

Coalition for Integrity

June 29, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Charles Schumer
Democratic Leader
United States Senate
Washington, D.C. 20510

RE: Anti-Money Laundering Act of 2020 (S. Amdt.2198 to S.4049)

Dear Leader McConnell and Leader Schumer,

On behalf of the Coalition for Integrity (C4I), I am writing to express support for the Anti-Money Laundering Act of 2020 (S. Amdt.2198 to S.4049), due for a vote this week as part of the National Defense Authorization Act.

Every year, over two million corporations, LLCs, and other business entities are formed in the United States. Many states collect less information from the individuals forming these entities than from individuals applying for a driver's license. As a result, it can be impossible to know for sure who is the true owner of a company, and who is deriving the ultimate benefit. This poses a threat to national security, and to the integrity of the American financial system.

There are several high-profile examples of abuse of the United States' system. Just last year, the Treasury Department released a report on corruption in Venezuela.¹ No-bid or low-bid contracts were awarded to shell companies incorporated in the United States, who would then act as intermediaries to give kickbacks to corrupt officials in the government. In recent reports on the Isabel dos Santos scandal, the daughter of Angola's former president is alleged to have used shell

¹ FinCEN, *Updated Advisory on Widespread Public Corruption in Venezuela* (May 3, 2019)
<https://www.fincen.gov/sites/default/files/advisory/2019-05-03/Venezuela%20Advisory%20FINAL%20508.pdf>.



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companies in a variety of countries, including the United States, to embezzle state funds.² And in Malaysia, corrupt officials diverted billions of dollars from the country's Sovereign Wealth Fund and subsequently laundered through shell companies in the United States.³ The list of examples is long, and only covers those that have come to light. We do not know how many criminals use American shell companies to hide illicit assets, but we do know that our lack of beneficial ownership laws creates a significant obstacle for law enforcement to intervene.

Sponsored by a bipartisan group of Senators, the Anti-Money Laundering Act of 2020 would take a step to address this issue. International criminals cannot be allowed to use anonymous companies to exploit the American financial system and enjoy their ill-gotten gains. Despite issues that must be addressed before final enactment, we strongly urge you to advance this bill forward.

C4I is available to assist with anything further if you are interested. You can reach me at sshah@coalitionforintegrity.org.

Sincerely,

DocuSigned by:



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Shruti Shah
President & CEO

² Sydney P. Freedberg et.al., *How Africa's Richest Woman Exploited Family Ties, Shell Companies and Inside Deals to Build an Empire*, International Consortium of Investigative Journalists (January 19,2020) <https://www.icij.org/investigations/luanda-leaks/how-africas-richest-woman-exploited-family-ties-shell-companies-and-inside-deals-to-build-an-empire/>.

³ Department of Justice, *U.S. Seeks to Recover Approximately \$38 Million Allegedly Obtained from Corruption Involving Malaysian Sovereign Wealth Fund* (February 22,2019) <https://www.justice.gov/opa/pr/us-seeks-recover-approximately-38-million-allegedly-obtained-corruption-involving-malaysian>.



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