



September 13, 2007

The Honorable Carl Levin
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

On behalf of our colleagues at the National Association of Secretaries of State (NASS), we would like to present you with our NASS Company Formation Task Force Report and Recommendations. As we stated in our January 26, 2007 letter to you, we made the issue of "collection of ownership information and the company formation process" a top priority for our organization. We convened a Task Force with bi-partisan leadership and participation and we met regularly every other week for five months.

The Task Force completed a draft report and recommendations for consideration by the NASS membership at the NASS 2007 Summer Conference in Portland, OR. Your staff counsel, Laura Stuber was present and participated in the committee discussion that took place during our organization's deliberations over the report. A final version of the report was emailed to her at the end of July before Congress recessed for August. We feel very strongly that our Task Force Report and Recommendations address your key concerns of (1) finding a way to provide a list of shareholders, members or beneficial owners kept in the state of organization that would be available to law enforcement without subpoena and (2) establishing that someone must be required to check the office of Foreign Asset Control's Specially Designated National's List to ensure that none of the owners, members or shareholders is on this list.

Following our Task Force recommendations, we sent letters to the Committee on Corporate Laws (CCL) of the Section of Business Laws of the American Bar Association (ABA) and the National Conference of Commissioners on Uniform State Laws (NCCUSL) asking that they draft amendments to the Model and Uniform Business Entity Acts in response to our report's recommendations.

Both the ABA and NCCUSL have agreed to our drafting request and the ABA just held its first drafting session this past weekend. NCCUSL will begin their work this fall. The ABA process of drafting, readings and adoption could be concluded by April 2008. With an expedited process, NCCUSL can complete their work by July 2008.

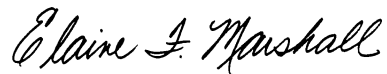
We have also sent a letter to John Smith, the Associate Director of Programs, Policy and Implementation at the U.S. Treasury Department's Office of Foreign Assets Control outlining our concerns regarding the usability of their Specially Designated Nationals List, most notably

the lack of “search” capability for what is essentially a database and our recommendations for making improvements to the public education of that list. We are in discussions with OFAC staff to schedule a conference call and meeting of appropriate OFAC officials and state representatives.

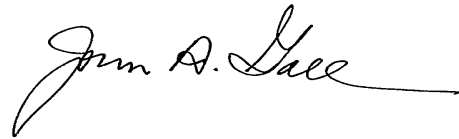
Finally, we are compiling current state laws and developing a checklist cover sheet that will help the Financial Action Task Force (FATF) investigators in their evaluation of United States practices for their next report.

We appreciate your patience as we work through the next steps and recommendations of this report. We would be happy to respond to any questions you may have regarding the contents and would be happy to meet with you at your convenience.

Thank you for your attention to this matter.



Hon. Elaine Marshall
NC Secretary of State
NASS Company Formation Task Force Co-Chair



Hon. John Gale
NE Secretary of State
NASS Company Formation Task Force Co-Chair