



December 6, 2019

The Honorable Michael Crapo
Chairman
U.S. Senate Committee on Banking, Housing and Urban Affairs

The Honorable Sherrod Brown
Ranking Member
U.S. Senate Committee on Banking, Housing and Urban Affairs

RE: Illicit Cash Act (S.2563)

Dear Chairman Crapo and Ranking Member Brown:

We are writing to express our strong support for the **S.2563, “Illicit Cash Act”**, which would require American companies to disclose the identity of the actual people who own or control them (often called the “beneficial owners”).

We are the leaders of nongovernmental organizations delivering or advocating for both humanitarian and development assistance in countries affected by war, natural disasters, and chronic poverty. We and those we serve rely on the support of millions of generous Americans.

Based on decades of experience in international development, we have concluded that incorporation transparency is essential to alleviate poverty in the world. Corruption, tax evasion, arms trafficking, and human trafficking are scourges that afflict developing countries. These crimes have in common the fact that the trail of investigations into them often ends with anonymous shell companies.

Corruption is one of the principal barriers to economic development and poverty alleviation.¹ Not only does it waste public resources that could otherwise fund schools, clinics and other social services, but it also discourages private investment and fosters distrust between citizens and their government, which makes countries ungovernable and prone to civil strife. The World Bank has documented 150 cases of grand corruption. 102 of the anonymous shell companies that enabled these crimes were registered in the United States – more than in any other country.²

Almost a third of rich Africans’ wealth – about \$500 billion – is estimated to be held offshore, much of it undeclared to tax authorities, which may cost African governments \$14 billion a year.³ That is equivalent to the sums needed to pay for healthcare to save the lives of 4 million children and to employ teachers and allow every African child to go to school.

At least \$2.2 billion worth of arms and ammunition was illegally imported by countries under arms embargoes between 2000 and 2010,⁴ fueling civil wars that destroy lives and livelihoods and set countries decades backward on their development paths. Viktor Bout, known as the Merchant of Death, used a global network of shell companies, including twelve incorporated in U.S. states, to become the world’s largest arms trafficker before being captured.⁵

We witness horrific stories of refugees fleeing war zones only to fall prey to human traffickers.⁶ Anonymous companies from Kansas, Missouri and Ohio were instrumental to trick victims from overseas in a \$6 million human trafficking scheme.⁷

At their Summit in Lough Erne (United Kingdom) in 2013, G7 members including the United States committed to make progress to ensure that both tax and law enforcement authorities in all countries where companies operate are able to find out who really owns them. Other countries have delivered on their promises, and last year the British government has even extended incorporation transparency to its overseas dependencies including notorious tax havens like the British Virgin Islands, host of the most companies cited in the Panama Papers. The United States is a prime location for anonymous companies, providing them with a veneer of respectability as well as access to a deep financial system and strong rule of law. It is high time that our country delivers on this international commitment.

We thank you for your attention and your commitment to combatting illicit finance. If you would like more information, please contact Linda Delgado at linda.delgado@oxfam.org.

Sincerely,

David Beckmann, President
Bread for the World

Niranjali Amerasinghe, Executive Director
ActionAid USA

Tom Hart, North American Executive Director
The ONE Campaign

Eric LeCompte, Executive Director
Jubilee USA Network

Abby Maxman, CEO
Oxfam America

¹ Transparency International, "Corruption: Cost for Developing Countries", <http://www.transparency.org.uk/corruption/corruption-statistics/corruption-cost-for-developing-countries/#.WiheslWnHcs>

² World Bank (2011) "The Puppet Masters". <https://star.worldbank.org/star/publication/puppet-masters>

³ Oxfam, "Paradise Papers: The Hidden Costs of Tax Dodging", <https://www.oxfam.org/en/even-it/paradise-papers-hidden-costs-tax-dodging>

⁴ Oxfam, "Saving Lives with Common Sense", <https://www.oxfamamerica.org/explore/research-publications/saving-lives-with-common-sense/>

⁵ Global Witness, "The Great Rip-Off", <http://greatripoffmap.globalwitness.org#!/case/57938>

⁶ Oxfam, "You Aren't Human Anymore", https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/mb-migrants-libya-europe-090817-en.pdf

⁷ Global Witness (Op. Cit.)