

July 21, 2020

The Honorable Mitch McConnell  
Majority Leader, U.S. Senate  
The Capitol  
Washington, D.C. 20510

The Honorable Chuck Schumer  
Minority Leader, U.S. Senate  
The Capitol  
Washington, D.C. 20510

The Honorable Jim Inhofe  
Chairman, Senate Armed Services Committee  
The Capitol  
Washington, D.C. 20510

The Honorable Jack Reed  
Ranking Member, Senate Armed Services  
Committee  
The Capitol  
Washington, D.C. 20510

Re: S.Amdt.2198 to S.4049 Anti-Money Laundering Act of 2020

Dear Leader McConnell, Leader Schumer, Charmain Inhofe, and Ranking Member Reed:

We write to encourage the inclusion of the Anti-Money Laundering Act of 2020 as an amendment to the National Defense Authorization Act for Fiscal Year 2021. FDD Action supports S.Amdt.2198, which was offered by Senate Banking Committee Chairman Mike Crapo and Ranking Member Sherrod Brown. This important legislation will enhance the national security of the United States and help deter nefarious actors from exploiting holes in our beneficial ownership regime.

The current availability of beneficial ownership information to law enforcement and the Department of Treasury is insufficient to root out threats such as criminal behavior, sanctions evasion, and terrorist financing. As a country, we have demanded this information from other jurisdictions but have fallen behind in securing our own backyard. Current regulations do not sufficiently provide actionable information that could be used in the investigation and prosecution of individuals and entities such as drug cartels, human traffickers, terrorist organizations, corrupt foreign officials, and those that seek to malignly influence U.S. policies and elections.

The collection of beneficial ownership information at the time of company incorporation will help deter nefarious actors from opening anonymous shell companies in the United States to exploit the advantages of the U.S. financial system. It has been well-documented that U.S. adversaries, including Russia, China, Iran, and Venezuela, have attempted to use anonymous shell companies to obscure their investments and state-run enterprises in the United States. These investments serve a number of purposes, including money laundering, holding the proceeds of corrupt officials, gaining access to the U.S. dollar, interfering in the U.S. democratic process, and acquiring sensitive U.S. intellectual property and military technology.

The Anti-Money Laundering Act of 2020 will begin to address these vulnerabilities in the U.S. financial system by requiring the collection of beneficial ownership data by the Treasury Department's Financial Crimes Enforcement Network. This information will be made available only to trained and vetted law enforcement entities that need it for an ongoing investigation. The legislation also makes misuse of this data a criminal offense, which will help to safeguard this information from abuse.

This issue's national security implications cannot be overstated. As we continue to combat intellectual property theft, money laundering, terrorism financing, and sanctions-evasion schemes here in the United States, we must protect our financial system from abuse. The Anti-Money Laundering Act of 2020 is a step in the right direction and will provide critical tools to law enforcement to root out bad actors, including adversarial nation-states.

We encourage the inclusion of the Anti-Money Laundering Act of 2020 in the National Defense Authorization Act for Fiscal Year 2021. This compromise legislation is the result of many years of debate and crafting and has significant support from the national security and law enforcement communities. Thank you for your consideration.

Sincerely,

Tyler Stapleton  
Director of Congressional Relations