

The Honorable Jeb Hensarling
Chairman, Financial Services Committee
United States House of Representatives
2129 Rayburn House Office Bldg.
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member, Financial Services Committee
United States House of Representatives
4340 Thomas P. O'Neill Jr. Federal Office Bldg.
Washington, DC 20024

August 2, 2018

Dear Chairman Hensarling and Ranking Member Waters:

Thank you for your diligent work crafting legislation to improve corporate transparency by requiring companies to disclose the identities of individuals who control and profit from the company at the time of its incorporation. We write to express our support for this change, which would prevent these individuals from using anonymous shell companies to evade accountability, and to convey the importance of making this information available to state and local law enforcement.

As you know, state attorneys general are the top law enforcement officers in our respective states. We are leading efforts to protect residents of our states by addressing the opioid epidemic, combating human trafficking and investigating and prosecuting other crimes.

During a hearing before the Senate Judiciary Committee on February 6, 2018, M. Kendall Day, Acting Deputy Assistant Attorney General of the Criminal Division of the U.S. Department of Justice noted: “One of the most effective ways to deter criminals and to stem the harms that flow from their actions—including harm to American citizens and our financial system—is to follow the criminals’ money, expose their activity, and prevent their networks from benefiting from the enormous power of our economy and financial system. Identifying and disrupting illicit financial networks not only assists in the prosecution of criminal activity of all kinds, but also allows law enforcement to halt and dismantle criminal organizations and other bad actors before they harm our citizens or our financial system.”¹

The use of anonymous shell companies by those engaged in human trafficking, drug dealing, and other crimes, allows criminals to launder and spend money attained through criminal activity without accountability. Unfortunately, our investigations can stall when these companies are used to hide the identity of the individual or individuals who control or profit from the company.

We urge you to ensure that the legislation you adopt to address this important issue includes the following components:

- Information must be available to state and local law enforcement for their use in civil and criminal investigations and states’ authority to enact and enforce state laws to ensure corporate transparency and prevent wrongdoing must be maintained;

¹ Statement of M. Kendall Day, Acting Deputy Assistant Attorney General, Criminal Division, U.S. Department of Justice, Before the Senate Judiciary Committee, February 6, 2018, <https://www.judiciary.senate.gov/imo/media/doc/02-06-18%20Day%20Testimony.pdf>

- Law enforcement should be able to access the information throughout their investigation, either by using subpoenas or through officials trained in proper utilization of the Financial Crimes Enforcement Network (FinCEN) database; and
- The definition of beneficial ownership must not allow loopholes that criminals can exploit.

We appreciate your efforts to address this problem, and your recognition of the necessity of sharing this information with state and local law enforcement. If we can be of assistance, please do not hesitate to contact our offices.

Sincerely,



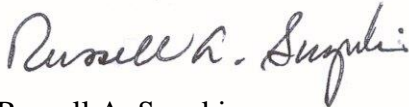
Cynthia H. Coffman
Colorado Attorney General



Xavier Becerra
California Attorney General



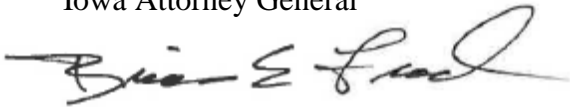
Matthew P. Denn
Delaware Attorney General



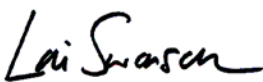
Russell A. Suzuki
Hawaii Attorney General



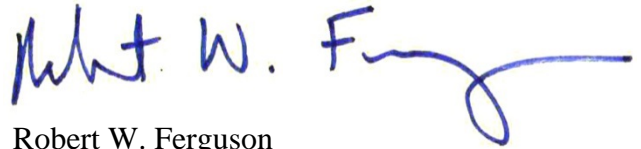
Tom Miller
Iowa Attorney General



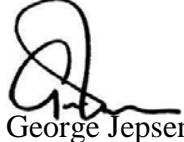
Brian E. Frosh
Maryland Attorney General



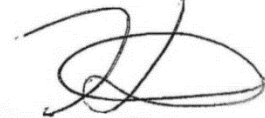
Lori Swanson
Minnesota Attorney General



Robert W. Ferguson
Washington Attorney General



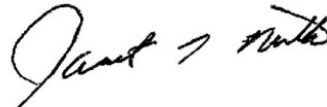
George Jepsen
Connecticut Attorney General



Karl A. Racine
District of Columbia Attorney General



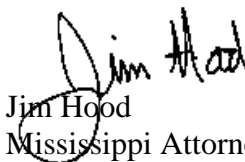
Lisa Madigan
Illinois Attorney General



Janet Mills
Maine Attorney General



Maura Healey
Massachusetts Attorney General



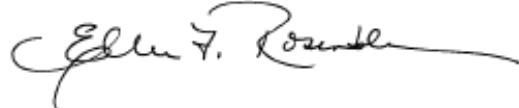
Jim Hood
Mississippi Attorney General



Gurbir S. Grewal
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Ellen F. Rosenblum
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Wanda Vázquez Garced
Puerto Rico Attorney General



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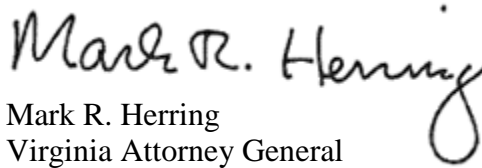
Edward Manibusan
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