FACTCOALITION

Financial Accountability & Corporate Transparency

United States Senate
Committee on the Judiciary

Hearing on the TITLE Act

February 6, 2018

Testimony of Gary Kalman
Executive Director
Financial Accountability and Transparency (FACT) Coalition
1225 Eye St NW
Washington, DC 20005

Chairman Grassley, Ranking Member Feinstein and members of the Committee, thank you for holding this important hearing. On behalf of the Financial Accountability and Corporate Transparency (FACT) Coalition and our member organizations, I appreciate the opportunity to talk about a foundational reform in the global anti-corruption movement and the nexus between secrecy jurisdictions, crime, corruption, human rights, and national security.

The FACT Coalition is a non-partisan alliance of more than 100 state, national, and international organizations working to combat the harmful impacts of corrupt financial practices. The Coalition first formed in 2011, but I came aboard on April 11, 2016. I remember the date because it was roughly one week after the release of the Panama Papers. It was an interesting start. The Panama Papers shed light on the corruption facilitated by anonymous companies. The details of how these entities were established and some of the particular individuals involved made headlines around the world.

To me, it was the sheer magnitude of the disclosures that proved the most shocking and enlightening. Eleven million documents, 214,000 companies, 140 politicians from 50 countries — all from just one law firm in one country.[1] The fallout was widespread. The revelations led to the resignation of Iceland's prime minister, and the exploits of Russian President Vladimir Putin's associates were well documented in the media.[2] The Panama Papers exposed the direct connection between corrupt and criminal practices and the secrecy that affords kleptocrats and others a vehicle to hide the money, fund illicit activity, and move it around the globe with impunity. This hearing is an important opportunity to further explore that link.

What Is an Anonymous Company?

When people create companies in the United States, they are not required to disclose who really profits from their existence or controls their activities — the actual "beneficial owners" of the business. Instead, individuals who benefit can conceal their identity by using front people, or "nominees," to represent the company. For instance, the real owner's attorney can file paperwork under his or her own name even though the attorney has no control or economic stake in the company. Finding nominees is not terribly difficult — there are corporations whose entire business is to file paperwork and stand in for company owners. Additionally, some jurisdictions do not require ownership information at all while others allow for companies to own companies, layering a corporate structure that makes it difficult to impossible to identify true owners.

The Dangers of Anonymous Companies

Anonymous companies are the vehicle of choice for drug cartels, organized crime, corrupt foreign officials and others who need to launder money. These entities are then able to profit from these funds, prop up their regimes and engage in a host of harmful actions — including fueling the opioid epidemic, human trafficking, upsetting global commerce, and threatening our national security. These entities have even been implicated in the lack of affordable housing in the U. S.[3]

---

[1] Harding, Luke. "What are the Panama Papers? A guide to history's biggest data leak." The Guardian. April 05, 2016.

[2] Erlanger, Steven, Stephen Castle, and Rick Gladstone. "Iceland's Prime Minister Steps Down Amid Panama Papers Scandal." The New York Times. April 05, 2016.

[3] The New York Times. "Towers of Secrecy: Piercing the Shell Companies." July 27, 2016.

Fueling the Opioid Crisis

Early in the 115th Congress, the House Financial Services Committee held a hearing on its oversight plan during which Representative Steven Pearce, Chairman on the Subcommittee on Terrorism and illicit Finance, noted that drug cartels are coming across the border into his home county in New Mexico, creating shell companies in the trucking sector and "weakening the economic framework by which other companies can be successful."[4] This story is consistent with recent research.

In 2016, FACT Coalition member Fair Share published the report *Anonymity Overdose* which documented the connection between anonymous companies and the opioid crisis. The report details cases in which opioid traffickers used anonymous companies to launder money including the example of "Kingsley Iyare Osemwengie and his associates [who] were found to use call girls and couriers to transport oxycodone, and then move profits through an anonymous shell company aptly named High Profit Investments LLC."[5]

Admiral Kurt Tidd, head of US forces operating in Central and South America, said the U.S. goal is for our forces to interdict 40% of the illegal drugs coming into the country.[6] But John Cassara, former Special Treasury Agent with the Office of Terrorism Finance and Financial Intelligence and a consultant on the report, noted "We know the drug cartels are in it for the money – and to stop them we need to go after their profits … Anonymous shell companies make that work much more difficult for law enforcement. We need to do more than just bust the street level distributors, we need to go after the real kingpins, and to do that we need better tools to follow the money."[7]

I am attaching a copy of the report for the record.

