July 18, 2013

The Honorable Carl Levin
United States Senate
269 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles Grassley
United States Senate
135 Hart Senate Office Building
Washington, D.C. 20510

Dear Senators Levin and Grassley,

We represent small and medium business owners in your states and throughout the country. We are writing to express our strong support for the Incorporation Transparency and Law Enforcement Act. This important bill would require all who want to receive the opportunities and protections afforded them by incorporating a business to disclose the beneficial owner, the person or persons responsible for their business.

Our members are all proud to have their names on their incorporation papers, and many in fact have their names on the door of their factories, stores and offices. When our members do business with another business – buy supplies, rent property, or extend credit – they want to know that through simple due diligence they can find the identity of the person responsible for that business.

When the law allows shell corporations to form anonymously, and the identity of the owners of the business are hidden, this can create problems for businesses like those run by our members. When drugs, prostitution or gun violence come into our communities, these nefarious activities are often propped up by shell corporations, where money is laundered and moved to criminal enterprises under the cover of anonymity allowed by current law. When police and prosecutors try to trace the money trail of these businesses, they often end up in dead ends, wasting precious time and tax dollars – and all the while crime continues to threaten our businesses and our investment.

The Incorporation Transparency and Law Enforcement Act is a cost-effective solution that could address some very significant problems that threaten our communities and pose risks for our businesses, our communities and our economy. The Act would simply require states to collect, if they don’t already do so, a few additional lines of information
on incorporation applications – the name(s), addresses and passport or drivers license number of the human persons responsible for the business. To help states with the costs of gathering this vital piece of information, the US Treasury and Department of Justice are investing some of their forfeiture funds so that taxpayer money does not need to be diverted. They’ve put their money on the line in order to say how important this Act is for them to do their jobs in our communities. We think it is long past time to support them in their work and end anonymous incorporation.

Incorporation is a privilege in this great country of ours. It opens great opportunities and encourages risk-taking. Incorporation should not be the pathway to criminal undertaking, as it is all too often when we allow businesses to be incorporated without disclosing the name of the beneficial owner(s). With privilege comes responsibility and part of that responsibility is being known and accountable for one’s business endeavors.

Protecting our communities and keeping our businesses strong and healthy is not a Republican issue or a Democratic issue, it is a commitment we all hold together.

Sincerely,

David Levine
Co-Founder and CEO
American Sustainable Business Council

Sam Blair
National Director
Main Street Alliance