

May 6, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
2221 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives
2004 Rayburn House Office Building
Washington, D.C. 20515

Chairwoman Waters and Ranking Member McHenry,

We write as former military officers, administration officials, law enforcement agents, and foreign experts to affirm our conviction that illicit finance poses a serious threat to U.S. national security. As you work to safeguard the U.S. financial system from abuse, we urge you to act against crime and corruption facilitated by anonymous ownership of U.S. shell companies.

The ability to control U.S. companies without disclosing beneficial ownership information has made them attractive vehicles for money laundering. Rogue regimes, terrorist groups, transnational criminal organizations, arms dealers, kleptocrats, drug cartels, and human traffickers have all used U.S.-registered shell companies to obscure their identities and facilitate illicit activities. Meanwhile, U.S. intelligence and law enforcement agencies often find it difficult to investigate these illicit financial networks without access to information about the beneficial ownership of corporate entities involved.

Adversarial authoritarian regimes have become adept at exploiting financial secrecy to spread malign economic influence globally and undermine American leadership. As General David Petraeus and Senator Sheldon Whitehouse noted recently, “the fight against corruption is more than a legal and moral issue; it has become a strategic one — and a battleground in a great power competition.” It is alarming, therefore, that a World Bank study found that U.S. shell companies were used in more grand corruption cases than those of any other country.

The global spread of crime and corruption, often facilitated by anonymous shell companies, has undermined democratization and economic development in many countries, with adverse implications for U.S. and global security. Societies impoverished by kleptocratic rulers breed resentment and instability, providing fertile recruiting ground for terrorist groups—many of whom use anonymous shell companies in their own illicit funding networks. Corporate anonymity can also pose a direct threat to U.S. military operations and troop safety, for example when the Department of Defense spent \$3.3 million on a U.S.-Afghan contractor secretly owned by local powerbrokers who also purchased weapons for the Taliban.

Anonymous shell companies are routinely used to circumvent U.S. sanctions relating to Iran, North Korea, Russia, Venezuela, and elsewhere. Indeed, Iranian entities relied on U.S. shell companies to maintain ownership of a skyscraper on New York's Fifth Avenue, which they leased out to Americans for two decades before being detected.

Despite these and numerous other alarming examples, research from the University of Texas and Brigham Young University shows that the U.S. remains one of the easiest places in the world to set up an anonymous shell company. A recent report by Global Financial Integrity demonstrates that, in all 50 U.S. states, more information is currently required to obtain a library card than to register a company.

As the global economy becomes more interconnected and technologically advanced, America's adversaries will turn to innovative methods of laundering the proceeds of crime and spreading malign economic influence. We must ensure that U.S. intelligence and law enforcement agencies possess the resources they need to hunt bad actors through an increasingly complex global financial system, including corporate beneficial ownership information.

By ending anonymous ownership of companies and encouraging other countries to do the same, the United States could turn a vulnerability into an advantage, disrupting illicit financial networks and pushing back against adversaries who seek to undermine the rule of law globally. Many of our democratic allies, including the European Union, have recognized this and mandated the collection of corporate beneficial ownership information to strengthen their own anti-money laundering systems.

We thank you and your Congressional colleagues for your continued leadership and urge you to adopt legislation that would require the collection of information about the beneficial ownership of U.S. companies.

Sincerely,

Please note that this letter is signed in an individual capacity. Any institutional affiliations are listed for reference only.

JOHN AGOGLIA, Col. (Ret.), USA
Former Director of the Counterinsurgency Training Center-Afghanistan

NATALIA ARNO
President, Free Russia Foundation

DAVID L. ASHER, PhD
Former Coordinator, North Korea Working Group, Office of the Secretary of State, U.S.
Department of State
Former Senior Advisor for East Asian and Pacific Affairs, Office of the Secretary of State, U.S.
Department of State
Senior Fellow, Foundation for Defense of Democracies

ANDERS ÅSLUND, PhD
Resident Senior Fellow, Eurasia Center, Atlantic Council

THOMAS P. BALTAZAR, Col. (Ret.), USA
Former Director, USAID Office of Military Affairs