Abusing Human Rights

Anonymous companies regularly serve as fronts for those engaged in crimes that involve human rights abuses. According to Global Witness, a FACT Coalition member, "A Moldovan gang used anonymous companies from Kansas, Missouri and Ohio to trick victims from overseas in a $6 million human trafficking scheme."[8]

Stories like that and their own research convinced Polaris, one of the leading U.S.-based organizations fighting human trafficking, to join the call to crack down on anonymous companies. Recognizing the role of anonymous companies in trafficking and the difficulty of combatting trafficking schemes if law enforcement cannot "follow the money" to specific individuals profiting from the wrongdoing, Polaris wrote the following:

> *"In 2016, [we] analyzed public information to identify human trafficking occurring in businesses fronting as massage parlors in Tampa, Honolulu, Houston, San Francisco, Albany, Columbus,*

[4] Maloney, Carolyn, and Peter King. "Unite to crack open shell corporations." NY Daily News. August 28, 2017.
[5] Fair Share. "Anonymity Overdose - How our opioid crisis and shell companies are linked." August 1, 2016.
[6] Woody, Christopher. "US forces are ill-equipped to stop illegal drugs and migrants, says a top military official." Business Insider. March 12, 2016. http://www.businessinsider.com/r-us-forces-ill-equipped-to-stop-illegal-drugs-migrants-admiral-2016-3.
[7] Cassara, John. "Countering International Money Laundering." August 23, 2017.
[8] Global Witness. "Great Rip Off." September 25, 2014.

> *Oklahoma City, and Fairfax County, VA. The inability to identify beneficial ownership was a recurring challenge in every location …. In order to ensure accountability for human trafficking, Congress must pass legislation that requires corporations and LLCs to disclose their beneficial owners, thereby guaranteeing that law enforcement has access to this information. Until police and prosecutors can identify the individuals operating illicit massage businesses, criminals engaged in human trafficking will continue acting with impunity across the United States."*

In Fairfax County, VA, alone, Polaris identified 108 illicit massage businesses that were connected to 181 different corporations.[9]

Polaris did a second study released earlier this year on illicit massage businesses. In the report, they highlighted the problem of anonymous companies and the role they play in human trafficking networks.[10] In one example they wrote that in Houston, "Assistant County Attorney Celena Vinson has filed 24 civil lawsuits to try to shut down and evict these massage businesses ... Vinson and criminal prosecutors say it's often difficult to determine true owners of rogue massage businesses she attempts to target through civil action. Many have registered business names that lead only to shell companies with post office boxes for addresses."[11] The report then documents statistics in state after state about the recurring problem of anonymous companies.[12]

Several leaders in the anti-human trafficking movement have spoken out about the use of anonymous companies enabling human trafficking.

Melysa Sperber, Director of the Alliance to End Slavery & Trafficking/Humanity United:

> *"This bill represents a critical first step in ensuring that our federal government partners with financial institutions to restrict traffickers' access to the banking system, thus disrupting their operations. This bill will also improve law enforcements' access to information on traffickers' already gathered by financial institutions—making it easier to prosecute traffickers, while reducing the burden on trafficking victims to provide testimony and evidence."*[13]

<u>Upsetting Global Commerce</u>

In a March 2017 report, researchers at FACT Coalition member Global Financial Integrity (GFI) estimated the direct financial cost of transnational crime: "…globally the business of transnational crime is valued at an average of $1.6 trillion to $2.2 trillion annually. The study evaluates the overall size of criminal markets in 11 categories: the trafficking of drugs, arms, humans, human organs, and cultural property; counterfeiting, illegal wildlife crime, illegal fishing, illegal logging, illegal mining, and crude oil theft."[14] GFI highlights anonymous companies as a main vehicle for both establishing anonymous "companies" to

[9] Polaris. "Business Transparency to Combat Human Trafficking."
[10] Polaris. "Massage Parlor Trafficking." January 17, 2018.
[11] Ibid,. 64-65
[12] Ibid,. 46-58
[13] Sperber, Melysa. "ATEST Letter of Support: End Banking for Human Trafficking Act of 2017." April 26, 2017.
[14] May, Channing. "Transnational Crime and the Developing World" Global Financial Integrity." March 27, 2017.

