusionment and instability—and can have very serious national security consequences for the United States.

Corruption is more than just a threat to economic growth and human rights; corruption threatens U.S. national security by fueling and funding terrorism and driving conflict globally. Disclosure of company payments to governments for access to natural resources, and government commitments to publish receipts of those payments, are key to battling corruption and ensuring citizens benefit from their country’s natural resource wealth.

We would strongly urge you to consider ways to strengthen anti-corruption measures rather than weaken this important safeguard. We call on you to reject H.R.4519.

Should you have any questions, please feel free to contact Clark Gascoigne at cgascoigne@thefactcoalition.org or +1 (202) 810-1334.

Sincerely,

Gary Kalman
Executive Director
The FACT Coalition

Clark Gascoigne
Deputy Director
The FACT Coalition

cc: Members of the U.S. House Financial Services Committee

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