

15 NGOs Support Aircraft Ownership Transparency Act (H.R.393) and Secure Government Buildings from Espionage Act (H.R.392)

October 15, 2019

The Honorable Peter A. DeFazio
Chairman
Committee on Transportation and
Infrastructure
United States House of Representatives
Washington, D.C. 20515

The Honorable Sam Graves
Ranking Member
Committee on Transportation and
Infrastructure
United States House of Representatives
Washington, D.C. 20515

RE: Aircraft Ownership Transparency Act of 2019 (H.R.393) and Secure Government Buildings from Espionage Act of 2019 (H.R.392)

Dear Chairman DeFazio and Ranking Member Graves,

We, the undersigned organizations, write to express our strong support for two pieces of bipartisan legislation, the **Aircraft Ownership Transparency Act of 2019 (H.R.393)** and the **Secure Government Buildings from Espionage Act of 2019 (H.R.392)**, which will strengthen our national security, combat foreign kleptocracy, and protect American taxpayers from waste, fraud, and abuse.

The **Aircraft Ownership Transparency Act of 2019 (H.R.393)** is an important measure to safeguard our skies from those seeking to do us harm and to detect and deter those attempting to launder illicit funds through the purchase and sale of aircraft. Today, companies with hidden ownership are used as a primary vehicle for carrying out fraudulent and other illegal activities while hiding the people that are really behind the company and the illegal activities. U.S. law requires that aircraft operating in the U.S. be registered with the Federal Aviation Administration (FAA). This registration process requires that the aircraft's owner be identified on the registration form, but allows that owner to be a legal entity that is registered in any U.S. state (a U.S. Legal Person).

Unfortunately, there currently is no requirement that any U.S. state collect and maintain records about whom ultimately owns or controls a U.S. Legal Person. As a result, the FAA has no idea who owns aircraft operating in America if the registered owner is a U.S. legal entity, despite the registration requirement.

This is an untenable situation. U.S. aircraft can be weaponized — as we know all too well. They can be bought and sold in order to launder money or transfer value from one person to another, with little detection. They can be used to transport illegally generated cash, drugs, and other contraband. Not knowing who owns these aircraft can put Americans at risk.

The 115th Congress recognized the risks of allowing vessels with opaque ownership into the United States — the John S. McCain National Defense Authorization Act for Fiscal Year 2019 required large yachts entering U.S. waters to disclose their true ownership information to the Coast Guard.¹ It's time to extend those disclosure requirements to aircraft — ensuring that our skies are as secure as our waters — by enacting H.R.393.

¹ See: Section 3529 of Public Law No: 115-232.

Additionally, the **Secure Government Buildings from Espionage Act of 2019 (H.R.392)** will enhance our national security by requiring bidders for high-security government leases to disclose their true ownership information to the federal government.

The Government Accountability Office (GAO) recently reviewed the ownership details for all “General Services Administration (GSA) leased space that requires higher levels of security protection based on factors such as mission criticality and facility size (high-security space)”.² Beyond determining that at least 20 high-security, GSA-leased facilities had foreign ownership, the GAO found that the majority of the high-security agencies they contacted were unaware that they were leasing foreign-owned space. Moreover, the report revealed that the “GAO was unable to identify ownership information for about one-third of GSA’s 1,406 high-security leases as of March 2016 because ownership information was not readily available for all buildings.”³

This lack of transparency puts our national security at risk, including through possible security breaches, cyber-attacks, or by facilitating grand corruption and foreign kleptocracy if leased buildings are funded by stolen funds or if hidden owners use rents to launder their money.

The 115th Congress made important progress towards addressing these risks in adopting the National Defense Authorization Act for Fiscal Year 2018, which required the Department of Defense to identify the beneficial owners of its high-security leased space.⁴ It’s time for Congress to extend those same disclosure requirements to non-military leases by passing the Secure Government Buildings from Espionage Act — ensuring that, among other things, high-security leased space belonging to our law enforcement and intelligence agencies are similarly protected.

H.R.392 is an important, targeted, and meaningful step toward ensuring that the federal government knows exactly with whom it’s doing business. This is a critical stride toward empowering agencies like the GSA to protect our national security, deter foreign kleptocracy, and combat waste, fraud, and abuse.

We look forward to working with you and your staff to advance H.R.393 and H.R.392 through your committee. For additional information, please contact Clark Gascoigne (cgascoigne@thefactcoalition.org) or Alexandria Robins (arobins@globalwitness.org).

Sincerely,

Accountability Lab

Coalition for Integrity

Financial Accountability and Corporate Transparency (FACT) Coalition

Global Financial Integrity

Global Witness

² U.S. Government Accountability Office. “FEDERAL REAL PROPERTY: GSA Should Inform Tenant Agencies When Leasing High-Security Space from Foreign Owners.” *GAO-17-195*: January 3, 2017 (*accessible at* <https://www.gao.gov/products/GAO-17-195>).

³ *Ibid.*

⁴ *See*: Section 2876 of Public Law No: 115-91.

Institute for Policy Studies — Program on Inequality and the Common Good

Natural Resource Governance Institute

Open Contracting Partnership

Open the Government

Project on Government Oversight

Public Citizen

Sassoufit Collective

The Sentry

Transparency International

Transparency International – Defence & Security

cc Members of the U.S. House Committee on Transportation and Infrastructure