engage in trade and those set up to hide or launder the money from the trade. Recent Studies have estimated the scale of money laundering to be in the range of 3 to 5 % of global GDP.[15]

Traffickers in counterfeit and other illicit goods and services hide behind secret corporate entities and make it more difficult for legitimate businesses to honestly compete in global commerce. This cost is why several multinational corporations have written in support of the bills in Congress to address the issue and provide world leadership. In a recent letter signed by the Chief Executive Officers of Allianz, The Dow Chemical Group, Kering Group, Salesforce, Unilever, and Virgin Group, they wrote:

> *"When the true owners of companies put their own name on corporate formation papers, it increases integrity in the system and provides a higher level of confidence when managing risk, developing supply chains and allocating capital. If ownership information is on record, we can have greater reputational and legal certainty in our dealings with third parties, protecting our ability to enforce contracts and safeguard our investments*."[16]

These CEOs are not alone. In fact, according to Ernst & Young's Fiscal Year 2016 Global Fraud Survey, 91 percent of senior executives believe it is important to know the ultimate owner of the entities with which you do business.[17]

Threatening our National Security

The threats posed by anonymous companies go beyond the commercial and criminal spheres; they also threaten our national security. The stories of anonymous companies obtaining contracts with the Department of Defense are numerous and disturbing. I submit for the record a Global Witness report called *Hidden Menace*, which identifies, in unsettling detail, the role of secrecy in endangering our troops and undermining U.S. security. One example details how a U.S. - Afghan company that won a contract to supply our troops was secretly controlled by the Taliban, which used the profits to fund weapons to attack our soldiers.[18]

A second troubling report, authored by the U.S. Government Accountability Office, details how corporations with hidden owners are leasing office space to sensitive U.S. military and law enforcement agencies, a situation rife with risks that shouldn't be allowed to continue. The report warned of "security risks such as espionage and unauthorized cyber and physical access."[19]

Writing about the GAO report, Global Witness noted, "In the end, the GAO found 26 agencies renting space from foreign owners, and of the 14 contacted, nine of them didn't know they were leasing from a foreign owner because the building ownership wasn't clear. In one case, an FBI field office in Seattle responsible for investigating public corruption and money laundering in Asia, among other things, was discovered to be leasing space in a building owned, through a series of domestic and foreign companies,

---

[15] UNODC. "Money-Laundering and Globalization." 2018.

[16] Allianz, Virgin Group, Salesforce, The Dow Chemical Group, Kering Group, and Unilever. "U.S. government action crucial to fighting corruption." July 14, 2017.

[17] Ernst & Young. "Corporate misconduct — individual consequences." 2016.

[18] Global Witness. "*Hidden Menace*." July 12, 2016.

[19] Tatum, Sophie, and Pamela Brown. "First on CNN: Report finds national security agencies at risk in foreign-owned buildings." January 30, 2017.

by the Taib family of Malaysia."[20] The Taib family has been implicated in substantial fraud and money laundering operations. Global Witnesses Eryn Schornick commented that "The FBI has a 20-year lease for the space, and at the end, it will have paid $56 million in rent to this family. That makes no sense."[21]

As Congress considers new economic sanctions to counter North Korean threats, the Committee should take note of a U.S. Department of Justice (DOJ) case charging a Chinese national Ma Xiaohong, her company Dandong Hongxiang Industrial Development, and several colleagues with violating U.S. sanctions laws by working with a blacklisted North Korean bank, Kwangson Banking, to set up shell companies in Hong Kong and elsewhere to hide the business they were doing with North Korean companies that help Pyongyang develop nuclear weapons.

I would also note a DOJ case closed in June of 2016 which confirmed that Iran evaded economic sanctions in part by reaping millions of dollars annually from a New York-based anonymous company with investments in Manhattan real estate. [22]

Lack of Affordable Housing

Increasingly there are stories of secret owners bidding up prices on properties and then using them as "banks" rather than homes. Not only is our real estate market a magnet for kleptocrats but the secrecy potentially fuels a loss of affordable housing in growing numbers of communities due to skyrocketing real estate prices and vastly inflated markets.

