

# **Putting Kleptocracy in the Crosshairs: Launch of the Congressional Caucus Against Foreign Corruption and Kleptocracy**



**JUNE 10, 2021**

**Briefing of the  
Commission on Security and Cooperation in Europe**

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**Washington: 2024**

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## ABOUT THE ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE

The Helsinki process, formally titled the Conference on Security and Cooperation in Europe, traces its origin to the signing of the Helsinki Final Act in Finland on August 1, 1975, by the leaders of 33 European countries, the United States and Canada. As of January 1, 1995, the Helsinki process was renamed the Organization for Security and Cooperation in Europe [OSCE].

The membership of the OSCE has expanded to 57 participating States, reflecting the breakup of the Soviet Union, Czechoslovakia, and Yugoslavia.

The OSCE Secretariat is in Vienna, Austria, where weekly meetings of the participating States' permanent representatives are held. In addition, specialized seminars and meetings are convened in various locations. Periodic consultations are held among Senior Officials, Ministers and Heads of State or Government.

Although the OSCE continues to engage in standard setting in the fields of military security, economic and environmental cooperation, and human rights and humanitarian concerns, the Organization is primarily focused on initiatives designed to prevent, manage and resolve conflict within and among the participating States. The Organization deploys numerous missions and field activities located in Southeastern and Eastern Europe, the Caucasus, and Central Asia. The website of the OSCE is: <[www.osce.org](http://www.osce.org)>.

## ABOUT THE COMMISSION ON SECURITY AND COOPERATION IN EUROPE

The Commission on Security and Cooperation in Europe, also known as the Helsinki Commission, is an independent U.S. Government commission created in 1976 to monitor and encourage compliance by the participating States with their OSCE commitments, with a particular emphasis on human rights.

The Commission consists of nine members from the United States Senate, nine members from the House of Representatives, and one member each from the Departments of State, Defense and Commerce. The positions of Chair and Co-Chair rotate between the Senate and House every two years, when a new Congress convenes. A professional staff assists the Commissioners in their work.

In fulfilling its mandate, the Commission gathers and disseminates relevant information to the U.S. Congress and the public by convening hearings, issuing reports that reflect the views of Members of the Commission and/or its staff, and providing details about the activities of the Helsinki process and developments in OSCE participating States.

The Commission also contributes to the formulation and execution of U.S. policy regarding the OSCE, including through Member and staff participation on U.S. Delegations to OSCE meetings. Members of the Commission have regular contact with parliamentarians, government officials, representatives of non-governmental organizations, and private individuals from participating States. The website of the Commission is: <[www.csce.gov](http://www.csce.gov)>.

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# **Putting Kleptocracy in the Crosshairs: Launch of the Congressional Caucus Against Foreign Corruption and Kleptocracy**

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**June 10, 2021**

## **Commission on Security and Cooperation in Europe Washington, DC**

The briefing was held from 11:01 a.m. to 4:00 p.m. via videoconference, A. Paul Massaro, Policy Advisor, Commission on Security and Cooperation in Europe, presiding.

Mr. MASSARO: All right. Well, we are all very excited to be here. This is the launch of the Caucus Against Foreign Corruption and Kleptocracy. Thank you all for being here with us today. I would like to hand the floor over to the chairman of the Helsinki Commission, Senator Ben Cardin, to kick us off with opening remarks. Thank you. Senator Cardin, you are muted, I am afraid. Hopefully this will be one of the last times we are saying that sort of thing. [LAUGHS.]

Chairman CARDIN: You know, we are getting back almost in person these days.

Mr. MASSARO: Yes, exactly.

Chairman CARDIN: Paul, thanks for bringing us together. It is a real pleasure to be with you as we launch this very, very important caucus. We are proud of the statements issued this past week by the Biden administration as to the importance of fighting corruption as part of our basic strategy on foreign policy. This is so important. We know that corruption is the fuel for the autocratic regimes and for human rights violations, and the list goes on and on and on, so thank you for bringing us together.

I really want to congratulate my House counterparts for the establishment of this caucus in the House. Tom Malinowski—I will start with Tom, because I have known Tom in—I guess in three different ways in his life. In the private sector, where he was one of the strongest advocates we had on human rights, helped us get the Magnitsky statute passed, and was really a strong advocate for strong congressional direction on human rights. He then went over to the executive branch.

