

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. WHITEHOUSE. Madam President, I appreciate my colleague's sense of humor.

Transparency in Business Ownership

Madam President, the United States of America has suffered an unprecedented intrusion into our American Presidential elections. In January, our intelligence agencies disclosed that agents of Russia, on the orders of President Vladimir Putin, engaged in a massive election influence campaign throughout 2016.

This effort strikes at the very heart of our representative democracy. All Americans should take this attack deadly seriously. Congress had to act against such interference decisively. By strengthening economic sanctions against the Russian gangster state, we hit them where it hurts, right in the oligarch. I am glad to see that Republican and Democratic Senators came together to do this.

Now the question will shift to the White House. Last July, as evidence of Russian election meddling began to emerge, then-candidate for Vice President Mike Pence said: ``If it is Russia and they are interfering in our elections, I can assure you both parties in the United States government will ensure there are serious consequences.''

Well, it is Russia, and they were interfering, but there has been little sign of consequences so far from the Trump White House.

Michael Flynn, as adviser to the President-elect, had illicit communications with the Russian Ambassador, about which he then lied. Trump appointees at the State Department alarmed career officials with their rush to craft a pro-Russia program. President Trump held an unprecedented, cozy meeting with Russian envoys--all smiles in the Oval Office--a meeting for which Putin says he has a transcript. In Europe, Trump, dropping the assurances about article 5 protections from his NATO speech, gave the Russians joy.

The Trump administration has been reportedly trying to return two compounds used by Russian intelligence to Russian control--compounds here in the United States. Former FBI Director James Comey told the Senate last week that President Trump never spoke to him, not even once, about defending against Russia's acts of aggression.

Well, the threat from Russia is severe. Chairman Graham and I held hearings in our Judiciary Subcommittee on Crime and Terrorism, exploring the Russian toolbox for interference in democracies across the globe--how Russia exploits the dark shadows of other countries' political and economic systems.

One tool is campaign money. Russia is reported to have funneled money

to French far-right party Presidential candidate, Marine Le Pen, for instance, as part of a reward for her support of Russia's actions in Crimea. Ken Wainstein, Homeland Security Advisor to George W. Bush, cited Russia as a threat of that kind of foreign financial infiltration here in the United States. ``It is critical that we effectively enforce the campaign finance laws that would prevent this type of financial influence by foreign actors,' ' Wainstein told our subcommittee. But that task proves difficult in a system like ours that permits the free flow of dark money.

Since the Citizens United decision, we have seen unprecedented dark money flow into our elections from anonymous dark money organizations, groups that we allow to hide the identities of their big donors. We don't know who is behind that dark money or what they are demanding in return. Despite this risk, Congress has been unwilling to push back against the tide of dark money. Too many are too in tow to the big American dark money emperors, like the Koch brothers, but once you permit big money to flow through dark money channels, cash from Vladimir Putin is no more traceable than cash from Charles and David Koch.

``The Kremlin's Trojan Horses'' is a study of Russian influence in Western Europe done by the Atlantic Council. Russia takes advantage of nontransparency in campaign financing and financial transactions, the report says, to build political alliances with ideologically friendly political groups and individuals, as well as to establish pro-Russian organizations in civil society, creating a shadowy web of political networks which help to propagate the regime's point of view.

Corruption is the grid on which the electrons of Russian influence flow. In

[[[Page S3469](#)]]

the foreword to the ``Kremlin's Trojan Horses'' report, Radoslaw Sikorski, former Foreign Minister of Poland, who has seen a lot of this up close, described what he called ``the financial networks that allow authoritarian regimes to export corruption to the West.' ' He warns:

Electoral rules should be amended, so that publically funded political groups, primarily political parties, should at the very least be required to report the sources of their funding.

He continues:

The Kremlin's blatant attempts to influence and disrupt the U.S. Presidential election should serve as an inspiration for a democratic push back.

Well, we should certainly push back by requiring political entities in this country to report their sources of funding.

Another of our witnesses, Heather Conley at the Center for Strategic and International Studies, wrote about ``The Kremlin Playbook.'' The CSIS report, ``The Kremlin Playbook,''' calls corruption ``the common thread'' among these various drivers of Russian influence. It is, the authors write, ``the lubricant on which this system operates.'' She testified just today in the Helsinki Commission that ``corruption is a systemic weakness within a country that is exploited and influenced by adversaries and from which no country is immune, including the United States.''

Where Russia can work in darkness, Russian agents systemically exploit democratic institutions to acquire influence over politicians and political systems using corruption. Russia has done this in the former Soviet Union and in Europe for decades, and we should be prepared in the United States, Ms. Conley says, for them to keep doing it here.

``The Kremlin Playbook'' warns that to fight the corruption that gives Russia this channel of influence, ``enhancing transparency and the effectiveness of the Western democratic tools, instruments, and institutions is critical to resilience against Russian influence.''

Ms. Conley echoed the widespread warnings that the United States is particularly susceptible to Russian influence via dark money channels in our politics. That is widely agreed.

