



NEW YORK STATE SENATOR

Brad Hoylman-Sigal

## On Billionaires' Row, Electeds, Unions, & Tenants Rally to Shine a Light on Secretive LLCs

BRAD HOYLMAN-SIGAL September 27, 2023



The LLC Transparency Act would create a first-in-the-nation public database of true owners and is awaiting Gov. Hochul's signature

**NEW YORK** - In the shadow of a Billionaires' Row tower that used anonymous limited liability companies (LLCs) to cheat construction workers out of wages, elected officials, labor leaders, transparency advocates and tenant organizers rallied on Wednesday morning for swift enactment of the LLC Transparency Act ([S995B/A3484](#)). Passed by both houses of the state legislature in June, the law would create the nation's first public database of "beneficial

owners,” revealing who actually controls vast swaths of New York real estate. The bill is awaiting Governor Hochul’s signature.

“Governor Hochul came into office promising a new era of transparency. This is her opportunity,” said **Assembly sponsor Emily Gallagher**. “Anonymous shell companies have cheated workers, abused tenants and violated the law. But sunlight is the best disinfectant.”

**Senate sponsor Brad Hoylman-Sigal, Chair of the Senate Judiciary Committee**, said: “LLCs are past due for reform. It’s a farce that New York requires more information to get a library card than to set up a limited liability company. The anonymity and lax regulations around LLCs have allowed them to be exploited by international tax cheats, slumlords and shady employers to evade the law and rip-off the general public. In response, the State Legislature overwhelmingly passed our LLC Transparency Act in June to assist law enforcement and regulators by creating a database of beneficial owners of LLCs, while also adding protections for significant privacy interests. I’m proud to join Manhattan District Attorney Alvin Bragg, Comptroller Tom DiNapoli and other elected officials, organized labor, tenant advocates and good government groups in urging the Governor to sign this important bill before the end of the year.”

The LLC Transparency Act requires LLCs to disclose their owners to the state and creates a public ownership database. The bill includes protections for significant privacy interests where disclosure does not serve the public interest. Unveiling LLC ownership will help law enforcement crack down on bad landlords who currently get away with code violations and hold accountable shell real estate companies participating in global money laundering and corruption schemes. A [report released last week](#) from Reinvent Albany found that over a third of all Manhattan real estate is owned anonymously — five times the national average.

Joining the rally were union workers with the New York City District Council of Carpenters, whose members have been cheated out of wages and benefits by shady contractors that use anonymous LLCs to hide their identity. "For too long, unscrupulous corporations have used LLCs to hide from offenses like wage theft and tax fraud. it's time for New York to enact the LLC Transparency Act to take a stand against these bad actors," said **Joseph Geiger, Executive Secretary-Treasurer of the New York City District Council of Carpenters**. "On behalf of our 20,000 members and all hardworking New Yorkers, I urge Governor Hochul to sign this bill and hold bad corporations accountable once and for all."

**New York State Comptroller Tom DiNapoli** lent his support to the legislation: "Corporate transparency is fundamental to corporate responsibility and accountability. While many LLCs are formed for legitimate business reasons, too often this structure has been abused to shield and facilitate illicit conduct. This bill builds on federal law to bring additional sunlight on corporations doing business in New York."

**Manhattan District Attorney Alvin Bragg**, who wrote a letter in support of the bill, said: "Unscrupulous actors seeking to avoid their obligations and duties under both state and city law have weaponized the use of LLCs to obfuscate ownership with relative ease. As our office expands our white-collar work and focuses on wage theft and tenant harassment, enacting this legislation will particularly help facilitate and expedite these investigations."

"Governor Hochul should sign the LLC Transparency Act and curb the abuse of NY LLC shell companies by bad landlords, fraudsters and global money launderers," said **John Kaehny, Executive Director of Reinvent Albany**. "37% of Manhattan's properties are hidden behind LLC shell companies, more than five times the state average. The Manhattan DA supports the LLC Transparency Act for a reason. **Secretary Janet Yellen has called out** 'Central Park skyscrapers' as places where corrupt actors stash ill-gotten gains."

