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Secret company owners defrauding U.S. taxpayers, putting troops at risk & providing support to terrorists, report reveals

Call for transparency over company owners follows brief showing range of threats to American interests and civilians

Washington, DC — Taxpayer money is funding national security threats hidden behind anonymously-owned companies, says a new report by Global Witness. These shell companies are also being used by the criminal and corrupt to defraud businesses across America and to steal from taxpayers.

Drawing on ten cases involving anonymous companies from 21 U.S. states and abroad, [*Hidden Menace: How secret company owners are putting troops at risk and harming American taxpayers*](#) shows how fraudsters are able to use anonymously-owned companies to cover their tracks and evade authorities.

“We looked into waste, fraud and abuse on things ranging from transporting supplies in a war zone to basic public services in the U.S. Across the board we found that Americans are being ripped off and put in danger by U.S. government contractors hiding behind anonymously-owned companies,” **says Eryn Schornick of Global Witness.**

“This is a threat to our security, and it can be fixed. Global Witness believes that the public has a right to know how taxpayer money is spent and who is benefiting from those funds.”

Criminals who are ripping off public budgets need to hide what they are up to. Anonymously-owned companies, or those whose owners are hidden, have proven to be a common facilitator of fraud and corruption in government spending. The brief shows how weak U.S. government oversight of taxpayer funds and laws enable fraudsters to set up companies, including in America, with anonymous owners to cheat and endanger myriad victims. For example:

- A U.S.-Afghan contractor **funneled at least \$3.3 million of U.S. taxpayer dollars to notorious Afghan powerbrokers**, who deliberately hid their

ownership interests in companies within the contractor's network to avoid association with the insurgency. These individuals in turn funded the purchase of weapons for the Taliban and insurgents.

- A former America's Most Wanted fugitive made millions by **defrauding the U.S. government of \$11.2 million during a time of armed conflict**. He supplied shoddy, dangerous parts essential to well-functioning weapons and to the safety of troops under the disguise of nominee companies from New York, Florida, Nevada, Oregon, Washington, Texas, California, New Jersey and Canada.
- A former construction company executive in Pennsylvania anonymously hid behind a Connecticut-based company owned by a person of Filipino descent receiving preferential treatment in U.S. government contracting. This allowed the construction executive to **bid for and win contracts he wouldn't otherwise been eligible to receive**. Over 15 years, the executive won over 300 federally-funded contracts worth \$136 million in Pennsylvania alone. This was the largest fraud against socially and economically disadvantaged business owners in U.S. history.

The [Panama Papers exposé](#) once again showed the insidious role that corporate secrecy and shell companies play in aiding widespread crime, corruption and violence. These threaten the safety, security and well-being of people around the world, including in America. Yet, the U.S. is the [easiest place](#) in the world to set up an anonymously-owned company. It is also [one of the most popular places](#) for corrupt government officials to create anonymously-owned companies to move ill-gotten gains through our financial system.

To fix this problem, Global Witness is calling for the Obama Administration to increase transparency in federal contracting through an open contracting system that includes a requirement for contract bidders to disclose who really owns or controls their companies. This information, along with awards and contracts, should be made public so that the government and businesses know who they are dealing with. Law enforcement also needs this information to stop crimes at the source.

For more information, or for interviews with Global Witness spokespeople, please contact Tim Rusch at 917.399.0236 / ruschtk@gmail.com or Andy Stepanian at 631.291.3010 / andy@sparrowmedia.net

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Global Witness wants a better world — where corruption is challenged and accountability prevails, all can thrive within the planet's boundaries, and governments act in the public interest. Many of the world's worst environmental and human rights abuses are driven by the exploitation of natural resources and corruption in the global political and economic system. Global Witness is campaigning to end this. We carry out hard-hitting investigations, expose the facts, and push for change. We are independent, not-for-profit, and work with partners around the world in our fight for justice.

View a fact sheet on recent Global Witness investigations [HERE](#)

For more information:

- See Global Witness' [blog](#), An urgent call for action: stop anonymous shell companies from fleecing American taxpayers
- See Global Witness' [report](#), The Great Rip Off on ways that anonymously-owned American companies harm national security, the vulnerable, poor countries and American taxpayers
- [Watch](#) how exposing anonymous companies could cut down on crime (Global Witness / TED)
- See Global Witness' [investigation](#) featured on 60 Minutes, Undercover in New York - our hidden camera investigation reveals how suspect money can enter the US
- See [Tackling corruption and promoting stability through beneficial ownership transparency](#) for the business case for ending anonymous companies (The B Team)
- See [Putting beneficial ownership transparency into practice](#) for business use cases for corporate ownership information (B20)