



## City of Detroit Detroit City Council

FROM THE DESK OF  
Mary Waters, Member At-Large  
2 Woodward Avenue, Suite 1340 Detroit, MI 48226

---

### **RESOLUTION REQUESTING THE STATE OF MICHIGAN IMPROVE LLC REGISTRATIONS TO EASE IDENTIFICATION OF OWNERS**

**WHEREAS**, the City of Detroit has seen a large increase in investment over the past decade since the financial crisis, with private sector companies, many incorporated as Limited Liability Companies (LLCs)<sup>1</sup>; and

**WHEREAS**, the State of Michigan, through the Department of Licensing and Regulatory Affairs (LARA), manages the establishment of domestic LLCs and dictates the requirements necessary for an LLC to be established<sup>2</sup>; and

**WHEREAS**, while other methods of incorporation exist, the LLC is ubiquitous due to, amongst other things, the simplicity of its establishment and the privacy protections it affords<sup>3</sup>; and

**WHEREAS**, LLCs account for over 20% of the residential property owners in the City of Detroit<sup>4</sup>, and there are nearly 7,000 businesses operating in the City of Detroit, many incorporated as LLCs<sup>5</sup>; and

---

<sup>1</sup> <https://www.chicagofed.org/publications/chicago-fed-letter/2017/376>

<sup>2</sup> <https://www.michigan.gov/lara/bureau-list/cscl/corps/limited-liability-co>

<sup>3</sup> <https://www.corpnet.com/blog/forming-llc-big-benefits-small-business/>

<sup>4</sup> <https://outliermedia.org/detroit-rental-market-properties-increase-data/#:~:text=%E2%80%9CWhile%20the%20number%20of%20new,was%2024%25%20three%20years%20ago.>

<sup>5</sup> <https://www.chicagofed.org/publications/blogs/michigan-economy/2021/detroit-business-ownership-racial-parity>

**WHEREAS**, a frequent challenge faced by the City of Detroit is identifying bad-actors, with regulatory agencies shutting down businesses that violate federal, state, county, and municipal codes yet are shortly re-opened by the same owners under a different incorporation; and

**WHEREAS**, this same struggle has been faced by the United States government, with the federal government via the US Treasury Department's Financial Crimes Enforcement Network requiring all LLCs in the nation to file personal ownership information, which would improve the ability of the government to identify and shut-down bad actors<sup>6</sup>; now therefore be it

**RESOLVED**, the Detroit City Council calls upon the State of Michigan to update its laws regarding the registration of LLCs, ensuring that clear ownership information is captured in order to enable bad actors to be quickly found, shut down, and prevented from causing more harm to our community; and be it

**FINALLY RESOLVED**, that a copy of this resolution be forwarded to the Michigan Legislature, the Governor of the State of Michigan, the Attorney General of the State of Michigan, and the Mayor's Office as well as all parties interested in ensuring the accountability of businesses operating in the community.

---

<sup>6</sup> <https://www.fincen.gov/news/news-releases/us-beneficial-ownership-information-registry-now-accepting-reports>