- In Manhattan, eight blocks between Lenox Hill and Central Park are nearly 40 percent unoccupied, and on the Upper East Side, more than a quarter of the properties are owned but vacant. Middle-income families are being priced out by those looking to hide assets.[23]
- In San Francisco, the South Beach neighborhood is one-fifth unoccupied, and, in the competitive California housing market, the rent crisis is affecting middle-income families.[24]
- A 2016 story in The Miami Herald about the impact of offshore money on the local housing market found that, "the boom also sent home prices soaring beyond the reach of many working- and middle-class families. Locals trying to buy homes with mortgages can't compete with foreign buyers flush with cash and willing to pay the list price or more."[25]

Current Lack of Beneficial Ownership Transparency

To the extent that these examples illustrate the depth of the problem, it is important to acknowledge that we have often been able to pierce the veil of corporate secrecy through luck or leaks. That must not continue to be a substitute for critical information on criminal enterprises. In a report written by former U.S. Treasury Special Agent John Casarra for the FACT Coalition, Cassara noted that in efforts to reclaim

[20] May, Kate Torgovnick. "How anonymous companies can undermine national security." April 19, 2017.
[21] Schornick, Eryn. "Government Contracts and National Security." March 7, 2017.
[22] Press Release, U.S. Attorney's Office, Southern District of New York, 2017
[23] Joseph Lawler. "Money Laundering is Shaping US Cities," Washington Examiner, March 27, 2017
[24] Ibid.
[25] Nicholas Nehamas. "How secret offshore money helps fuel Miami's luxury real-estate boom." The Miami Herald. April 3, 2016.

laundered money, we are currently "a decimal point away from total failure."[26] His analysis is based on estimates that globally we catch only about 0.1 percent of laundered money. While kleptocrats and other criminal enterprises have updated their tools for the 21st century by utilizing anonymous companies, we have not updated our laws to catch them.

In its 2016 mutual evaluation, the Financial Action Task Force (FATF) found that the U.S. anti-money laundering framework has "significant regulatory gaps" and that the "lack of timely access to accurate and current beneficial ownership information remains one of the fundamental gaps in the U.S. context."[27]

A 2014 report, by academics from the University of Texas-Austin, Brigham Young University, and Griffiths University, found that the United States is the easiest place in the world to establish an anonymous company[28]. The researchers sent out thousands of inquiries to corporate formation agents in over 180 countries with details that should have raised red flags for the recipients. As one example, an agent in Florida responded in an email that, "Your stated purpose could well be a front for funding terrorism … if you wanted a functioning and useful Florida corporation you'd need someone here to put their name on it, set up bank accounts, etc. I wouldn't even consider doing that for less than 5k a month…"[29]

The current rules are not working.

Progress on Beneficial Ownership Transparency

There is some meaningful progress being made to end the abuse of anonymous companies. First and foremost, we applaud the Committee for holding this hearing on the True Incorporation Transparency for Law Enforcement Act or TITLE Act, S. 1454. The bill would end the abuse of these entities by simply requiring companies to list the beneficial owner at the time of corporate formation. This is a targeted solution to a complex problem. We thank Chairman Grassley, Ranking Member Feinstein and Senator Whitehouse for their leadership.

Additional bills in Congress, the Corporate Transparency Act of 2017, S. 1717 and H.R. 3089, would also address the problem we are discussing today.

There is also progress in the European Union. The United Kingdom has its database up and running with remarkably few problems thus far.[30] The European Union has adopted plans for member states to collect beneficial ownership information with additioanl plans to share the information in a single database in the next several years.[31] In the Ukraine, a nation whose democracy has been compromised by kleptocracy, a generation of corrupt leadership has utilized anonymous companies to hide money and undermine economic and social progress. A new generation of public officials has identified

---

[26] Cassara, John. "Countering International Money Laundering." August 23, 2017.
[27] FATF. "United States' measures to combat money laundering and terrorist financing." 2016.
[28] Findley, Michael et al. "Global Shell Games: Experiments in Transnational Relations, Crime, and Terrorism." Cambridge University Press (March 24, 2014), Page 74. http://bit.ly/2uTLptQ.
[29] Ibid. pg 98
[30] Department for Business, Energy & Industrial Strategy. "Property ownership and public contracting by overseas companies and legal entities: beneficial ownership register." April 5, 2017.
[31] ACAMS. "EU Fourth Anti-Money Laundering AML Resources." June 26, 2017.

beneficial ownership transparency as a critical first step for lifting the veil of secrecy. The country has begun collecting beneficial ownership information and posting it online. The old guard is pushing back, but there is some hope today in a country that has been something of a poster child for corruption fueled by secrecy for decades.[32]

The global trend is toward transparency.