I was sure that he was going to have a different view of the legislative branch when he got over to the executive branch. Sure enough, he continued his advocacy for a strong partnership between the executive and legislative branches, on fighting corruption and fighting human rights violations, and took on the bureaucracy of the State Department at times, which I know is not always comfortable. Now as a member of the House of Rep-

representatives, so congratulations to Tom Malinowski for his incredible career in standing up for good governance, anti-corruption, and human rights.

He is joined by Representative John Curtis, Representative Bill Keating, and Representative Brian Fitzpatrick in establishing this caucus. We hope to follow the leadership of the House of Representatives and establish a comparable caucus in the U.S. Senate. Those discussions are taking place as we speak, and we hope we will be able to make an announcement shortly. We will follow the leadership of the House. It is okay, and we just want you to know that we want to do this together because we recognize how important it is to stand up and fight corruption.

We all know what the reports are telling us, that we are seeing a decline in democratic states around the world. We are seeing the rise of corruption around the world. We recognize all of that, and that we really need to fight for our values. That is why we strongly support President Biden's value-based foreign policy, and we want to give him the tools of the legislative branch to help.

Here is where our system comes in: With the separation of branches, we can act as an independent branch in fighting corruption, and do that as an independent branch of government, giving the executive branch powers that it otherwise could not exercise on its own because of the challenges of diplomacy or other areas that it would be difficult for them to act. We need to take advantage of that. This caucus will be the focal point for us in our strategies on how the legislative branch of government can continue to strengthen the tools that are available.

We are clearly proud of the legislative initiative on the Magnitsky sanctions. Global Magnitsky has become the standard for countries that are serious about holding violators of human rights accountable, and I am sure it is going to be part of the discussion that President Biden has with the G-7 this week. There are other bills that we are considering, by the way. We did pass just the most recent bill that passed the Senate floor to make the Global Magnitsky a permanent statute. We want to make sure that is done.

I have also filed legislation—bipartisan legislation—that would extend the tools that are available to fight corruption by requiring each mission in-country to evaluate how well the country that they are stationed is doing is fighting corruption, and that we use a scale similar to what we did in trafficking in humans to rank how countries are doing in fighting corruption. That becomes a factor in our bilateral relation. I have also introduced bipartisan legislation that would establish a fund that would be available to help us deal with anti-corruption activities.

Bottom line, I think this caucus can play a very important role in helping us unify bipartisan, bicameral support on how we can fight corruption. I see that Congressman Keating has joined us also, and Congressman Fitzpatrick. I know we are joined by our other colleagues. I can tell you, we are going to be united. I have great partners in the U.S. Senate with Senator Whitehouse, with Senator Rubio, with Senator Wicker, and others that are committed to this agenda. Thank you very much for having me.

Mr. MASSARO: Thank you so very much Senator Cardin.

I would like now to hand the floor over to Representative Tom Malinowski, who is one of our four co-chairs for the Caucus Against Foreign Corruption and Kleptocracy.

Representative MALINOWSKI: Thank you, everybody. Great to see you, Senator Cardin. You know, we are always happy to have the Senate pretend to lead. We look forward to the announcement of your caucus. Thanks to Paul Massaro, whose vision and sub-

stantive advice on this issue helped get us all here today. Thank you—a huge thank you to all the members that have committed on the House side to working with us on this national security threat of kleptocracy, including my good friends the caucus co-chairs—Representatives Keating and Fitzpatrick, who I see on the call already, and also Representative Curtis of Utah, who has been my partner from the very beginning on all of this.

Now, our timing could not be better. As we know, the president just declared international corruption a national security threat. Last week announced a series of measures and strategies very consistent with what we have been recommending. We have been talking to him, a number of us, about how to make those commitments real. Senator Whitehouse and I, and a number of us on this call, sent a letter to Secretary Yellen a few weeks ago urging strengthening of anti-money laundering laws.

