

March 12, 2019

The Honorable Maxine Waters  
Chairwoman  
U.S. House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Patrick McHenry  
Ranking Member  
U.S. House Committee on Financial Services  
4340 O'Neill House Office Building  
Washington, D.C. 20002

Re: March 13<sup>th</sup> Transparency Hearing and the Corporate Transparency Act of 2019

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of Jubilee USA, I want to thank-you for your support of our bipartisan initiatives to promote transparency, accountability and protections for the vulnerable in our financial system. Jubilee USA supports your March 13<sup>th</sup>, 2019 hearing on “Promoting Corporate Transparency: Examining Legislative Proposals to Detect and Deter Financial Crime.”

As you know from our work together in the past, Jubilee USA’s religious institutions, members and founders include more than 700 Christian, Jewish and Muslim faith communities and the US Episcopalian, Presbyterian, Methodist, Evangelical Lutheran, Catholic and United Church of Christ Churches. On behalf of our network, we are concerned with how financial secrecy, corruption and tax evasion impact vulnerable communities in the United States and around our world.

Some anonymous shell companies facilitate the theft of development aid and debt relief, the exploitation of vulnerable communities and the support of corrupt regimes in the developing world. Shell companies contribute to an estimated one trillion dollars leaving the developing world annually through tax evasion and corruption. In the United States, anonymous shell companies contribute to Medicare fraud, thefts from vulnerable communities and human trafficking.

The draft of the 2019 Corporate Transparency Act takes important steps toward ending abuses of anonymous companies. Increasing corporate transparency reduces corrupt behavior and can provide resources for US and global development. By identifying the owner who benefits from the existence of a corporation or collecting “beneficial ownership” data, law enforcement has tools to find criminals, corrupt public officials and deter enterprises that exploit the poor. Legislation that offers a clear and comprehensive definition of beneficial ownership avoids the pitfalls of inadequate definitions that only identify managers, directors or other stand-ins for the true owner(s).

The 2016 release of the “Panama Papers” was instructive in this regard. Due to lax rules around corporate ownership information, a single employee at the Panamanian law firm, Mossack Fonseca, served as the named entity for approximately 20,000 companies. She had little-to-no knowledge of the beneficial owners of those 20,000 companies.

Another crucial area in the draft is the provision governing access to information gathered. State and local law enforcement must have access because most investigations into illegal activity are performed by state and local officials in the United States. Financial institutions, which have anti-money laundering responsibilities, should have appropriate access to beneficial ownership by simple request.

On behalf of all at Jubilee USA we hold you in prayer as you work to ensure that our financial system protects the poor and fights corruption.

Sincerely,



Eric LeCompte  
Executive Director

CC: Members of the House Financial Services Committee