The value in collecting this information is one of the reasons that those asked to assist in U.S. anti-money laundering efforts are calling for legislation. The Clearing House, which represents the largest banks in the country, has sent a letter urging enactment of the legislation, stating: "Our member institutions take their obligations under the Bank Secrecy Act, USA PATRIOT Act and other applicable Federal and state laws and regulations very seriously and are committed to combating money laundering and terrorist financing and other criminal activities. Your legislation would assist them in these efforts, as it would serve as a source of beneficial ownership information when conducting due diligence on their customers."[33] The Financial Services Roundtable, American Bankers Association, Independent Community Bankers Association, National Association of Federally-Insured Credit Unions, and Credit Union National Association have all indicated support for legislation to require the collection of beneficial ownership information.

In a separate but related effort to combat anonymous corporations active in U.S. real estate markets, the U.S. Department of Treasury's Financial Crime Enforcement Network (FinCEN) recently extended and expanded an initiative known as Geographic Targeting Orders (GTOs). The GTOs require the collection of beneficial ownership information for certain cash-financed, high-end real estate transactions. The GTOs now apply to the following metropolitan areas including: Bexar County, Texas; Miami-Dade, Broward, and Palm Beach Counties in Florida; Brooklyn, Queens, Staten Island, Manhattan, and the Bronx in New York City; the counties of San Diego, Los Angeles, San Francisco, San Mateo, and Santa Clara in California; and the latest addition, the city and county of Honolulu, Hawaii.[34]

In renewing the GTOs last August, FinCEN noted that, in 30 percent of the real estate transactions covered by the rule, the purchaser was someone who had a suspicious activity report filed on them.[35] Prior to the GTOs, we would have had no idea who was behind the purchases. The early results of the GTOs suggest that the collection of beneficial ownership information is a necessary reform that opens the door to additional changes to crackdown on money-laundering and other illicit financing.

The bill properly makes the information available to law enforcement organizations and financial institutions that have anti-money laundering responsibilities. We must ensure that those charged with protecting our financial system from abuse are provided the proper tools to do so. State and federal law enforcement can request the information with a civil, criminal or administrative subpoena or summons. Financial institutions can request the data with written permission from the customer. The majority of law enforcement investigations begin with local law enforcement. It is critical that they have reasonable access to the information.

---

[32] Sztykowski, Zosia. "Ukrainian beneficial ownership data now available." January 3, 2018.

[33] The Clearing House, BAFT, Institute of International Bankers, and Institute of International Finance. "Letter Urging Enactment of Corporate Transparency Act of 2017." August 3, 2017.

[34] Hudak, Steve. "FinCEN Targets Shell Companies Purchasing Luxury Properties in Seven Major Metropolitan Areas." August 22, 2017.

[35] Ibid.

We are seeing progress globally, in Congress, in the Administration, in the private sector, and continued support from a wide range of anti-corruption, human rights, and other organizations.

The TITLE Act

The TITLE Act is a welcome and long overdue response to the multitude of problems outlined above. Following are just a few comments on key elements of the proposed legislation.

The different bills introduced in this Congress use different mechanisms to collect information, but each includes the critical provisions needed to identify corporate owners and provide access to that information to all law enforcement and financial institutions engaged in anti-money laundering activities. All of the bills contain a clear, effective definition of beneficial owner, a critically important element of effective legislation.

The bills would prevent naming managers or nominee directors in lieu of the true owners. Mossack Fonseca, the now infamous Panamanian law firm, employed a woman who was named as the director for approximately 10,000 companies.

The TITLE Act defines beneficial owner as "each natural person who, directly or indirectly exercises substantial control over a corporation or limited liability company through ownership interests, voting rights, agreement or otherwise; or has a substantial interest in or receives substantial economic benefits from the assets of a corporation or limited liability company." That definition, with its focus on natural persons, is important to prevent the shell games in which one company owns another which, in turn, owns another and so on — all to obfuscate the name of the individuals who exercise ultimate control. This is also the reason that The FACT Coalition and our member organizations have concerns with efforts to use the IRS SS-4 form. The IRS collects information on a "responsible party" which may serve the IRS purposes but is not a substitute for beneficial ownership information.

The TITLE Act uses the same language for its definition that was already adopted by the U.S. Senate just last year in the National Defense Authorization Act for Fiscal Year 2018. Following the GAO report, Congress recognized the danger of leasing high security office space from anonymous companies. The Defense Department is now required to collect beneficial ownership information before leasing ceain space. The consensus language is essentially identical to that in the TITLE Act and is a construction that Senators already have supported.

