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April 20, 2016

The Honorable Jeb Hensarling
Chairman
House Committee on Financial Services
2228 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Hensarling:

In light of the Panama Papers leak, I am writing to request a legislative hearing on a bill I introduced earlier this year, H.R. 4450, which would crack down on the use of anonymous shell companies.

Data leaked recently from the Panama law firm Mossack Fonseca, known as the “Panama Papers,” highlight the ease with which criminals and corrupt officials can use anonymous shell companies to hide assets from law enforcement. The Panama Papers reveal more than 200,000 offshore entities that are connected to people in more than 200 countries. Troublingly, the documents also expose anonymous shell companies set up for at least 33 individuals and companies that have been blacklisted by the U.S. government. It is important to remember that for individuals and companies that have been blacklisted by the U.S. government, anonymous shell companies are one of the only ways for them to effectively move their money around the world — money that is often associated with corruption, drug trafficking, and even terrorist activity.

This use of anonymous shell companies is not limited to Panama or offshore tax havens — the U.S. is one of the easiest countries in the world in which to set up such shell companies because U.S. states do not require disclosure of shell companies’ true owners at the time of incorporation. This allows criminals and corrupt officials to set up shell companies in the U.S. in which they are the beneficial owner, but their link to the company is hidden behind a wall of secrecy.

H.R. 4450, the “Incorporation Transparency and Law Enforcement Assistance Act,” would require corporations and limited liability companies (LLCs) to disclose their beneficial owners, which would provide law enforcement with a much-needed tool to fight corruption. If individual U.S. states are not already collecting beneficial ownership information, my bill would require the Treasury Department to collect this information as a backup.

It is long past time to end the rampant abuse of anonymous shell companies in the U.S., and I urge you to start this process by holding a legislative hearing on H.R. 4450.

Sincerely,



Carolyn B. Maloney

Ranking Member

Subcommittee on Capital Markets and Government Sponsored Enterprises

