



How Rogue Nations & Sanctioned Groups Use Anonymous Companies

Testimony, reports, and independent assessments all find that anonymous companies are a threat to global peace and security and undermine our ability to keep dangerous actors from accessing our financial system.

Iranian Regime's Use of Shell Companies to Advance Malign Activities

"The Iranian regime has long used front and shell companies to exploit financial systems around the world to generate revenues and transfer funds in support of malign conduct, which includes support to terrorist groups, ballistic missile development, human rights abuses, support to the Syrian regime, and other destabilizing actions targeted by U.S. sanctions."

[Advisory, Financial Crimes Enforcement Network \(FinCEN\)](#)
U.S. Department of the Treasury, October 1, 2018

Outlaw Regime: A Chronicle of Iran's Destructive Activities

"The Islamic Republic regularly seeks to use deception and subterfuge to fund its illicit activities, threatening the integrity and security of the international financial system. The regime primarily uses shell companies and other types of seemingly legitimate entities to exploit vulnerabilities that enable it to access financing. Although prompted for years by the international community to adopt a more stringent regulatory framework, the Iranian regime has failed to implement necessary reforms to comply with anti-money laundering and combatting the financing of terrorism standards."

[Report, U.S. State Department](#), September 25, 2018

Beneficial Ownership: Fighting Illicit Commercial Networks Through Transparency

- *The Islamic Republic of Iran Shipping Lines, or IRISL, a state-owned enterprise, has used a web of shell companies stretching across Europe and Asia to obscure the true ownership of its fleet by changing the country of registration and names of companies and owners in order to evade sanctions. (citing New York Times, [add date and link]).*
- *Over a period of six years, Zhongxing Telecommunications Equipment Corporation (ZTE) engaged in a scheme to ship more than 20 million U.S.-origin items to Iran. ZTE used multiple avenues to evade U.S. sanctions and export control regulations, including establishing shell companies and falsifying customs documents. (citing U.S. Department of the Treasury).*

[Testimony of Chip Poncy, President and Co-Founder, Financial Integrity Network and Senior Advisor, FDD's Center on Sanctions and Illicit Finance](#), February 6, 2018

Hezbollah's Use of Shell Companies to Transact Bribes and Business

"In February 2017, Treasury sanctioned the Vice President of Venezuela, Tareck El Aissami, for his involvement with the drug trade. That same month, CNN reported that a 2013 confidential intelligence report by a group of Latin American nations assessed that El Aissami had ordered Venezuelan passports to be fraudulently issued to 173 people in the Middle East, including individuals connected to Hezbollah."

"Latin American intelligence officials reportedly told an American researcher that El Aissami created a network of nearly 40 shell companies to launder money, including some that were based in Miami. This network was used by Hezbollah supporters (including the Lebanese Canadian bank), Colombian and Mexican cartels, and Ayman Joumaa, discussed above."

Later in the report:

"Hezbollah supporters run an extensive network of commercial and illicit businesses around the globe, including in South America and Africa, which may morph into new enterprises to avoid scrutiny. By using shell companies, and by renaming companies to avoid U.S. sanctions, Hezbollah-linked groups can continue to access the international financial system and transact with an ever-growing network of companies. The U.S. Treasury Department has designated dozens of Lebanon-based firms for supporting Hezbollah, including real estate firms and auto care companies. It is likely the group will continue its money laundering operations, growing into new fields and businesses in the future."

[Center on Sanctions and Illicit Finance, Foundation for Defense of Democracies \(FDD\), Terror Finance Briefing Book, September 2017](#)

How Iran Used a \$500 Million New York Skyscraper as a Secret Slush Fund for 22 Years

"Through all the efforts to sanction and isolate Iran, a state sponsor of terrorism, the owners of 650 Fifth Avenue gave the Iranian government a critical foothold in the very heart of Manhattan,' acting US attorney Joon H. Kim said yesterday in a statement... How did Iran manage to evade the authorities for so long? In two words: shell companies..."

[Quartz](#), June 30, 2017

Hamas' Use of Shell Companies to Move Funds

"Tracking Hamas's finances is complicated. The movement maintains a complex network of ... front companies across the Middle East and even here in the United States. The way that funds move from one entity to another is typically shrouded from the public eye."

[Testimony of Jonathan Schanzer, Ph.D., Vice President for Research Foundation for Defense of Democracies, September 9, 2014](#)

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