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Financial Accountability & Corporate Transparency

Scholars Call for an End to Anonymous Companies: National Security Threats are Profound

Larry Diamond, Senior Fellow at the Hoover Institution (April 2018)

“We can start, for example, by ending anonymous shell companies (which the U.S. leads the world in facilitating), and by ending anonymous real estate purchases in the U.S. We need to modernize the entire American legal system for anti-money laundering. This will squeeze not only Russian kleptocrats but also drug traffickers, terrorists, human rights abusers, and organized crime networks around the world.”

Anders Aslund, Senior Fellow at the Atlantic Council (March 2018)

“Twenty-nine countries, including most E.U. countries, already demand full disclosure of beneficiary owners, and 11 others have agreed to do so, too. They have all come to the same conclusion: Anonymous ownership has become a major threat to national security.”

Chip Ponce, senior advisor of the Center on Sanctions and Illicit Finance at the Foundation for Defense of Democracies (February 2018)

“Even as the United States continues to enhance and expand its financial tools and power to combat various national security threats, these efforts are increasingly undermined by such exploitation of anonymous legal entities.”

Louise Shelley, Founder and Director of the Terrorism, Transnational Crime and Corruption Center at George Mason University (December 2017)

“In my writings such as my book *Dirty Entanglements: Corruption, Crime and Terrorism*, congressional testimony and research on illicit trade, I have found diverse sources that link corruption, transnational crime, and threat finance and money laundering to anonymous shell companies both ... have been shown to represent an important nexus of corruption, transnational organized crime, and terrorism, and money laundering. These linkages, facilitated by non-transparent financial flows have harmed U.S. security both domestically and our personnel stationed overseas.”

Clay Fuller, Jeane Kirkpatrick fellow at the American Enterprise Institute (April 2018)

“America’s most pressing national security threats lurk at the intersection of authoritarian rule and illicit finance. Modern authoritarian regimes like Russia, China, North Korea and Iran structurally depend upon illicit funds. They utilize sovereign legitimacy to create illicit financial networks that penetrate law-abiding free economies.”

Casey Michel, contributor to the Hudson Institute (November 2017)

“From Moldovan gangs involved in human trafficking to Mexican cartels funneling funds into the United States... the cast of characters abusing America’s system of anonymous companies—and of the country’s overall transformation into a leading provider of shell companies—is as deep as it is sinister. Not only was one of the U.S. companies allegedly linked to Bout used for arms transfers to the Taliban, but, as one lawyer specializing in shell companies wrote in 2017, ‘It’s not entirely beyond the realms of possibility that ISIS could be operating companies and trust funds domiciled in Delaware.’”

Jodi Vittori, Council on Foreign Relations (September 2017)

“In the United States and globally, failing to require beneficial ownership disclosures stymies law enforcement and national security efforts against terrorist financing, money laundering by criminal organizations, and countries evading sanctions.”

Kate Bateman, visiting fellow at the Center for a New American Security (May 2017)

“The United States is one of the easiest places in the world to start an anonymous company. In some cases, these are started for legitimate reasons, but in many other cases we have corrupt elites from around the world who use shell companies to hide their illicitly gotten gains. So, ending anonymous companies is one of the low-hanging fruits. It’s what we can do here in the United States to combat corruption and kleptocracy.”

Sarah Chayes, Carnegie Endowment for International Peace (June 2016)

“Corruption is gaining recognition among civil society and government decision-makers alike as a central factor in many of the world’s worst problems. It is acknowledged as a cause not only of persistent poverty and underdevelopment but also, increasingly, of many of the security challenges undermining global stability.”

Joshua Kirschenbaum, Senior Fellow, Alliance for Securing Democracy at the German Marshal Fund of the United States (April 2018)

“Large-scale opaque financial flows out of Russia, then, are corrosive to Russia and the United States alike. In Russia, these hidden flows rob the country of needed investment, feed extreme inequality, and facilitate corruption and organized crime. In the United States, the flows threaten to undermine the rule of law and compromise important institutions. Given the opacity of these flows, there is also the risk that they will be used to evade sanctions, inappropriately fund the U.S. political process, or facilitate other malign Russian government activity.”

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