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Hawaii Attorney General Urges Senate to Pass Law to Fight Shell Companies

HONOLULU – Hawaii Attorney General Clare E. Connors today signed on to a bipartisan [letter](#) signed by 42 attorneys generals urging the U.S. Senate to pass S. 2563, the Improving Laundering Laws and Increasing Comprehensive Information Tracking of Criminal Activity in Shell Holdings (ILLICIT CASH) Act. The letter was sent to Sen. Mike Crapo, Chairman, and Sen. Sherrod Brown, Ranking Member, of the Senate Committee on Banking, Housing and Urban Affairs. The ILLICIT CASH Act updates the federal framework for fighting money laundering and terrorism financing, which has not been comprehensively reassessed since its inception in the 1970s. It creates new tools for information sharing between financial institutions and law enforcement. Along with that, the Act requires a covered entity to report its “beneficial owners,” the actual people who benefit from or control the entity.

“Understanding who actually is doing business in our state is extremely important to ensuring that bad actors are identified,” said Attorney General Connors. “This act modernizes the framework for fighting money laundering and other illegal activities, and gives the state important tools to address these crimes effectively.”

The letter led by Arkansas Attorney General Leslie Rutledge and Oregon Attorney General Ellen Rosenblum, recognizes that many states do not have the ability to track information on the actual people who control or benefit from corporations and other entities doing business there. Without that information, states cannot know if an entity is a shell for concealing the illicit proceeds of criminals like drug traffickers, terrorist financiers, tax evaders and corrupt government officials.

Under the [ILLICIT CASH Act](#), certain business entities will have to disclose a “beneficial owner” to the federal government. A beneficial owner is a “natural person” who controls an entity, owns at least 25% of it, or receives economic benefits from it. The Financial Crimes Enforcement Network of the U.S. Department of Treasury (FinCEN) will then keep all the disclosed beneficial ownership information in a federal registry. The Act

requires FinCEN to release beneficial ownership information to law enforcement agencies, including at the local and state levels.

The Arkansas and Oregon led letter was also signed by attorneys general in: Alabama, Alaska, California, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, New Jersey, New Mexico, New York, North Carolina, North Dakota, N. Mariana Islands, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Utah, Virginia, Washington, West Virginia and Wisconsin.

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