WILLIAM E. BERRY, JR., Col. (Ret.), USA

ROB BERSCHINSKI
Former Deputy Assistant Secretary of State for Democracy, Human Rights and Labor, U.S.
Department of State
Former Director for Security and Human Rights, National Security Council, The White House

ALINA BLOOM
Former Special Agent, Federal Bureau of Investigation, U.S. Department of Justice

REBECCA BROCATO
Former Special Assistant to the President, The White House
Former Senior Advisor for Legislative Affairs, U.S. Department of State
Director of Strategy and Government Affairs, National Security Action

BRAD BROOKS-RUBIN
Managing Director, The Sentry/Enough Project

Please note that this letter is signed in an individual capacity. Any institutional affiliations are listed for reference only.

CHARLES T. CALL, PhD

Former Senior Adviser to the Assistant Secretary for Conflict and Stabilization Operations, U.S.
Department of State
Associate Professor, American University

MICHAEL CARPENTER, PhD

Former Deputy Assistant Secretary of Defense for Russia, Ukraine, and Eurasia, U.S.
Department of Defense
Senior Director, Biden Center for Diplomacy and Global Engagement, University of
Pennsylvania

SARAH CHAYES

Former Special Assistant to the Chairman of the Joint Chiefs of Staff, U.S. Department of
Defense
Author, *Thieves of State: Why Corruption Threatens Global Security*

CHRISTOPHER CORPORA, PhD

Former U.S. National Security Officer
Professor of Practice, Mercyhurst University

ARTHUR E. DEWEY

Former Assistant Secretary of State for Population, Refugees, and Migration, U.S. Department of
State

LARRY DIAMOND, PhD

Senior Fellow, Freeman Spogli Institute for International Studies, Stanford University
Senior Fellow, Hoover Institution

MICHAEL DZIEDZIC, PhD, Col. (Ret.), USA

Adjunct Professor, George Mason University

CAMILLE EISSL

Former Senior Advisor for Anti-Corruption to the Assistant Secretary for Democracy, Rights and
Labor, U.S. Department of State
Chief of Policy and Global Partnerships, Organized Crime and Corruption Reporting Project
(OCCRP)

KAREN J. FINKENBINDER, PhD

Rule of Law, Justice & Reconciliation Advisor, Peacekeeping & Stability Operations Institute,
U.S. Army War College

Please note that this letter is signed in an individual capacity. Any institutional affiliations are listed for reference only.

JAMIE FLY

Former Counselor for Foreign and National Security Affairs to Senator Marco Rubio
Former Executive Director, Foreign Policy Initiative
Former Director for Counterproliferation Strategy, National Security Council, The White House
Former Assistant for Transnational Threats Policy, Office of the Secretary of Defense, U.S.
Department of Defense
Senior Fellow and Director, Future of Geopolitics Program; Director, Asia Program, German
Marshall Fund of the United States

JACK H. GAINES

Former Joint Strategic Advisor, U.S. Department of Defense
Chairman, Chronemics

MARY BETH GOODMAN

Former Special Assistant to the President for National Security Affairs and Senior Director for
Development, Democracy and Humanitarian Affairs, National Security Council, The White
House
Former Director for International Economic Affairs, National Security Council, The White
House

KAREN A. GREENAWAY, Esq.

Former Special Agent, Federal Bureau of Investigation, U.S. Department of Justice

MORTON H. HALPERIN

Former Director of Policy Planning, U.S. Department of State

CHRISTOPHER J. HOLSHEK, Col. (Ret.), USA

Senior Fellow, Alliance for Peacebuilding
Senior Civil-Military Advisor, Narrative Strategies

BENJAMIN JUDAH

Research Fellow, Kleptocracy Initiative, Hudson Institute

JOSHUA KIRSCHENBAUM

Former Acting Director, Office of Special Measures, Financial Crimes Enforcement Network,
U.S. Department of the Treasury
Senior Fellow, Alliance for Securing Democracy, German Marshall Fund

JACQUES PAUL KLEIN, Major General (Ret.), USAF

Former Under-Secretary-General of the United Nations

Please note that this letter is signed in an individual capacity. Any institutional affiliations are listed for reference only.

