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COMMITTEE CONSIDERS LEVIN-GRASSLEY-MCCASKILL BILL TO END U.S. CORPORATE SECRECY

WASHINGTON – Legislation introduced by Sen. Carl Levin, D-Mich., to stop the formation of U.S. corporations with hidden owners will be the subject of a Thursday hearing before the Senate Committee on Homeland Security & Governmental Affairs.

The Levin-Grassley-McCaskill bill, S. 569, the Incorporation Transparency and Law Enforcement Assistance Act, would require states to collect the names of beneficial owners of the corporations and limited liability companies formed under their laws, and, if presented with a subpoena or summons, provide that information to law enforcement. Now, the states form nearly 2 million corporations each year without requesting the names of the natural persons behind them. That practice has allowed terrorists, money launderers, tax evaders, and others to misuse U.S. corporations to further their wrongdoing, and impeded investigations by U.S. and international law enforcement agencies.

Among the cases to be discussed at Thursday’s hearing is that of Viktor Bout, a notorious arms trafficker known as the “Merchant of Death,” who apparently used at least a dozen U.S. corporations formed in Texas, Delaware, and Florida to facilitate his activities. Mr. Bout is under indictment in federal court for conspiracy to kill U.S. nationals, the acquisition and use of anti-aircraft missiles, and providing material support to terrorists.

“It should worry everyone that our state incorporation laws allow people like Viktor Bout to acquire U.S. corporations without having to divulge their ownership,” Levin said. “Not only does our failure to get owner names make it easier for wrongdoers to use the corporate form for illegal purposes, but it makes it more difficult for the United States to press other nations to reform their secrecy practices.”

For nearly a decade, Levin has investigated offshore abuses and secrecy practices that have fueled money laundering, corruption, and tax evasion. As Chairman of the Permanent

Subcommittee on Investigations of the Homeland Security & Governmental Affairs Committee, Levin has led a probe revealing that offshore tax abuses cost the U.S. treasury as much as \$100 billion each year.

President Obama cosponsored the Levin bill last year while still a member of the Senate. Current cosponsors are Senators Chuck Grassley, R-Iowa, and Claire McCaskill, D-Mo.

Thursday's hearing is at 10 a.m. in Room 342 of the Dirksen Senate Office Building. Expected witnesses include representatives of the Departments of Justice and Treasury.

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