

Join the fight against anonymous shell companies



ReShonda Young, guest columnist

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Next to Kenya, the United States has become the second easiest place in the world for a criminal or terrorist to open a shell company to launder money, according to a recent academic study.

Terrorists, drug traffickers, arms dealers, corrupt foreign politicians and other criminals regularly set up shell companies here and elsewhere to launder ill-gotten revenues and use that money for further criminal activities. Even those multinational corporations who aren't using these tax loopholes to fund international criminal activity still are costing individual taxpayers close to \$1,500 a year and nearly \$4,000 a year for small businesses when they shift their tax responsibilities toward them.

A trove of more than 11 million documents from a Panamanian law firm leaked to the International Consortium of Investigative Journalists shows the deadly, devastating toll that anonymous companies take on the world, highlighting the need for U.S. action.

I was in Washington as an unpaid volunteer lobbyist, along with religious leaders and fellow small-business owners from across the country, to talk to U.S. Rep. Rod Blum of Iowa and our two senators — Chuck Grassley and Joni Ernst — about ending the abuse of anonymous companies as part of the national Financial Accountability and Corporate Transparency Coalition advocacy days.

As constituents and individual Americans, we are asking Congress to pass a law to stop the creation of anonymous shell companies that facilitate crimes that victimize small businesses and our employees, while providing legitimacy to criminals and tax evaders.

America is one of the easiest places in the world to form these companies set up to hide the true identity of those who profit from its operations.

Much of what these companies do through hidden subsidiaries is illegal or, at least not in the public interest. For example, an anonymous Delaware company is accused of purchasing property tax liens in several states and forced vulnerable homeowners into foreclosure. In New York, an anonymous company invested in a Manhattan office building and used rents to funnel millions of dollars illegally to the government of Iran, slipping through sanctions then in force by the U.S. and other governments.

More than 60 media outlets collaborating with the International Consortium of Investigative Journalists have begun publishing a series of stories based on documents leaked from the prominent Panama-based law firm Mossack Fonseca. This “Panama Papers” investigation shows how secretly owned companies — many of them based in Nevada, Wyoming, and the UK’s tax havens — can act as getaway cars for terrorists, dictators, money launderers and tax evaders across the world. The time has come to take away the keys, by requiring the collection of information on who really owns and controls these companies. This would make it much more difficult to launder dirty money and leave the rest of us safer.

A bipartisan cadre including Reps. Carolyn Maloney, D-N.Y., and Peter King, R-N.Y., and Sens. Sheldon Whitehouse, D-R.I., and Dianne Feinstein, D-Calif., has introduced legislation requiring each company to disclose its true owners when incorporating and to update that information regularly.

As the chairman of the Senate Judiciary Committee — where the bill is being considered — Grassley can be a leader in ensuring the passage of this common sense measure. The senator has been a longtime proponent of the legislation — he co-sponsored previous versions of the bill in past congresses.

A prominent leader in the Republican Party and an outspoken anti-money laundering advocate, Grassley should champion this measure to protect the American people from terrorists and drug cartels. Likewise, Ernst, Blum and the rest of the Iowa congressional delegation should co-sponsor the bill.

The abuse of anonymous companies is a systemic problem that hurts us all. Iowa has an opportunity to change that.

- ReShonda Young is the owner of Popcorn Heaven in downtown Waterloo and is an executive committee member of the Main Street Alliance.

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