



April 25, 2019

The Honorable Maxine Waters
Chairwoman of the Committee on Financial
Services
2221 Rayburn House Office Building
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member of the Committee on
Financial Services
2004 Rayburn House Office Building
Washington, DC 20515

RE: Corporate Transparency Act of 2019

Dear Chairwoman Waters, Ranking Member McHenry and other members of the Committee on Financial Services:

As a leading representative of the 28 million small businesses in America, Small Business Majority writes to offer our support for the Corporate Transparency Act of 2019. We greatly appreciate the bipartisan commitment to protect small businesses from the myriad ways in which anonymous companies undermine legitimate small business owners.

Small Business Majority was founded and is run by small business owners to ensure America's entrepreneurs are a key part of thriving and inclusive economy. We actively engage our network of 58,000 small business owners in support of public policy solutions and deliver information and resources to entrepreneurs that promote small business growth and drive a strong, sustainable job-creating economy.

As we have noted in the past, shell companies with hidden owners put small businesses at a disadvantage by unfairly competing for contracts, undermining our supply chains, creating difficulties in finding responsible subcontractors and providing cover for fraudsters. Patent trolls often hide behind anonymous front companies that disproportionately target small and medium sized businesses, and cost businesses upwards of \$29 billion in 2011 alone, according to a study by Boston University Law School.

These continuing problems are why we support legislation that includes collection of basic information on beneficial ownership. Scientific opinion polling conducted on behalf of Small Business Majority found small business owners nationwide overwhelmingly believe Congress should pass legislation requiring businesses to list their true identity when forming. Eighty-four percent of small business owners say the use of shell companies to win contracts or obtain government set-asides reserved for small businesses is a problem. Nearly 6 in 10 (58%) believe this is a major problem.

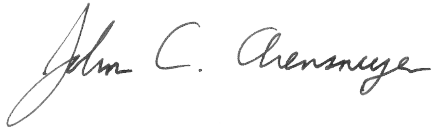
It's important to note that small businesses believe providing the name, address and identification of the true owner of a business is not a burden. Indeed, more than 3 in 4 of those surveyed (76%) think requiring a small business to list the true identities of their owners would benefit small businesses by protecting them from contract fraud and giving them fair access to government set-asides.

Small business owners are well aware of who controls and who benefits from their proceeds. The definition in the bill is clear, easy to follow, and workable for small businesses who have no need to

hide their owners' identity. Further, knowing that businesses have given this information provides assurance that a real person is behind any contract a small business owner signs or company with which they may compete. The beneficial ownership provisions also reduce uncertainty and potential liability when dealing with suppliers and subcontractors. While the benefits are significant, the costs of providing basic information are minimal and immediately known to our members.

Thank you for consideration of our views and we look forward to working with you on this important legislation. For any questions or additional information, please contact Director of Government Affairs Renèe Johnson at rjohnson@smallbusinessmajority.org.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive style with a large, sweeping initial "J".

John Arensmeyer
Founder & CEO