



September 22, 2016

The Honorable Jeb Hensarling
Chairman, House Financial Services Committee
2228 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member, House Financial Services Committee
2221 Rayburn House Office Building
Washington, DC 20515

The Honorable Mark Pocan
Member of the House of Representatives
313 Cannon House Office Building
Washington, DC 20515

Dear Chairman Hensarling, Ranking Member Waters, and Congressman Pocan,

We are writing to you today to express our support for the “Corporate Transparency and Accountability Act”. The Act would require multinational companies that have to file annual or quarterly reports with the SEC to provide a breakdown of basic financial information on a country-by-country basis. Currently their SEC reporting is only in aggregate form, which can disguise their true financial picture.

Global Financial Integrity is a Washington, DC-based non-profit organization working to curtail illicit financial flows by producing groundbreaking research, promoting pragmatic policy solutions, and advising governments. We are recognized internationally for our estimates of illicit financial flows leaving developing countries which exceeded \$1 trillion in 2016. This is devastating for global development, with significant implications for U.S. economic and security interests abroad. The U.S. must be part of the solution to curtail illicit financial flows, and the Corporate Transparency and Accountability Act is one of the measures necessary to do so.

Today, neither legislators nor investors have any reliable information about multinationals’ profit shifting practices apart from the result of them, namely less revenue in the U.S. treasury and greater risk of enforcement actions worth billions of dollars. Those risks have only grown over the past few years. Since 2013, Congressional hearings, articles, and EU inquiries have exposed the profit shifting practices of Apple, Starbucks, and Google, among others. These examples highlight how it has become common in international business for companies to artificially shift their profits out of the nations in which they are generated and into tax havens.

Legislators cannot be expected to adopt appropriate measures to address a problem when they cannot access even the most basic data they need to fully understand it. In addition, the data that will be

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disclosed pursuant to this bill will enable Congressional leaders to better gauge, down the line, whether measures that have been adopted are effective.

This information is becoming more and more critical to investors as well. The global crackdown on offshore tax havens and profit shifting exposes the companies that they invest in, and therefore their investments, to significant penalties if they've been found to be pushing the boundaries of acceptable tax planning. Investors need to have better insight into the decisions companies are making with respect to their tax arrangements so that investors can make better decisions about where they put their money. As former Black Rock Managing Director Morris Pearl stated in his September 21st Op-Ed in *The New York Times* in support of the type of disaggregated reporting that would be required under this Act, "With companies engaging in high-risk tax avoidance, the investing public needs more information, clearly expressed."

Thank you for your timely consideration of and support for the Corporate Transparency and Accountability Act. We would be happy to discuss our interest in this important piece of legislation at any point.

Kind regards,



Raymond Baker
President

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