

REAL ESTATE WEEKLY

OCTOBER 07, 2017



LEGAL

Fresh move to lift lid on LLCs

BY **REW** • OCTOBER 5, 2017

By Sabina Mollot

State Senator Brad Hoylman is hoping to shine some light on shadowy world of limited liability corporations (LLCs) which, under current New York law, do not have to provide names or addresses of their owners when the companies are registered.

Because of the mysterious nature of LLCs, they can be used to give seemingly endless campaign contributions as well as hide illegal activities, such as tax evasion and money laundering.

To combat the money laundering issue, which has also been linked to terror funding, legislation has already been introduced at the federal level by Congress Member Carolyn Maloney, and Hoylman's own bill is modeled after that.

Hoylman's legislation, announced, on Monday, would:

Make it mandatory for LLCs organized in New York, or that do business in the state, to disclose who their owners are and provide a current residential or business address;

Require the creation and maintenance of a publicly available database of those LLCs and their owners;

Impose penalties that range from \$10,000 in fines to three years in prison for LLC owners who knowingly provide false, incomplete or outdated information.



SEN. BRAD HOYLMAN

Hoylman said he believes the legislation is sorely needed, especially in the wake of the commuting of former Majority Leader Dean Skelos' and Assembly Speaker Sheldon Silver's corruption convictions.

"I think this legislation is needed to expose the underbelly of some of the more clandestine part of corporate structure," he said. "As we saw in the Silver and Skelos convictions, both of which have been sadly overturned, LLCs play a role in the corruption that has overwhelmed Albany. Now you see politicians getting away with it. I think it's clear that people were using their positions to benefit themselves or others and that sometimes LLCs are the preferred kind of vehicle when there aren't fingerprints, to influence policy and to hide money."

Hoylman gave an example of how in his own district, convicted landlord Steven Croman hid behind a wall of LLCs. "It was hard to figure out which buildings were owned by Croman," he said. "There were multiple LLCs with no denotation of his ownership."

Hoylman is expecting some resistance to the bill in the Republican-controlled State Senate, which has so far blocked the closure of the LLC Loophole.

According to Congresswoman Maloney, who authored the Corporate Transparency Act, the United States is the only advanced country in the world that doesn't force LLC owners to identify themselves publicly.

"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," she said.