

May 23, 2016

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

The Honorable Patrick Leahy
United States Senate
437 Russell Senate Office Building
Washington, D.C. 20510

Dear Senators Grassley and Leahy,

We, the 22 undersigned investors representing more than \$505 billion in assets under management, are writing to express our strong support for the **Incorporation Transparency and Law Enforcement Assistance Act (S. 2489)**. The Act contains important provisions necessary for a more transparent business environment that upholds good corporate governance as a standard business practice, which investors rely on and expect.

The Incorporation Transparency and Law Enforcement Assistance Act would require companies to disclose information about the real people who own or control them (often called the “beneficial owners”) at the time they are created. Currently, in all 50 states companies can be created anonymously, effectively removing personal responsibility or accountability from the corporate equation. As a result, anonymously-owned American companies have been used by the criminal and corrupt to evade taxes, skirt sanctions and win U.S. government contracts in order to steal taxpayer dollars. They have been used to finance terrorist activities and launder earnings from the trafficking of human beings, drugs and weapons. This legislation would provide law enforcement with critical information to combat these types of criminal activities.

A company’s ability to conduct the necessary due diligence to understand the actors in its supply chains, partners and its own corporate structure is a basic component of its commitment to governance, and goes to the heart of its integrity and ethics. Legitimate business actors depend on a transparent business environment in order to shine, while small- and medium-sized businesses also seek a fairer and more level playing field.

Commercial actors need to know who they are doing business with, including investors who rely on access to reliable and accurate information in order to fulfil their own obligations as responsible business actors. Opaque corporate structures are not just an obstacle for law enforcement, but also inhibit investors’ ability to identify risks and constructively engage companies on progress toward more responsible conduct.

Given the complexity of global supply chains and corporate structures, we believe that companies failing to execute corporate governance procedures robustly are exposed to a wide range of risks, which could negatively impact shareholder value. Building on existing governance frameworks, companies should not be burdened by this legislation. This includes small businesses that should be able to identify ownership information, and one’s inability to do so raises a serious red flag. In fact, in a [recent report](#), Fortune 500 business leaders have demonstrated how “the business impetus for beneficial ownership

transparency goes beyond compliance, contributing to risk management, and even in some instances, competitive advantages.” Some examples include the value of beneficial ownership information to an employer, as well as to identify and manage certain tax risks, and health and safety issues.

Overall secrecy is not conducive to successful investing or business. There is a real cost of corruption to investors, shareholders, small businesses, consumers and the general public, including the creation of a corporate culture that tolerates unethical behavior. Crimes, such as bribery, facilitated by hidden company ownership, can erode democratic institutions, rule of law and human rights protections. Recognizing the importance of this issue, international business leaders have stated that ending anonymous companies will mean more competitive markets, more stable financial systems and more sustainable development.

We encourage you to support the Incorporation Transparency and Law Enforcement Assistance Act to help provide law enforcement with the tools needed to fight crime and the criminals that rely on the anonymity of American companies. In the process, you will be helping to protect the millions of investors whose success is predicated upon the existence of transparent and accountable institutions.

Sincerely,

Bâtirente
Boston Common Asset Management
CtW Investment Group
Clean Yield Asset Management
Domini Social Investment LLC
Dominican Sisters of Hope
Hermes Equity Ownership Services
Hexavest
Inflection Point Capital Management
Magni Global Asset Management LLC
Maryknoll Sisters
Mercy Investment Services, Inc.
Oblate International Pastoral Investment Trust
NorthStar Asset Management, Inc.
Sisters of Charity, BVM
Sisters of St. Dominic of Blauvelt, New York
Sisters of Saint Joseph of Chestnut Hill, Philadelphia, PA
Sisters of St. Francis of Philadelphia
Trillium Asset Management
Ursuline Sisters of Tildonk, U.S. Province
Verka VK Kirchliche Vorsorge VVaG
Zevin Asset Management

cc: The Honorable Orrin Hatch
The Honorable Jeff Sessions
The Honorable Lindsey Graham
The Honorable John Cornyn
The Honorable Michael Lee

The Honorable Ted Cruz
The Honorable David Vitter
The Honorable Jeff Flake
The Honorable David Perdue
The Honorable Thom Tillis
The Honorable Dianne Feinstein
The Honorable Charles Schumer
The Honorable Richard Durbin
The Honorable Sheldon Whitehouse
The Honorable Amy Klobuchar
The Honorable Al Franken
The Honorable Christopher Coons
The Honorable Richard Blumenthal