

Global Dark Money Flows and Tax Haven Abuse

Criminals and corrupt actors exploit secrecy across jurisdictions to launder illicit funds and evade oversight. For example, U.S. states like Delaware, Wyoming and South Dakota allow formation of anonymous LLCs with no public beneficial-owner disclosure. ICIJ found that “Wyoming overtook Delaware” as a favorite onshore secrecy jurisdiction, with foreigners using it to set up secret trusts and LLCs (e.g. one Russian billionaire’s family office) ¹. Wyoming’s Registered Agents Inc. alone lists over **266,000 companies** at a Sheridan address (a tiny storefront), and hundreds of these shell LLCs turned up in PPP COVID-relief fraud indictments ² ³. (See Figure below.) Delaware, similarly, has minimal disclosure requirements and no public beneficial-owner register, so it remains a popular corporate mailbox for shadow funds ¹.



Figure: The Wyoming Corporate Office (Registered Agents Inc.) in Sheridan, WY serves as the registration address for hundreds of thousands of LLCs, including many implicated in COVID-19 relief fraud ² ³.

In the United Kingdom, loopholes persist despite reforms. UK **LLPs** (limited liability partnerships) and **Scottish LPs** still legally require no natural-person member, making them “ideal UK wrappers for secretive offshore companies” ⁴. Transparency International UK notes dozens of shell LLPs/LPs were used in high-risk trades with Russia, and recommends that LLPs (and Scottish LPs) should be forced to name real persons ⁴. The UK’s 2023 Economic Crime and Corporate Transparency Act (ECCTA) does introduce new measures: it strengthens Companies House’s powers to query and reject suspicious filings ⁵, and – via a series of Oct 2023 regulations – expanded the **Register of Overseas Entities**. Now (from March 2024) any overseas company owning UK property must declare **all** corporate trustees in its chain as registrable, and even nominees can be treated as beneficial owners ⁶ ⁷. However, key gaps remain: the Authorized Corporate Service Provider (ACSP) regime and director ID rules are only just coming into force (voluntarily since March 2025, fully mandatory later) ⁸, and Companies House still lacks routine verification of

identities ⁹ ⁴ . In short, LLPs, shell directors and nominee shareholders still abound, and 25 different UK agencies oversee KYC rules (often ineffectively) ¹⁰ .

Beyond the US/UK, many offshore havens retain secrecy. The British Virgin Islands, for example, has a secret central BO register accessible only to law enforcement; FATF criticized it for “weak oversight”, reliance on private agents, and non-public “legitimate interest” access rules ¹¹ ¹² . BVI has since passed a new law to define beneficial owners and allow limited access, but details remain murky ¹² . Belize and Cyprus also offer simple incorporation with private registries. The UAE (Dubai/Abu Dhabi) long had opaque company and real-estate ownership: a Transparency International study calls Dubai an “infamous hotspot for shady deals and untraceable wealth” ¹³ , noting that its property registries do *not* record beneficial owners ¹⁴ . However, in 2023 the UAE introduced Cabinet Decision 109/2023 (with 132/2023) requiring every licensed UAE company to register its “Real Beneficiary” (UBO ≥25% shares or control) with authorities, with stiff fines for non-compliance ¹⁵ ¹⁶ . These rules (still very new) aim to fill the gap in the Gulf. For context, a global survey finds that **97 of 141 jurisdictions** have passed some BO registry law, mostly in Europe or Latin America, but “*no country achieves the ideal level of beneficial ownership registration*” ¹⁷ . Many laws cover only companies (not trusts/LLPs), definitions have loopholes, and public access is often limited or delayed ¹⁷ ¹⁸ . For example, the EU’s 5th AML Directive (2018) obliged all member states to create BO registries with (in principle) public access ¹⁸ , but a 2022 European court ruling has since curbed open access in several countries (though some are considering limited journalist access) ¹⁹ .

In summary, **beneficial-ownership transparency remains severely incomplete** globally. US state LLC laws still allow unknown owners, UK LPs and LLPs exempt real names, and offshore havens like BVI or Cyprus have only nominal registers. Recent laws (US Corporate Transparency Act 2021, UK ECCTA 2023, EU AMLDs 5/6) are pushing against this secrecy, but implementation lags. For instance, the US CTA’s FinCEN rules (requiring reporting of BO for most new companies) were **halted by court injunctions in 2024** ²⁰ , and will not be enforced until litigation ends. In the UK, authorities have only just begun verifying filings and punishing fraud, and many registries still rely on unverified nominee accounts ⁹ ⁴ . As a result, criminals continue to shop for the weakest regime – a form of regulatory arbitrage that undermines anti-money-laundering efforts globally ¹ ¹⁰ .

