



Commonwealth of the Northern Mariana Islands

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ATTORNEYS GENERAL CALLS ON CONGRESS TO REQUIRE SHELL COMPANY TRANSPARENCY

Office of the Attorney General, Saipan – Attorney General Edward Manibusan today joined a bipartisan group of 24 attorneys general to urge leadership of the House Financial Services Committee to advance legislation improving transparency of shell corporations by requiring them to disclose who controls and profits from their activities.

Anonymous shell corporations can be used to obscure participants in financial transactions, and can also allow criminals to launder money without accountability. State law enforcement investigations can stall when the identity of the individuals who control or profit from the companies is hidden.

Attorney General Manibusan states “This is an important piece of legislation as our region has become a market for investment notably from Asian countries. This provision would prevent individuals from using shell companies to evade responsibility and to convey the importance of making this information available to law enforcement.”

The letter to Committee Chair Jeb Hensarling, R-Texas, and Ranking Member Maxine Waters, D-Calif., co-led by Washington Attorney General Bob Ferguson and Colorado Attorney General Cynthia Coffman, stresses not only the importance of transparency, but the necessity of ensuring that state and local law enforcement have access to the information.

According to a report released earlier this year by Polaris, an organization that works to eradicate human trafficking worldwide, current law in the U.S. allows trafficking operations like illicit massage parlors to hide their beneficial owners, and “flourish in secrecy, shielding traffickers from law enforcement and prosecution.” Polaris estimated more than 9,000 parlors operate nationwide, with nearly \$2.5 billion in earnings.

A 2016 report by Washington, D.C.-based consumer group Fair Share details cases where opioid trafficking was connected to shell companies. The report describes drug cartels’ use of shell corporations to launder profits by investing in ventures including racehorses in Oklahoma.

In the letter to Congress, the Attorneys General write “As you know, state attorneys general are the top law enforcement officers in our respective states,” “We are leading efforts to protect residents of our states by addressing the opioid epidemic, combating human trafficking and investigating and prosecuting other crimes.”

Without more transparency, however, investigators cannot effectively follow the money to uncover who is benefiting from a shell company’s transactions.

Also joining the letter are Attorneys General from California, Connecticut, Delaware, Hawaii, Illinois, Iowa, Maine, Maryland, Massachusetts, Minnesota, Mississippi, New Jersey, New Mexico, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont and Virginia, as well as the District of Columbia, the Northern Mariana Islands and Puerto Rico.

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