

The Honorable Mike Crapo
Chairman
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, DC 20510

4th June 2020

RE: US register of company beneficial owners

Dear Chairman Crapo and Ranking Member Brown

I hope this letter finds you and your families safe and well during the COVID-19 pandemic – we are all having to adjust to a 'new normal' while we fight the disease.

Further to my previous letter (13th May 2019), I understand the US continues to make progress in its efforts to develop a company beneficial ownership register as a tool for fighting illicit financial flows. As such I wanted to highlight some key findings from a recent review of the UK's register, and to re-emphasise our strong support for your work as well.

Last year the UK Government published fairly extensive research on the impact of its company beneficial ownership register. Your officials will be able to confirm that 95% of UK companies thought the cost of collecting information had no impact on business, and 66% already collected the information anyway, before our beneficial ownership register started in June 2016. Critically, the median annual cost of maintaining the information is just £2 (circa \$2.44) per firm, as most businesses do not change their beneficial owners that often, and the median initial cost of collecting and submitting the information to begin with was only £115 (circa \$140) too.

We didn't just find that the costs were low; our research showed the benefits were very high too. The feedback from our law enforcement agencies is that the UK company register plays a vital role in protecting national security. Requests for information to assist with investigations has increased from 11 to 200 per month over the last five years, often with multiple pieces of intelligence shared each time. In the current climate where we are seeing a surge in fraud and wider COVID-19 related criminality, having access to a tool to expose the true beneficial owners of companies who seek to undermine our financial infrastructure has never been more important.

Taken together, we believe these low costs and high benefits make our register one of the most effective and best value-for-money investments we could make in fighting illicit financial flows.

As the two countries which host the largest financial centres on the planet, the US and UK carry the most reputational risk if, between us, we allow corruption and money laundering to flourish. But we are also uniquely well-placed to improve international standards by leading the world in stopping illicit financial flows as well. A US company beneficial ownership register would send a huge and unequivocal signal to organised crime groups, terrorists and kleptocrats that the net is tightening around their ill-gotten gains, and that they will not be allowed to undermine the legitimacy of our free-market system. Please let me

know if there's anything the UK can do to support your efforts on such a fundamental, critical issue to our way of life.

Yours sincerely

A handwritten signature in black ink that reads "John Penrose". The signature is written in a cursive style and is underlined with a single horizontal line.

JOHN PENROSE MP
Prime Minister's Anti-Corruption Champion