She and others have warned of a second vulnerability: lax incorporation laws that hide the true owners of shell corporations. In the same way that dark money channels can hide the hand of foreign influence, so can shell corporations, which obscure the hand of the entity behind the corporate screen. Interestingly, USA TODAY just reported: ``Since President Trump won the Republican nomination, the majority of his companies' real estate sales are to secretive shell companies that obscure the buyers' identities.''

Our lax incorporation laws have made the United States a destination for drug traffickers, terrorists, corrupt foreign officials, tax cheats, and other criminals from around the world. Former FBI Director Comey testified before the Judiciary Committee that the United States is becoming the last big haven for shell corporations--sickening but true. These crooks come here to America to form shell companies to hide assets and obscure illegal activities. For added safety, a foreign gangster or a crooked despot or an agent of Putin could put a shell

corporation behind a shell corporation with another shell corporation behind that.

There are few safeguards in place to prevent foreign actors from funneling money into our elections through faceless shell companies. We actually already see shell companies used to hide the identities behind big political spending. This is not a potential. This is happening now. We just don't know whether foreign influence is behind it. Nothing prevents agents of Putin from being behind those hidden entities.

Part of the Kremlin's playbook is to use shell corporations and other devices to establish illicit financial relationships with prominent local figures. The shell entities allow Russian money to flow anonymously into crooked deals. The crooked deals give rise to corrupt relationships, and these corrupt relationships give Russia leverage, either through the carrot of continued bribery of the prominent local figure or the stick of threatened disclosure of the crooked deal imperiling the prominent local figure. The prominent local figure in the crooked deal is well and truly on the Russian hook. For what it is worth, Donald Trump is the very model of the Russian mark in this sort of scheme.

To close this avenue of foreign political influence, Ms. Conley told us: ``Building and strengthening financial transparency requirements and beneficial ownership will go an extraordinary way to prevent these corrupt practices to further Russia's influence.''

We really ought to be able to agree that we need to prevent these corrupt practices to further Russia's influence.

The answer to the problem of shell corporations is simple: Have each state track the actual owners of companies they charter and make that information available to Federal, State, and local law enforcement agencies through proper process. That is what Ms. Conley means by that phrase she used, ``beneficial ownership.''

It is the term of art for a simple concept, knowing who the real owner is.

The True Incorporation Transparency for Law Enforcement, or TITLE, Act, which Chairman Grassley and I will reintroduce soon, would require States to identify the actual human beings who own the company they incorporate. The bill would provide funding to support the maintenance and retrieval of this information, which would be available to law enforcement officers who present valid, court-ordered subpoenas or search warrants. The bill has bipartisan support and has received strong endorsement from the law enforcement community, banks, and anti-trafficking organizations.

Transparency in business ownership is ever more vital around the world. The European Union understands very well the shadow of Russian influence that has been cast over it, and every member of the European Union has committed to ensuring incorporation transparency. The United

Kingdom, Spain, Germany, Italy, and France have already enacted incorporation transparency laws. The light of corporate transparency is about to shine throughout Europe to help defend them from Russian influence. This means that money from those shell companies and schemes committed through those shell companies will be looking for new, dark homes, likely in American shell corporations. Again, we are supposed to be an example to the world. We are supposed to be the ``City upon a Hill,' ' not the place where the world's most corrupt and criminal evildoers come to hide their cash and their assets.

We know the Russian playbook for election interference exploits opaque incorporation laws. We know criminals and even terrorists view the United States as a haven to hide illegal activity and its proceeds. We even know, weirdly, that lax incorporation laws are affecting our real estate market. Some American cities are so loaded with real estate held by shell corporations that it is actually driving up the prices for real American home buyers. Of course, there are not a lot of people in the corner store when the property is held for a foreign owner as the safeguard for his illicit gains.

We must take commonsense steps to stop these activities and bring wrongdoers into the light. The measures that we will take against Russia are welcome and, as Senator McCain has said, even overdue, but we must remember that this is an ongoing battle and we have systemic weaknesses that have already been clearly identified to us over and over by bipartisan experts in this field and renowned think tanks and study groups here in Washington. To quote Ms. Conley again, ``the battle of Western democracies to defeat corruption' ' must be seen as ``a matter of national security.' '

Testifying before our Crime and Terrorism Subcommittee, former Director of National Intelligence James Clapper agreed and urged Congress to act. He said:

I believe [the Russians] are now emboldened to continue such activities in the future both here and around the world, and to do so even more intensely. If there has ever been a clarion call for vigilance and action against a threat to the very foundation of our democratic political system, this episode is it.

I hope the American people recognize the severity of this threat and that we collectively counter it before it further erodes the fabric of our democracy.

This week the Senate takes strong steps to punish Russia for its disruptive meddling in the past, but we must do more. Dark money and the shell corporations that allow Russian influence are identified known vulnerabilities in the future. Every warning is that the Russians are not going away and that future elections will be marked by Russian mischief. We have to close both avenues of foreign influence and corruption: dark money and shell corporations. They are no good in any event. They are no good in any event, and now they bring the added contamination of Russian election manipulation. I hope we can work together to remedy that contamination.

I yield the floor.