



NEW YORK STATE SENATOR

Brad Hoylman-Sigal

HOYLMAN ANNOUNCES LLC TRANSPARENCY BILL

BRAD HOYLMAN-SIGAL September 25, 2017



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ALBANY – Citing the urgent need for greater oversight, State Senator Brad Hoylman (D, WF-Manhattan) today announced legislation that would shine a light into the murky world of

New York's limited liability companies.

These business structures, known as LLCs, allow owners to hide their identities and limit their personal exposure to debt and other obligations. Under current New York law, to organize an LLC, owners only need to register an official name, the county in which it will operate, and a P.O. box.

Due to these lax regulations, LLCs have long been a mainstay of New York real estate, enabling foreign entities, landlords, and business owners to acquire properties using an endless array of anonymous shell companies. Recent news reports show Donald Trump owns and sells property to countless LLCs.

According to the Wall Street Journal, upwards of \$300 million reported in a financial disclosure form filed by Trump last year came from assets held by 96 different LLCs. In June, USA Today reported that, since clinching the Republican nomination, 70 percent of buyers of Trump properties were LLCs, potentially opening him to influence from corporations or foreign actors that the American people have no way of identifying. (By comparison, only 4 percent of buyers were LLCs the previous two years.)

Moreover, thanks to their opaque nature, LLCs can serve as an effective vehicle for illicit activities, including fraud, tax evasion, and money laundering. Hoylman's legislation would crack down on these potential abuses by lifting the veil on LLCs.

Specifically, the legislation would:

- Mandate that LLCs organized or doing business in New York publicly disclose their "beneficial owners," including names and current residential or business addresses.
- Require the New York Department of State to create and maintain a publicly accessible database of registered LLCs and their owners.

- Make it a crime punishable up to three years in prison and up to ten thousand dollars in fines to knowingly provide false, fraudulent, incomplete, or outdated information in connection with beneficial ownership of an LLC.

State Senator Brad Hoylman said: “LLCs have operated in near total darkness for too long, and my legislation would shine a badly needed light on them. For the super-rich, these shell companies can be used as a convenient way to move vast sums of money without detection. In the face of mounting investigations related to Trump’s ties to Russia and near-daily revelations about potential impropriety by members of his administration, it’s critical that we untangle the secret web of Trump’s hidden business interests. This legislation will help accomplish that goal.”

“The United States is the only advanced country in the world that doesn’t already require disclosure of beneficial ownership information,” said **Congresswoman Carolyn B. Maloney (NY-12)**. “This puts our national security at risk as anonymous shell companies have become the preferred vehicle for money launderers, criminal organizations, and terrorist groups because they can’t be traced back to their true owners. As the author of the Corporate Transparency Act in Congress to crack down on the use of anonymous shell companies, I want to thank State Senator Hoylman for taking up the cause here at home and helping New York take the lead in combatting this unacceptable practice.”