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Delaware and Nevada aren't the only states where it's possible to set up a company without saying who owns it.

In California, too, owners can set up a limited liability company, or LLC, without telling state officials who's behind the curtain.

That anonymity has come under close scrutiny since the release this week of the so-called [Panama Papers](#), which revealed that dozens of global politicians hid assets in offshore shell companies set up by a Panamanian law firm.

And it's been an issue of debate in Los Angeles, where wealthy investors have acquired high-priced real estate through LLCs that have obscured their identity.

Attorneys who work in the field argue that an individual's investments aren't a matter of public record and that LLCs can serve legitimate purposes. For instance, a celebrity might buy a house through an LLC to make it more difficult for fans — or haters — to find their address.

That anonymity is also just a step or two removed from one of the main benefits limited liability companies and corporations were created to provide: a legal separation between a business and the personal assets of an investor.

But Heather Lowe, legal counsel for Washington advocacy group Global Financial Integrity, said LLCs and shell companies often are used to obfuscate the source of ill-gotten cash or cover up illegal activity.

"They're used to do the illegal things," Lowe said. "The idea is to try to separate the criminal from the crime, and that's what they're used for."

In California, perhaps the easiest way to set up an anonymous firm is to create a limited liability company, one of the most common types of business entities.

Nikole Zoumberakis, an associate at downtown L.A. law firm Buchalter Nemer, said in California, like in most other states, officials do not require a list of the company's owners.

"You don't have to tell the state who the owners of that LLC are," Zoumberakis said. "The state of California does not know who the owners of a California LLC are if the owners don't want them to know."

This anonymity is little different than the relative anonymity afforded to owners of other assets. Publicly traded companies, for example, have to report their largest shareholders, but not every person who owns shares.

"The fact that someone has a financial interest in a company shouldn't necessarily be public information," Zoumberakis said. "Whether you own stock in a small, private LLC or you own stock in an entity that's traded on the [Nasdaq](#) or the New York Stock Exchange, it's not a matter of public record."

That's not to say there's complete anonymity.

Sam Mahood, a spokesman for the California Secretary of State's office, which registers business entities, said LLCs are required to maintain their own ownership information and include it with state and federal tax filings.

But those documents, unlike corporate registration filings, aren't public, leaving those interested in finding a company's true owners out of luck.

Some LLCs do list their owners, but those owners are sometimes other LLCs or other types of corporate entities. Paul Graney, a partner at accounting firm Marcum, said that's another reason it can be difficult to figure out who really owns a company.

"You could set up a string of five, six, seven LLCs in different states," Graney said. "It's going to be hard to trace all the way through. Where does the shell game finally stop?"

In one high-profile L.A. case, there's been a long-running dispute about the true owner of a massive home being built in Bel-Air by developer Mohamed Hadid. The site is owned by 901 Strada LLC, an entity that lists no owner.

The lack of public information about company ownerships could frustrate attempts to rein in the ability of such businesses to operate.

This week, U.S. Treasury Department officials noted that they have been working on a rule that would require banks to know the owners of all companies they do business with. The rule would aim to put banks in the position of ensuring anonymous companies aren't owned by criminals or being used to launder money.

But D.E. Wilson, a partner at law firm Venable and former Treasury Department attorney, said banks might balk at having to verify company ownership when there's no way to do so through state records.

"There's no way for the bank to verify that the information provided is correct," he said. "The bank is going to say, 'Who owns it?' We'll say, 'We do.' They'll say, 'Show me some evidence.' It's not clear what that will be beyond the statement of the person opening the bank account."

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