Sanctions Evasion and “Shadow Fleet” Oil Laundering

Sanctions regimes on Iran, Russia, Venezuela, etc., have spurred complex evasion tactics in oil shipping. Global “shadow fleets” of tankers – often very old vessels with opaque owners – ferry sanctioned oil while dodging surveillance. These ships characteristically **sail without Western insurance, manipulate their AIS transponders, and routinely reflag** under lax “flag of convenience” states (Gabon, Marshall Islands, etc.) ²¹ ²² . For example, Australia in June 2025 sanctioned 60 vessels (already on US/EU/UK lists) for aiding Russian oil trade, noting they “often disable their tracking systems and register under flags of convenience” ²² . An Atlantic Council report confirms that a huge fraction of dark-fleet tankers “frequently obfuscate their movements by manipulating AIS, and...change their flag registrations” ²¹ ²³ .



Figure: The Russian tanker Rudolf Samoylovich, typical of vessels in the sanctions-evasion “shadow fleet.” These tankers (often uninsured, flagged under countries like Panama or Liberia, and with AIS turned off) carry Russian, Iranian or Venezuelan oil while hiding its origin ²¹ ²² .

Since 2022, Russia has vastly expanded its shadow fleet. Analysts estimate **1,200–1,600 tankers** now sail under this category – roughly one-fifth of the world’s tanker fleet ²⁴ . (Before the Ukraine war, only a few hundred ships were similarly “black market” oil carriers.) Many observers warn that sanctions have simply driven Russia, Venezuela and Iran into creating a new parallel oil-trading system ²⁵ ²⁶ . For example, the OECD notes that “over 440 shadow-fleet tankers” are now sanctioned (EU/UK/US measures in 2025) but still often see enforcement evasion ²⁷ ²⁴ . The “third global marketplace” of sanctioned trade now includes these dark ships as an integral part ²⁵ .

Specific tactics include **ship-to-ship (STS) transfers** at sea: a sanctioned vessel will covertly pump oil into another ship mid-ocean (often at night and with AIS off) to break the chain of custody. There have also been cases of vessels lying about the oil’s origin paperwork. Global Witness highlights that once crude is refined (say in India or Singapore), the molecules are inseparable – so even if Western ports ban Russian *crude*, they still import refined products (gasoline, diesel) that may contain Russian oil “molecules” ²⁸ . As a result, loopholes allow refined Russian fuels to enter markets like the US despite crude bans ²⁸ .

Numerous sanctioned tanker examples have emerged. OFAC has repeatedly designated Iranian shipping networks: in December 2024 it named dozens of tankers (the *JAYA*, *PHONIX*, *MASAL*, *FT ISLAND* etc.) and operators that “transported tens of millions of barrels of oil” via deceptive means ²⁹ ³⁰ . Those Iranian vessels frequently change names, flags and managers to avoid flags that enforce sanctions ²⁹ ³⁰ . Likewise, the US Treasury (Jan 2021) sanctioned a group of firms (in Malta, Switzerland, Mexico) handling PDVSA crude – e.g. *Elemento Ltd* and *Swissoil Trading* – which illegally shipped Venezuelan-origin oil through intermediaries ³¹ ³² .

In short, sanctioned oil flows through **complex shadow networks**: old tankers with hidden shell-company owners, relying on flags-of-convenience and at-sea transfers to evade detection ³³ ²¹ . Enforcement is

trying to catch up – NATO partners, Australia, Japan and EU have taken measures sanctioning fleets and tightening price-cap monitoring – but analysis suggests major gaps remain. True origin is often untraceable after refining, and even tracking AIS data won't catch vessels that regularly 'go dark' ²⁵ ²³ . Observers recommend more forceful action on flags and insurance: for instance, the Andromeda Star (pictured in AC report) sailed ostensibly insured by Russia's Ingosstrakh, which quietly voids coverage if sanctions apply ³⁴ ³⁵ . Without a global fix, tens of millions of barrels per day still skirt sanctions via this maritime backdoor ²⁶ ³⁶ .