“For too long, New Yorkers have been harmed by bad actors hiding behind anonymous LLCs. Once signed, the LLC Transparency Act will be key to curbing the tax evasion, wage theft, landlord negligence, and more that shell companies enable,” said **Manhattan Borough President Mark Levine**. “I’m grateful to the advocates and government colleagues in Albany who championed this groundbreaking legislation.”

**Senator Liz Kreuger**, Chair of the Finance Committee, said: “The New York City real estate market is one of the most valuable in the world, and yet some segments of the market still operate like the Wild West, with near-zero accountability for lawless behavior. Landlords hiding behind LLCs have been able to get away with all manner of unethical and illegal activity, without having to face any consequences. I thank Sen. Hoylman-Sigal and Assm. Gallagher for championing this bill to shine a bright light into the murky world of real estate LLCs.”

**Assembly Member Tony Simone** said: “The real estate industry in New York is rife with shady landlords who will use any tactic possible to take advantage of tenants, including creating shell companies shrouded in secrecy. It is inconceivable that there is so little accountability for LLC's, which are responsible for such a large portion of Manhattan real estate. The bill that Assemblymember Gallagher and Senator Hoylman-Sigal passed in the legislature brings these suspicious LLC owners out of the shadows by requiring disclosure of the owners of the shell companies, making it possible for regulators to do their jobs and hold property owners accountable. I urge Governor Hochul to sign this legislation immediately.”

Tenant leaders from across New York City joined the rally, highlighting the lack of accountability for slumlords who hide their true identities behind anonymous LLCs. “As legal service providers assisting tenant associations in NYC to win repairs and coordinators of a coalition to combat predatory equity, we are thrilled the NYS legislature passed the LLC Transparency Act and call on Gov. Hochul to sign this bill,” said **Jackie Del Valle, Coordinator**

**of the Stabilizing NYC Coalition.** "Corporate anonymity is bad business and bad government. NYC's real estate assets should not be controlled by unknown parties. Millions of peoples' homes should not be controlled by unknown parties. Anonymous LLC landlords avoid responsibility for poor & unsafe building conditions and engage in abusive behavior towards tenants. Property owners must no longer be allowed to hide in the shadows and must be held accountable for maintaining their properties."

**David R. Jones, President and CEO of the Community Service Society of New York,** said: "New Yorkers deserve to know who owns the buildings they live and work in, but LLCs make it quite difficult – sometimes impossible – to do so. Tenants searching for their true landlord, building service workers looking to identify their contractor's employer, and investigative journalists seeking to uncover the owners behind problem buildings are all frustrated by the same opaque ownership structures. As a result, LLC owners can feel above the law, leading to poor consequences for tenants, workers and neighbors alike. All of this must change. We commend the legislature for passing the LLC Transparency Act and we call on Governor Hochul to sign it as soon as possible."

**Cea Weaver, Campaign Coordinator for Housing Justice for All,** said: "For too long, abusive landlords have evaded accountability by hiding behind anonymous LLCs. With the LLC Transparency Act, tenants will have a new tool to fight back against slumlords who are raising our rents and keeping us living in poor conditions. We urge Governor Kathy Hochul to sign the bill immediately."

"Our neighborhoods will be so much safer from shady slumlords and private equity firms hiding LLCs in order to bypass transparency and accountability to their tenants. This is a critical step in helping New York State build a more transparent housing system and we urge Governor Hochul to sign this bill before the end of the year," said **Whitney Hu, Director of Civic Engagement and Research for Churches United for Fair Housing.** "We're grateful to

Assemblymember Emily Gallager and Senator Brad Hoylman-Sigal for championing this historic bill."

On Monday, over 20 groups [sent a letter](#) urging Governor Hochul to sign the [LLC Transparency Act](#). It read in part, "Anonymous shell companies have been used for far too long to break the law and harm New Yorkers. They are a favorite tool of narcotics traffickers, tax cheats, and oligarchs, including those responsible for supporting Russia's bloody invasion of Ukraine. This legislation balances public and private interests by deterring these types of wrong-doing while allowing individuals with legitimate privacy interests to request waivers. Detractors seem to come from exactly one place: the real estate market for luxury condominiums in New York City, a market historically rife with money laundering facilitated by anonymous shell companies, exactly the type of illicit activity this legislation is designed to curb."

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