



MEMORANDUM OF OPPOSITION

BILL: S.995-B (Hoylman-Sigal) / A.3484-B (Gallagher)

SUBJECT: Disclosure of Beneficial Owners of Limited Liability Companies

DATE: July 12, 2023

The Associated General Contractors of New York State, (AGC NYS) the leading statewide trade association representing union and open shop construction companies opposes S.995-B (Hoylman-Sigal) / A.3484-B (Gallagher), which requires the disclosure of the identities of beneficial owners upon company formation or registration and publishing beneficial owners of limited liability companies in New York's publicly searchable business entity database.

In an era when personal identification is regularly stolen and sold by unscrupulous domestic and foreign actors, this bill sets a dangerous precedent of establishing a "business entity" public database, which is the equivalent of a road map for criminals to target law abiding citizens. Aside from the criminal concerns, the "business entity" public database could expose businesses and their employees to targeted harassment by individuals, groups, and other agenda driven special interests. Exposing sensitive private data to the public would encourage frivolous lawsuits by employees and plaintiff's attorneys acting on behalf of their clients to extract payments or attempt to harass businesses.

Nebulous sections of this bill cede legislative prerogative to the unelected Secretary of State to create law by:

- Expanding the public database by mandating "any other information pertaining to such business entity as may be determined by the secretary of state and in accordance with applicable state and federal laws, rules, and regulations."
- Granting waivers to allow beneficial owners of limited liability companies and foreign limited liability companies that cite significant privacy interests.
- Determining the definition of "no public interest" in disclosures.

The sponsors justification for this bill claims that anonymous shell companies are used to bypass criminal acts, but these businesses are already subject to enforcement by federal and state authorities. As described in the sponsors bill memorandum, this bill unfairly targets the real estate industry while making unsubstantiated construction industry related claims of bid rigging and building code violations.

In 2021, President Biden signed the Corporate Transparency Act (CTA) into law. The CTA and its implementing regulations, effective January 1, 2024, provide essential information to law enforcement, national security agencies, and others to help prevent criminals, terrorists, proliferators, and corrupt oligarchs from hiding illicit money or other property in the United States. The CTA authorizes the United States Department of Treasury to collect that information and disclose it to authorized government authorities and financial institutions, subject to effective safeguards and controls. The CTA does not include a public database for good reasons.

AGC NYS opposes S.995-B (Hoylman-Sigal) / A.3484-B (Gallagher) and urges Governor Hochul to veto the bill.