



December 6, 2017

Chairman Steve Pearce
Ranking Member Ed Perlmutter
United States House of Representatives Committee on Financial Services
Subcommittee on Terrorism and Illicit Finance
2129 Rayburn House Office Building
Washington, D.C. 20515

RE: Beneficial Ownership

Dear Chairman Pearce and Ranking Member Perlmutter:

As a leading representative of the 28 million small businesses in America, Small Business Majority writes to thank you for this opportunity to comment on the discussion draft of the Counter Terrorism and Illicit Finance Act. We offer our appreciation for the recent hearing on updating our anti-money laundering laws and, in particular, the recognition of the significant challenges anonymous shell companies present for small business.

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 we have noted in the past, shell companies with hidden owners unfairly compete for contracts, they undermine our supply chains, can create difficulties in finding responsible subcontractors, and provide cover for fraudsters. They also provide cover for patent trolls that disproportionately target small and medium sized businesses, and cost businesses upwards of \$29 billion in 2011 alone according to a study by Boston University Law School.

In previous letters, we have listed specific examples of anonymous companies used to undermine small business operations including the misappropriation of government contracts set aside for small businesses and individuals using anonymity to falsely bill subcontractors, among others.

We greatly appreciate the commitment of Chairman Pearce to this issue and his statements during a February oversight hearing when he explained how drug cartels have been moving money across the border using anonymously owned trucking companies and weakening the local economy in his home county in New Mexico.

These continuing problems are why we are pleased to submit this letter supporting legislation that includes collection of basic information on beneficial ownership. For our members, providing the name, address and identification of the true owner of a business is not a burden. They are well aware of who controls and who benefits from their proceeds. The definition in the discussion draft is clear, easy to follow, and workable for small businesses who have no need to hide their owners' identity.

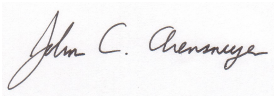
Further, knowing that the businesses we work with have given this information provides assurance that a real person is behind any contract we sign or bid or we compete against. The beneficial ownership provisions also reduce uncertainty and potential liability when dealing with suppliers and

subcontractors. While the benefits are significant, the costs of providing a name and address are minimal, on a par with obtaining a library card.

We also appreciate the current language in the bill that protects small business owners from inadvertently running afoul of the law by ensuring that any violation needs to be an intentional violation. We urge you to keep that language as written.

Thank you for consideration of our views and we look forward to working with you on this important legislation. For any questions or additional information, please contact Mohammad Ali, Director of Policy and Government Affairs.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive style and is placed on a light-colored rectangular background.

John Arensmeyer
Founder and CEO, Small Business Majority

CC:

The Honorable Jeb Hensarling The Honorable Carolyn Maloney

The Honorable Maxine Waters The Honorable Peter King