DAVID J. KRAMER

Former Assistant Secretary of State for Democracy, Human Rights and Labor, U.S. Department of State

Former Deputy Assistant Secretary of State for Europe and Eurasia, U.S. Department of State

DEBRA LAPREVOTTE

Former Supervisory Special Agent, International Corruption Unit, Federal Bureau of Investigation, U.S. Department of Justice

Senior Investigator, The Sentry

EDWARD LEMON, PhD

Wilson Center

ALFONSO E. LENHARDT, Amb. (Ret.), Major General (Ret.), USA

Former Deputy Administrator, U.S. Agency for International Development

Former U.S. Ambassador to Tanzania

Former Sergeant at Arms, U.S. Senate

Former Commanding General, U.S. Army Recruiting Command

DENNIS LORMEL

Former Chief, Terrorist Financing Operations Section, Counterterrorism Division, Federal Bureau of Investigation, U.S. Department of Justice

DAVID M. LUNA

Former Senior Director for National Security & Diplomacy; Director for Transnational Threats and Illicit Networks (Anti-Crime Programs); Director for Anti-Corruption and Governance Initiatives, Bureau of International Narcotics and Law Enforcement Affairs, U.S. Department of State

MAX G. MANWARING, Col. (Ret.), USA

Professor of Military Strategy, Strategic Studies Institute, U.S. Army War College

MICHAEL MCFAUL, Amb. (Ret.), PhD

Former U.S. Ambassador to the Russian Federation

Former Special Assistant to the President and Senior Director of Russian and Eurasian Affairs, National Security Council, The White House

Professor of Political Science, Director and Senior Fellow, Freeman Spogli Institute for International Studies, Stanford University

Senior Fellow, Hoover Institution

Please note that this letter is signed in an individual capacity. Any institutional affiliations are listed for reference only.

THOMAS O. MELIA

Former Assistant Administrator for Europe & Eurasia, U.S. Agency for International
Development

Former Deputy Assistant Secretary of State for Democracy, Human Rights, and Labor, U.S.
Department of State

Washington Director, PEN America

DAVID MURRAY

Former Director, Office of Illicit Finance, U.S. Department of the Treasury

Former Senior Advisor to the Under Secretary, U.S. Department of the Treasury

MATTHEW H. MURRAY

Former Deputy Assistant Secretary of Commerce for Europe, the Middle East and Africa, U.S.
Department of Commerce

Former Deputy Assistant Secretary of Commerce for Europe and Eurasia, U.S. Department of
Commerce

ANDREW NATSIOS

Former Administrator, U.S. Agency for International Development

Executive Professor at the Bush School, Texas A&M University

Director of the Scowcroft Institute of International Affairs

BRIAN O'TOOLE

Former Senior Adviser to the Director, Office of Foreign Assets Control, U.S. Department of the
Treasury

Nonresident Senior Fellow, Global Business and Economics Program, Atlantic Council

JAMES W. PARDEW Amb. (Ret.)

Former Deputy Assistant Secretary General of NATO for Operation and Crisis Management

Former U.S. Ambassador to Bulgaria

Former Deputy Special Adviser to the President and Secretary of State for Democracy in the
Balkans

ERIC G. POSTEL

Former Associate Administrator, U.S. Agency for International Development

Former Assistant to the Administrator for Africa, U.S. Agency for International Development

Former Assistant Administrator, E3 Bureau, U.S. Agency for International Development

Please note that this letter is signed in an individual capacity. Any institutional affiliations are listed for reference only.