We are working on the House and the Senate to meet and maybe even exceed the administration's request for increased funding for FinCEN, the agency at the Treasury Department that is so critical to enforcement of our anti-money laundering and corruption legislation. That is something I hope will happen. All of which important to fulfilling the promise of the historic law that we passed last year and that President Trump actually signed, amazingly, to ban the use of anonymous shell companies on U.S. soil—the vehicle by which so many kleptocrats around the world have used our financial system to hide the proceeds of their corruption.

That is what we have already done. We also have a strong slate of bills that this caucus is committed to introducing this entire month—one bill a week. Therefore, watch for that to unfold over the coming weeks. Why is this important? I think we all—we all understand that. I have been a human rights activist all my life. I agree with Joe Biden that the defining contest right now in the world is the contest between democracy and authoritarianism. Well, corruption is what fuels authoritarianism in countries all around the world.

Corruption, the ability to loot your country's wealth, is the reason why many dictators take and hold onto power. It gives them resources that they can distribute to win the loyalty of their supporters. Interestingly, I think corruption is also in many cases their greatest vulnerability. Sometimes dictators like Putin can push back with their own people when the United States pressures them on human rights, but it is much harder for them to push back when we are exposing the ways in which they are stealing from their own people.

Putin, of course, is the posterchild for this, and happens to be one of our primary adversaries in this contest between democracy and authoritarianism. I think it is absolutely no surprise that Putin in recent years has decided that enemy number—his enemy No. 1, is Russia is the leading anti-corruption activist in Russia, Alexei Navalny, a man who Putin has tried to poison and is now, because of his bravery in returning to that country, is now languishing in prison.

Now, recently Navalny's group published a list of 35 corrupt officials who help undergird the Putin regime. He published that list in January. It was the publication of that list that really, I think, caused Putin to go ballistic. Just yesterday Putin's courts declared Navalny's group to be extremists, freezing their accounts, banning their members from sharing any more information.

I am happy to say today I am going to push to have the administration sanction every member of the 35 of the Navalny list, the kleptocrats and thieves of the Russian people's wealth, the enablers that have persecuted anti-corruption activists. To sanction them under the law that we have Ben Cardin to thank for more than anybody else, the Magnitsky Act. I think that would be a worthy step for the administration to take.

This caucus is exactly the type of mechanism that will allow us to move in a bipartisan way to work with the administration, to press the administration when they need that kind of cajoling, to take action on the commitments that they have already made, and to make commitments even beyond what they have already made. Thank you, again, to everybody for being here, and especially to all the allies here from the anti-corruption community. We have depended on your input and your advice, your amplification of good ideas, on your investigations over the years—which have been even more successful, in many cases, than those of the U.S. Government. I cannot wait to spend the next couple of years working with you on this and to—ensuring that the forces of good around the world win this fight. Thank you so much.

Mr. MASSARO: Thank you very much, Representative Malinowski, for your leadership.

I would now like to hand the floor over to our first Republican co-chair, Representative John Curtis. Mr. Curtis, the floor is yours.

Representative CURTIS: Thank you, sir. Tom, such an honor to serve with you. I have learned as a politician—like, we take credit for everything, but I just have to be honest on this one. The credit goes to my good friend Tom Malinowski. I do not know anybody that knows this issue better than he does. I do not know anybody that is a better watchdog. Tom, it is just a real pleasure to work with you on this. Thank you for the great work that you do.

Just by a quick way of introduction, I am John Curtis. I represent the youngest district in the country, here in Utah. It is a fun district. If you have not made your way out here, let me ask you to put that on your to-do list, your bucket list. We have everything from ski resorts to national parks—parks—national parks in my district. We really love it out here, and it is an honor to serve in Congress.

I would like to take just a brief minute as part of my remarks to talk about corruption in a way that we may not always think about it. That is actually the way that it impacts climate change. I know that is an interesting view on it, and I feel like that too often the U.S. is maligned as not taking the lead on climate change. I am one guy who hopes to change that. I would like to point out the good things that we have done. We are reduced amazing amounts of carbon in the last few years, and we have a lot more to do. Abroad, the U.S. should combat corruption and promote transparency and self-sustainability, which leads to environmental sustainability. The corruption—specifically the corruption fueling China's Belt and Road Initiative—undermines U.S. emissions reductions.

