

September 7, 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 undersigned investors representing more than \$740 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  
Local Authority Pension Fund Forum  
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  
Triodos Investment Advisory & Services BV  
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