



March 10, 2019

Dear Chairwoman Waters and Ranking Member McHenry,

We write to thank you for holding this hearing on the abuses of anonymous companies and urge you to support legislative reforms to identify the true owners (aka beneficial owners) of these businesses. This is an important issue to all those concerned about combatting the insidious harms caused by human trafficking.

Street Grace is an Atlanta-based, faith-driven organization collaborating with faith, business and community leaders providing a comprehensive path to end Domestic Minor Sex Trafficking (DMST) in Metro Atlanta and throughout the United States. DMST is sexual activity in which there is a promise of the exchange of something of value to a child or another person(s) for sex with that child. Street Grace mobilizes community resources – financial, human, and material – to fight DMST through prevention / protection, policy and pursuit (of the buyers and traffickers).

Traffickers thrive in the shadows of our economy. They engage in this illicit activity because it is, sadly, profitable – a \$290 million illegal industry in Georgia alone. Traffickers often hide behind the façade of legal businesses that, in fact, provide cover for the illegal activity. Sweeps of illicit massage businesses often result in rounding up trafficked victims or low-level employees. A storefront may be closed only to open up a short time later by the true owners of the illicit enterprise who were given cover by corporate anonymity. In 2017, one of our allies, Polaris, looked into illicit massage businesses in several metropolitan areas around the country including Tampa, Honolulu, Houston, San Francisco, Albany, Columbus, Oklahoma City, and Fairfax County, Virginia. They found that, “the inability to identify beneficial ownership was a recurring challenge in every location.”

By way of example, there are cases where sex traffickers were charged with money laundering and racketeering. In one instance, the operations went through two shell companies, Crown Venture Capital and Crown Venture Management. The laundered money involved proceeds from three Seattle-based illicit massage businesses — Aloha Tanning Resort, Malibu Tanning Spa, and Avalon Spa.

Reports on the most recent, high profile sting operation of a sex trafficking operation in Florida explained that, “Small networks of spas are also common, and their ownership structures are complex and opaque.” These roadblocks discourage law enforcement from pursuing investigations in which they may never find the true owner.

It is time to end the secrecy that allows traffickers to survive undetected and profit from their crimes. Bipartisan bills in Congress have called for a much needed change in the rules that



would require companies to name their true owner(s) – the individuals who own and control the business – at the point of corporate formation and to update that information when

ownership changes. We ask you to ensure that any legislation collect the right information – that of the true owner, not managers or nominees or stand ins for the person who controls the enterprise. We also ask you to ensure that state and local law enforcement have ready access to the information so we can combat these crimes where and when they occur.

On behalf of Street Grace and the many survivors (victims) we seek to help, I urge you to move quickly to adopt these reforms. We need to provide the tools necessary for law enforcement and others to effectively combat trafficking. The victims of these crimes deserve at least that much.

If I can be of service to you in any way please do not hesitate to reach out to bob@streetgrace.org or directly at 678.524.7008.

Sincerely,

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