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Legislation to End Anonymous Shell Companies Added to House National Defense Authorization Act for Fiscal Year 2021

Patrick Yoes, National President of the Fraternal Order of Police, applauded the news that H. Amdt 1, the “Corporate Transparency Act and COUNTER Act,” was adopted as an amendment to H.R. 6395, the National Defense Authorization Act (NDAA), by the House of Representatives yesterday on a 336-71 vote.

“Transnational criminal organizations and terrorist operations are using our banks, financial institutions, and other means to profit from their illegal activity,” said Yoes. “This is a well-documented problem for our financial institutions and for law enforcement as we work together to shut down these sophisticated criminal enterprises.”

Under current laws, shell corporations may be used as front organizations by criminals conducting illegal activity, such as money laundering, fraud, and tax evasion. All too often, investigations hit a dead end when law enforcement encounters a company with hidden ownership. This amendment will allow for the collection of simple, yet actionable, beneficial ownership information to be used in combating this misuse of U.S. companies.

“It is very clear that this is a pressing issue and the vulnerability of our financial institutions is a genuine threat to public safety and national security,” said Yoes. “When we are able to expose the link between shell companies and drug trafficking, corruption, organized crime, and terrorist financing, law enforcement will be able to bring these criminals to justice and ensure that our citizens and our nation are safer.”

By requiring the Financial Crimes Enforcement Network (FinCEN) to collect beneficial ownership information from corporations and limited liability companies, law enforcement will finally be able to properly investigate shell companies that deal in illicit financing and trafficking in humans, sex, guns, and drugs. This legislation ensures that this information, once collected, will be available to law enforcement at every level—local, State, tribal, and Federal.

“We would like to thank Representatives Carolyn Maloney and Peter King for their work on this amendment,” said Yoes. “This comprehensive legislation provides much-needed tools to better combat money laundering, including the crucial collection of beneficial ownership information.”

The Fraternal Order of Police is the largest law enforcement labor organization in the United States, with more than 354,000 members.

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