Public Procurement and COVID-Subsidy Fraud

Dark money also infects government contracting and relief programs. A common pattern worldwide has been **shell firms winning pandemic contracts or subsidies**, often at shared mailboxes or from nominees. In the US, dozens of pandemic relief fraud schemes turned on chains of LLCs registered at the same addresses. ICIJ's analysis found that hundreds of Wyoming-registered LLCs sharing the Sheridan post-office address obtained **tens of millions of dollars** in Paycheck Protection Program loans ² ³ . In one case, the "Alo Group" incorporated in Wyoming, listed no real U.S. employees, got a \531K PPP loan, then promptly moved its address overseas before vanishing ³⁷ . The Registered Agents Inc office pictured above was cited by prosecutors because of its huge number of anonymous firms – 266,000 companies listed there in five years ² . Dozens of these companies later showed up in criminal indictments for PPP and COVID-subsidy fraud ³ . (RAI disputes having any actual control over those firms ³⁸ , but regulators see the pattern clearly.)

In the UK and EU, similar schemes arose in COVID procurement. Transparency International's "Behind the Masks" report (2024) details how many brand-new or tiny UK companies landed gargantuan PPE contracts with minimal scrutiny. In one analysis, **31 newly-formed suppliers (≤100 days old)** won **£803.8 million** of contracts, and 8 firms under 100 days of age secured £500m in deals ³⁹ . Many contracts were awarded after no competitive tender, or even before company registration was complete ³⁹ . On the low end, the UK awarded 29 contracts totaling £271.5m to "micro-entity" companies (turnover <£632K) – 99% of that value via uncompetitive or fast-track "VIP lane" processes ⁴⁰ . Subsequent investigations revealed some suppliers gave kickbacks, had political connections, or delivered substandard goods. Similar stories emerged elsewhere (e.g. opaque public works contracts in Italy, Spain and elsewhere during the pandemic) ⁴¹ . In all cases, **shell companies with minimal transparency** were used as pass-throughs: they collected public funds or contracts and then disappeared.

Table: Examples of COVID-Era Fraud via Shell Companies

Country/ Region	Scheme	Notable Examples / Notes
USA	PPP/subsidy fraud through shell LLCs	Wyoming: <i>Registered Agents Inc.</i> address (Sheridan, WY) on file for ~266,000 LLCs ² . Dozens of these firms (like the <i>Alo Group</i>) obtained federal COVID loans fraudulently ³⁷ ³ .
UK	Urgent PPE contracts to opaque new firms	31 UK suppliers ≤100 days old won £803.8M in contracts ³⁹ . Many were micro-entities (<£632K turnover) awarded large contracts without competition ⁴⁰ .

Country/ Region	Scheme	Notable Examples / Notes
Global	Crises profiteering by connected entities	Reports worldwide of overpriced PPE/subsidy contracts awarded through unvetted intermediaries (e.g. media exposés of overpriced PPE and “VIP lane” deals) ⁴¹ .

These patterns highlight how **anonymous registries and weak procurement controls** combine. Often a single mailbox or nominee director stands between public money and the real launderer. Judicial and legislative inquiries (e.g. UK COVID inquiry, US GAO reports ⁴¹ ³) have called for stricter vetting of suppliers, beneficial-owner checks even in emergencies, and open data on public spending to deter such fraud.

Political Influence and Dark Money

Opaque funding also permeates politics. In the U.S., so-called “dark money” groups – typically 501(c)(4) social welfare nonprofits or unregistered LLCs – can spend unlimited sums on campaigns with no donor disclosure ⁴² . Major policy outcomes have been linked to such hidden funding. For example, ALEC and its corporate backers have quietly sponsored “donor privacy” bills in state legislatures (e.g. NC’s SB 416 in 2025) that would **shield 501(c)(4) and other nonprofit donors from disclosure** ⁴³ ⁴⁴ . Critics note this effectively allows state contractors or special interests to secretly fund the very officials who award contracts and craft policy – a “pay-to-play” recipe ⁴⁵ . (Indeed, had SB416 passed, a judge’s legal defense fund could have hidden a \$5,000 judicial contribution that was otherwise disclosed ⁴⁶ ⁴⁵ .)

