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Global Witness welcomes moves to stop corrupt politicians and criminals from hiding behind anonymous U.S. shell companies

[Global Witness](#) applauds Representatives Maloney (D-NY), Frank (D-MA) and Lynch (D-MA) for introducing legislation that would tackle corporate secrecy. If passed into law, the *Incorporation Transparency and Law Enforcement Assistance Act (H.R. 3416)*, a companion bill to the Senate's bipartisan *S. 1483*, would require companies to disclose their ultimate owners when the company is set up. This would make it much harder for corrupt politicians, tax dodgers, drug traffickers, terrorists and other criminals to form and hide behind anonymous U.S. shell companies.

Global Witness' [research](#) has revealed that corrupt foreign politicians and pariah regimes such as Iran exploit the secrecy provided by anonymous American shell companies to access the U.S. financial system. The Senate Permanent Subcommittee on Investigations has also [exposed](#) how easy it is for foreign officials to mask their identity behind U.S. front companies so they can stash their ill-gotten gains in American banks. A recent World Bank [report](#) found that the U.S. was the favorite destination of corrupt politicians trying to set up shell companies.

"This legislation is crucial in the fight against corruption and organized crime," said Stefanie Ostfeld, Global Witness Policy Advisor. "Swift passage of this bill will stop dictators, terrorists and drug traffickers from being able to legally hide their identities, and therefore their dirty money, behind anonymous American shell companies."

Corporate secrecy fundamentally undermines U.S. laws to combat money laundering and tax evasion, as well as U.S. efforts to tackle global corruption. Once corrupt and other illicit funds have been moved through an anonymous corporate vehicle into the financial system, it is much harder to track them down. By shining a light on the ultimate owners of companies, this bill would make it easier for law enforcement to do its job. Eight law enforcement organizations, including the Fraternal Order of Police and Federal Law Enforcement Officers Association, have already endorsed it.

The Obama Administration, through the U.S. Open Government Partnership [Action Plan](#) and its [Strategy](#) to Combat Transnational Organized Crime, also supports legislation to stop states from allowing secretive front companies to be set up.

"This effort to stop the U.S. from being a haven for the proceeds of corruption, tax-evasion and drug trafficking must be given the support it needs to be swiftly brought into force," said Ostfeld. "The longer we wait, the more leeway we give dictators, criminals and terrorists to carry on their activities that destabilize countries and destroy lives."

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Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses