



SPONSOR: Sen. Sokola & Sen. Lopez & Rep. Baumbach &
Rep. D. Short
Sens. Ennis, Wilson; Reps. Bolden, Gray, Kowalko

DELAWARE STATE SENATE
150th GENERAL ASSEMBLY

SENATE CONCURRENT RESOLUTION NO. 37

SUPPORTING FEDERAL LEGISLATION TO ESTABLISH A NATIONAL DATABASE OF BENEFICIAL OWNERSHIP OF CORPORATIONS AND LIMITED LIABILITY COMPANIES TO ASSIST LAW ENFORCEMENT IN COMBATING CRIMINAL ACTIVITY.

1 WHEREAS, a limited liability company is a legal entity formed under state law for the purpose of conducting a
2 legitimate business; and

3 WHEREAS, limited liability companies can have beneficial ownership, which allows a person to have the benefits
4 of ownership without being on record as the owner of the legal entity; and

5 WHEREAS, some limited liability companies, enabled by the secrecy of beneficial ownership, are used as fronts
6 to commit crimes such as money laundering, narcotics trafficking, embezzlement, bribery, securities fraud, prostitution, and
7 child sex trafficking, which have burdened law enforcement and placed citizens in harm's way; and

8 WHEREAS, the Panama Papers exposed the abuse of anonymous shell companies formed in the United States for
9 the purpose of hiding assets and illustrated that secret beneficial ownership is not just a national but an international
10 problem; and

11 WHEREAS, money laundering and secret beneficial foreign, or offshore, ownership of limited liability companies
12 are often found in combination with other crimes; and

13 WHEREAS, the potential for terrorist financing through anonymous shell companies is a grave threat to the safety
14 of the United States; and

15 WHEREAS, our nation's reputation, as well as the reputations of Delaware and states such as Nevada, Wyoming,
16 and South Dakota, have been tarnished by news reports about crimes committed through anonymous shell companies; and

17 WHEREAS, the laws governing the disclosure of beneficial ownership, business addresses, countries of origin, as
18 well as rules and documents necessary for registration of legal business entities, are different in each state; and

19 WHEREAS, with two-thirds of Fortune 500 companies and more than 900,000 limited liability companies
20 registered in this State, Delaware is acknowledged as the "corporate capital of the world"; and

21 WHEREAS, the passage of federal legislation to establish a national database of beneficial ownership to assist law
22 enforcement in combating criminal activity would discourage business entities from leaving Delaware to register in states

with laxer laws and regulations, maintaining Delaware's corporate tax revenue stream and protecting Delaware's corporate brand; and

WHEREAS, in June 2018, Delaware Secretary of State Jeffrey W. Bullock supported the Counter Terrorism and Illicit Finance Act discussion draft, which is federal legislation to establish a national beneficial ownership database of corporations and limited liability companies maintained by the Financial Crimes Enforcement Network ("FinCEN"), to assist federal and state law enforcement in combating criminal activity; and

WHEREAS, in August 2018, Delaware's then-Attorney General, Matthew P. Denn, along with other state Attorneys General, signed a letter in support of federal legislation to improve corporate transparency of anonymous shell companies to assist federal and state law enforcement in combating criminal activity; and

WHEREAS, organizations representing a broad spectrum of Delaware citizens support federal legislation to establish a national database of beneficial ownership of corporations and limited liability companies to assist federal and state law enforcement in combating criminal activity, including the Delaware Coalition for Open Government, the Civic League for New Castle County, American Promise Delaware, Pacem in Terris, Delaware Get Money Out, the NAACP Delaware State Conference, the Delaware Press Association, the Social Justice Committee of the Unitarian Universalist Fellowship of Newark, and League of Women Voters of Delaware.

NOW, THEREFORE:

BE IT RESOLVED that the Senate of the 150th General Assembly of the State of Delaware, the House of Representatives concurring herein, urges Delaware's U.S. Congressional Delegation, Senator Thomas R. Carper, Senator Christopher A. Coons, and Representative Lisa Blunt Rochester to support federal legislation to establish a national database of beneficial ownership of corporations and limited liability companies to assist federal and state law enforcement in combating criminal activity.

BE IT FURTHER RESOLVED that the General Assembly calls upon the members of Delaware's U.S. Congressional Delegation to sponsor and shepherd federal legislation to establish a definitive national database of beneficial ownership of corporations and limited liability companies to assist federal and state law enforcement in combating criminal activity.

BE IT FURTHER RESOLVED that the Secretary of the Senate send suitable copies of this resolution to the members of Delaware's U.S. Congressional Delegation so that they may be apprised of the sense of the General Assembly in this matter.

SYNOPSIS

This Senate Concurrent Resolution urges Delaware's U.S. Congressional Delegation to support federal legislation to establish a national database of beneficial ownership of corporations and limited liability companies to assist federal and state law enforcement in combating criminal activity.

Author: Senator Sokola