The definition is clear and easily understandable for those who will have to comply. In a December letter to the House Financial Services Committee's Terrorism and Illicit Finance Subcommittee, the Small Business Majority wrote about the House bill which contains essentially identical definition language on beneficial ownership transparency, as follows:

> *"For our members, providing the name, address and identification of the true owner of a business is not a burden. They are well aware of who controls and who benefits from their proceeds. The definition … is clear, easy to follow, and workable for small businesses ... Further, knowing that the businesses we work with have given this information provides assurance that a real person is behind any contract we sign or bid we compete against. The beneficial ownership provisions also reduce uncertainty and potential liability when dealing with suppliers and*

subcontractors. While the benefits are significant, the costs of providing a name and address are minimal, on a par with obtaining a library card."[36]

While the FACT Coalition endorses all three bills introduced this Congress on beneficial ownership transparency, one advantage of the approach of the TITLE Act is that the bill collects the information on the state level at the time and place of incorporation. Incorporation has traditionally been controlled by the states, and this bill would maintain their primacy in this sphere. In addition, because the bill does not require any new forms or databases, but takes advantage of those already in existence, there are fewer changes to the corporate formation system needed than with other approaches. The enforcement mechanism is also already built into the process since no person would be able to form a corporation without first providing requested beneficial ownership information.

The bill properly protects filers from penalties due to paperwork mistakes. The bill states that violations of the act need to be "knowingly providing or attempting to provide fraudulent beneficial ownership information … willfully failing to provide complete or updated beneficial ownership information…" This intentionality standard is narrower – with greater protections for those who might make a mistake -- than the standard in the American Bar Association's guidelines to lawyers for handling potential anti-money laundering situations.[37] If there are concerns about the intentionality standard in the bill, the FACT Coalition and our member organizations would not object to amending the bill's language to reflect the ABA's guidelines.

The bill includes a series of negotiated exemptions to reduce redundant reporting and minimize the burden on businesses where law enforcement sees less of a threat. For example, earlier versions of beneficial ownership transparency legislation covered publicly traded companies. When it was pointed out that sufficient information is already reported to the Securities and Exchange Commission, an exemption was written into the bill. Some have raised concerns about the exemptions, specifically partnerships, charitable organizations, and trusts. The FACT Coalition and our member groups would support expanding the covered entities as has been done in the United Kingdom. However, we also recognize that, as a result of negotiation, that the covered entities in this bill are those that represent the largest threat and are an appropriate starting point. We also appreciate the reporting requirements in the bill to look into other types of entities, assess the extent of the threats of the other entities and report back to this Committee.

The bill would also impose anti-money laundering obligations on agents paid to form companies or other entities. Formation agents would have to know who they doing business with, monitor customers to guard against money laundering, and report suspicious activity to law enforcement. This common sense provision, which already applies to banks, securities firms, and other financial institutions, would help keep suspect shell companies out of the U.S. financial system while also bringing the United States into alignment with longstanding international anti-money laundering standards.

Conclusion

[36] Small Business Majority. "Letter to House Regarding "Legislative Proposals to Counter Terrorism and Illicit Finance"." December 6, 2017.

[37] American Bar Association. "A Lawyer's Guide to Detecting and Preventing Money Laundering." October 2014.

Drug traffickers, corrupt officials, and other criminals use anonymous shell companies to hide the money they steal and maintain the power they hold. The total amount of dirty money moved and hidden through the use of companies with hidden owners is impossible to know precisely but estimates run into the trillions of dollars. The resulting harm is widespread — impacting national security, trafficking victims, and economic and political stability.

Many of the most dangerous criminal elements now operate sophisticated financial networks. They have updated the way they do "business," which Includes the use of anonymous companies. If we hope to adequately address the threats, we need to modernize as well. The TITLE Act is a necessary step.

There are many reforms we need to make, such as better coordination and information sharing among law enforcement agencies, among others. Congress recently took a critically important step when they adopted the Global Magnitsky Act to more effectively target individuals engaged in human rights abuses and grand corruption. But we must lift the veil of secrecy over companies. We must end the use and abuse of anonymous companies. If we are unable to identify the true owners of the front companies used to launder money, it will undermine our ability to identify those responsible for the underlying crimes and our ability to enforce any additional laws we adopt or strengthen.