NED PRICE

Former Special Assistant to the President, The White House
Former Spokesperson, National Security Council, The White House
Former Senior Analyst, Central Intelligence Agency
Director of Policy and Communications, National Security Action

ELIZABETH ROSENBERG

Former Senior Advisor to the Assistant Secretary for Terrorist Financing and Financial Crimes,
and then to the Under Secretary for Terrorism and Financial Intelligence, U.S. Department of
the Treasury
Senior Fellow and Director of the Energy, Economics, and Security Program, Center for a New
American Security

LAURA ROSENBERGER

Former Chief of Staff to Deputy Secretary of State, U.S. Department of State
Former Senior Advisor to Deputy National Security Advisor, National Security Council, The
White House
Former Director for China and Korea, National Security Council, The White House
Director of the Alliance for Securing Democracy and Senior Fellow at the German Marshall
Fund of the United States

JOSH RUDOLPH

Former Director for International Economics, National Security Council, The White House
Former Deputy Director, Markets Room, U.S. Department of the Treasury
Former Advisor to the U.S. Executive Director, International Monetary Fund
Nonresident Senior Fellow, Global Business & Economics Program, Atlantic Council

ROBERT SAALE

Former Director, Hostage Recovery Fusion Cell, Federal Bureau of Investigation, U.S.
Department of Justice

DONALD L. "LARRY" SAMPLER, JR.

Former Assistant Administrator, U.S. Agency for International Development
Vice President for Administration & Finance/COO, Metropolitan State University, Denver

DONALD SEMESKY

Former Chief of Financial Operations, Drug Enforcement Administration, U.S. Department of
Justice
Former Anti-Money-Laundering Policy Adviser and IRS-Criminal Investigation (IRS-CI)
Liaison Officer, Office of National Drug Control Policy, The White House

Please note that this letter is signed in an individual capacity. Any institutional affiliations are listed for reference only.

LOUISE SHELLEY, PhD

Omer L. and Nancy Hirst Endowed Chair, George Mason University

Director, Terrorism, Transnational Crime and Corruption Center, George Mason University

University Professor, Schar School of Policy and Government, George Mason University

NATE SIBLEY

Research Fellow, Kleptocracy Initiative, Hudson Institute

TYLER STAPLETON

Former Senior Legislative Assistant for National Security, U.S. House of Representatives

Deputy Director of Congressional Relations, Foundation for Defense of Democracies

THOMAS STRENTZ, PhD

Former Supervisory Special Agent, Federal Bureau of Investigation, U.S. Department of Justice

CHARLES E. TUCKER, Major General (Ret.), USAF

Former Director of Doctrine, Training, and Force Development (J-7) for the U.S. National Guard, Washington D.C.

Executive Director of the World Engagement Institute, Chicago, IL

ROBERT ULMER

Former Special Agent, Federal Bureau of Investigation, U.S. Department of Justice

JODI VITTORI, Lt Col. (Ret.), USAF

Former ISAF Task Force Shafafiyat Contracting, Economic Development, and Rule of Law Team Chief

WILLIAM F. WECHSLER

Former Deputy Assistant Secretary of Defense for Special Operations and Combating Terrorism, U.S. Department of Defense

Former Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats, U.S. Department of Defense

JONATHAN WINER

Former Deputy Assistant Secretary of State for International Law Enforcement, U.S. Department of State

BEVERLY S. WRIGHT

Former Supervisory Special Agent, Federal Bureau of Investigation, U.S. Department of Justice

Please note that this letter is signed in an individual capacity. Any institutional affiliations are listed for reference only.

JAMES M. WRIGHT

Former Senior Advisor, Office of Technical Assistance, U.S. Department of the Treasury
Board Member, U.S. Capital Chapter, Association of Certified Anti-money Laundering
Specialists (ACAMS)

CC: The Honorable Mike Pompeo, Secretary of State
The Honorable Steve Mnuchin, Secretary of the Treasury
The Honorable Patrick Shanahan, Acting Secretary of Defense
The Honorable William Barr, Attorney General
The Honorable Wilbur Ross, Secretary of Commerce
The Honorable Kevin McAleenan, Acting Secretary of Homeland Security
The Honorable John Bolton, Assistant to the President for National Security Affairs
The Honorable Mark Green, Administrator, U.S. Agency for International Development