



FACTCOALITION

Financial Accountability & Corporate Transparency

January 14, 2019

The Honorable Steven T. Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

**RE: Beneficial Ownership Disclosure Legislation**

Dear Secretary Mnuchin,

We write to thank you for your support of legislation to end the abuse of anonymous shell companies and urge you to continue your engagement with Congress to address this ongoing threat to the integrity of the U.S. financial system.<sup>1</sup>

The Financial Accountability and Corporate Transparency (FACT) Coalition is a non-partisan alliance of more than 100 state, national, and international organizations working to combat the harmful impacts of corrupt financial practices.

As you know, companies in the United States are not currently required to list the natural persons who profit from their existence or control their activities — the actual “beneficial owners” of the business. This has made anonymous companies the vehicle of choice for drug cartels, organized crime, corrupt foreign officials, and others who need to launder money. The inability of law enforcement to access beneficial ownership information frustrates police and prosecutors and harms the American public in myriad ways — such as by fueling the opioid epidemic, enabling human trafficking, and threatening our national security through terror financing and sanctions evasion.

Our groups applaud you for your statements last year, while providing your annual “State of the International Financial System” testimony to the U.S. House Financial Services Committee on July 12<sup>th</sup>, 2018, in which you spoke of the grave threat posed by anonymous shell companies and said that “We’ve got to figure out this beneficial ownership [issue] in the next six months...”<sup>2</sup> Unfortunately, six months have come and gone without meaningful action by Congress.

We appreciate and support the actions the Treasury Department has taken to expand beneficial ownership disclosures as part of the Financial Crimes Enforcement Network (FinCEN) Geographic Targeting Orders for cash/virtual currency purchases of real estate in a dozen metropolitan areas,<sup>3</sup> but

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<sup>1</sup> FINANCIAL ACTION TASK FORCE, UNITED STATES’ MEASURES TO COMBAT MONEY LAUNDERING AND TERRORIST FINANCING- 2016, (Dec. 1, 2016)

<sup>2</sup> Samuel Rubinfeld, *Mnuchin Seeks Shell Company Changes Within Six Months*, THE WALL STREET JOURNAL RISK & COMPLIANCE JOURNAL (July 12, 2018), <https://blogs.wsj.com/riskandcompliance/2018/07/12/mnuchin-seeks-shell-company-changes-within-six-months/>.

<sup>3</sup> Press Release, FinCEN, *FinCEN Reissues Real Estate Geographic Targeting Orders and Expands Coverage to 12 Metropolitan Areas*, (Nov. 15, 2018), <https://www.fincen.gov/news/news-releases/fincen-reissues-real-estate->

only Congress can create a comprehensive solution to the abuse of anonymous companies for all forms of money laundering.

Several strong, bipartisan beneficial ownership bills were introduced last Congress (i.e. the Corporate Transparency Act of 2017 and the True Incorporation Transparency for Law Enforcement (TITLE) Act),<sup>4</sup> but, despite the growing consensus, Congress wasn't able to meet your six-month timeline which officially ended on January 12<sup>th</sup>.

Your support and engagement to date has been very helpful in moving the issue forward. As new bipartisan bills are introduced in the 116<sup>th</sup> Congress, we urge you to stay engaged and help move this across the finish line.

Until we take this first fundamental step to identify the true owners of companies, law enforcement and others with anti-money laundering responsibilities will be unable to identify and hold accountable the bad actors who pose danger to the U.S. financial system and communities across the country.

We look forward to working with you and the Department in pushing for swift action on legislation to solve this pervasive problem.

For questions or additional information, please contact Clark Gascoigne at [cgascoigne@thefactcoalition.org](mailto:cgascoigne@thefactcoalition.org) or +1 (202) 810-1334.

Sincerely,

**Gary Kalman**  
Executive Director  
The FACT Coalition

**Clark Gascoigne**  
Deputy Director  
The FACT Coalition

Cc:

U.S. Sen. Mike Crapo, Chair, Senate Banking Committee  
U.S. Sen. Sherrod Brown, Ranking Member, Senate Banking Committee  
U.S. Rep. Maxine Waters, Chair, House Financial Services Committee  
U.S. Rep. Patrick McHenry, Ranking Member, House Financial Services Committee  
U.S. Sen. Lindsey Graham, Chair, Senate Judiciary Committee  
U.S. Sen. Dianne Feinstein, Ranking Member, Senate Judiciary Committee  
U.S. Rep. Jerrold Nadler, Chair, House Judiciary Committee  
U.S. Rep. Doug Collins, Ranking Member, House Judiciary Committee

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[geographic-targeting-orders-and-expands-coverage-12](#).

<sup>4</sup> Gary Kalman, FACT COALITION, *Testimony to Senate Judiciary Committee on TITLE Act S. 1454* (Feb. 6, 2018), [https://thefactcoalition.org/testimony-to-senate-judiciary-committee-on-title-act-s-1454?utm\\_medium=resources/incorporation-transparency](https://thefactcoalition.org/testimony-to-senate-judiciary-committee-on-title-act-s-1454?utm_medium=resources/incorporation-transparency).

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