Similarly, unregistered PACs and LLCs are used to influence legislation at state and federal levels. While U.S. law bans direct foreign contributions, foreign-aligned interests exploit loopholes: e.g. the UAE’s government has funded U.S. electioneering via conduits ⁴² . Globally, foreign autocracies use NGOs and think tanks with concealed funding to lobby Western governments. Transparency International notes that weak foreign-agent rules in many democracies leave openings for undisclosed funding to sway policy (e.g. anonymously-backed US think tanks pushing oil-friendly policies, or “dark money” environmental campaigns). In the absence of public registers, mapping these influence networks is difficult, but NGO analyses (OpenSecrets, OCCRP) show millions flowing from unknown sources into PACs and 527 groups around key votes (on tax cuts, climate policy, telecom deregulation, etc.).

Table: Dark-Money Enablers and Tactics

Vehicle	Description	Example / Impact
501(c)(4) “social welfare” groups	Tax-exempt nonprofits needing no donor disclosure ⁴²	Americans for Prosperity (Koch) lobbying; ALEC-backed bills to anonymize such donations ⁴³ ⁴²
Super PACs/ LLCs	Unlimited political spending committees funded by opaque LLC contributions	“LLC loophole” donors in 2024 (e.g. Dubin, L-G Fund) who gave anonymously to candidate PACs; hard to trace back to ultimate sources ⁴²

Vehicle	Description	Example / Impact
Offshore NGOs / Think Tanks	Foreign-linked NGOs influencing policy	(Reports of Russian-funded NGOs influencing European elections; Gulf-backed think tanks in Western capitals) – evidence from leaks suggests they exploit donor privacy gaps.

Overall, dark money influences laws by **keeping money anonymous**. This can skew legislative outcomes: studies show higher thresholds of anonymous spending correlate with more “pro-business” or anti-regulatory votes. Many civil-society groups now press for tougher disclosure laws (e.g. closing the LLC loophole, requiring U.S. agencies to publish ultimate donors) to shed light on who wins influence.

Regulatory Gaps and Arbitrage

Across all these domains, the root cause is *mismatched rules and weak enforcement*. As noted, many jurisdictions still allow anonymous ownership by law or lax practice. In the U.S., even after the CTA’s eventual rollout, vast swaths of company formation (nonprofits, investment vehicles, etc.) remain exempt ²⁰. Federal BO rules will only cover newly-formed “reporting companies,” leaving millions of existing LLCs outside mandatory scope. States like Delaware offer virtually no verification of who signs up as a director or owner, enabling straw men and front companies. In the UK, though Companies House can now query filings (as of Mar 2024) ⁵, much data (like shareholders’ identities) still goes unchecked. The new UK Beneficial Ownership registry only requires notification to authorities, but accuracy relies on self-reporting – only about **36% of listed directors** had valid ID on file by 2025 ⁹.

By contrast, some jurisdictions either enforce aggressively or exploit gaps. The UAE’s new BO regime (2023) is being enforced with license suspensions and fines up to AED100k for violations ¹⁶ – an attempt to deter shell companies owning Dubai skyscrapers. In the EU, money-laundering agencies now exchange BO data between member states under AMLD6, but actual enforcement still varies widely by country. The OECD’s FATF has begun placing some havens on gray lists (BVI in 2023, for example) for failing to meet transparency norms, forcing incremental reforms ¹¹. However, enforcement often remains a game of “whack-a-mole” – cruise through one jurisdiction’s filter, then drop into another. For example, even if US banks vet customers per FinCEN’s guidelines, criminals can route funds through poorly-regulated trusts or use offshore promissory notes.

Likewise, shipping sanctions highlight arbitrage: even if Western flag registries and insurers tighten rules, the shadow fleet can switch to nominal registries (e.g. Comoros, Sierra Leone) that rarely police safety or sanctions. The Atlantic Council warns these tiny registries **“will not or cannot take the action required of flag states”** when vessels misbehave ⁴⁷.

In summary, major loopholes and weak spots remain: anonymous LLC formation in many states; nominee directors unverified; secretive formation agents exploiting gaps; and under-resourced regulators. Criminals and kleptocrats simply shop for the weakest link. As Transparency International bluntly notes, filling these gaps requires not only laws on the books but *rigorous implementation* – from verifying identities at registration to rigorous audits of suspicious transactions ¹⁰ ¹¹. Until that happens, dark-money networks will continue to flourish via the shadows of our legal and regulatory landscape.

Sources: Authoritative OSINT reports, investigative journalism and NGO analyses (ICIJ, OCCRP, Global Witness, Transparency International, FATF, U.S. Treasury, etc.) provide the evidence above. All factual claims and examples are drawn from those cited documents and press releases ¹ ² ²¹ ⁴³ .

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