For example, every ton of CO2 America reduces emissions, China's emitted four tons of CO2. Along China's Belt and Road, the Chinese Communist Party deploys strategic corruption to get access to ecologically fragile land. The U.S. has taken notice of this threat, and this caucus will be, among other things, leading the charge to combat foreign corruption. There is a couple examples I would like to point out. Representative Keating and Fitzpatrick CROOK Act, which would establish anti-corruption points of contact in U.S. embassies with tracked instances of corruption along the BRI. My upcoming bill with



Representative Malinowski, the Foreign Corruption Accountability Act, which gives broad authority to impose visa sanctions on any foreign person engaged in this sort of corruption. We know that is highly—a high motivation.

I would just like to express my thank you. Thanks for your time. Thank you for supporting this bipartisan effort. I look forward to working with all of you as we combat this around the world. Thank you very much.

Mr MASSARO: Thank you, Mr. Curtis.

Now handing the floor to Mr. Keating, our third co-chair.

Representative KEATING: Well, thank you very much. The timing of this announcement couldn't be better, as our president is among the leaders of other countries in the world in the G-7 announcing that we are back. There is probably not—very few, at least, leadership issues that the U.S. can take better than what we are announcing here today in terms of our mission. I want to thank very much Senator Cardin, Representative Malinowski, Representative Curtis for your remarks, and along with my ranking member, Representative Fitzpatrick. I want to thank our panelists, who in many respects this caucus is working to build on the foundation that their investigations have laid forward.

You know, we have known for two decades that Putin and his cronies have wantonly acted to undermine the democratic processes and institutions around the world, including through illicit finance—so-called dark money, corruption. The slow, yet suffocating, grip on the information space, to weaken public discourse around elections and even COVID-19 vaccinations. These malign actions extend into cyberspace and pose increasingly devastating threats to our critical infrastructures. Putin's goal is to create a global epidemic of Russian malign influence, far beyond the near-abroad—Western Europe, Africa, and right here in the United States.

His actions also impact, importantly, the people of Russia, where he is supported by a close group of elite oligarchs, personal connections, mutual dependent relationships, to stifle dissent and human rights within Russia's borders, and enrich his friends, his family, and his own pocket. Putin and his army of Russian oligarchs exemplify kleptocracy, extracting billions of rubles off the backs of hardworking Russian citizens. Last year, the Atlantic Council published a damning report on Russian dark money, valuing the money hidden abroad at over \$1 trillion. The report made clear that the Kremlin does this with financial assistance from oligarchs, along with the best lawyers, auditors, bankers, and lobbyists in the world, to develop legal means to conceal and launder these funds.

This cannot stand, and we must stand up against it in a leadership role here in the U.S. Much of the work we have done on the Foreign Affairs Subcommittee that I chair deal with energy, the environment, cyber. We counter foreign corruption and kleptocracy, and we are working to support the rule of law and champion human rights. This new caucus, which I am proud to be a part of and co-chair, will act as a new vehicle to shed light on the corrupt practices and hold malign actors accountable.

While the subcommittee focuses extensively on Russia, the activities in China are just as egregious. Just last year, Transparency International noted the patterns of corruption in the Xi administration, ranking them at 78 out of 180 countries and regions. Chinese leadership has a track record of utilizing financial schemes to export its tainted political view of the world by economic manipulation of repressive and authoritarian regimes.

Beijing wields its soft power Belt and Road Initiative as a thinly veiled economic influence vehicle, as a backdoor into more than 100 countries around the world in every region,

to garner infrastructure footholds, surreptitiously shape norms and policy to one's own liking, and disrupting fair and democratic processes wherever it can. To counter the Xi administration's action, we must embrace our traditional partners and allies, including, importantly, our transatlantic allies. We must be leaders in democracy and use the beacon of transparency to shed light on their actions.

My colleagues and I realize the clear and present danger that unchecked kleptocracy and various corruption poses to democratic values, rules of law, human rights, and personal freedoms. This caucus will focus on providing a much-needed check and balance to kleptocracy in all forms, serving as a vital tool to ensure the actions of Russia, China, and other kleptocratic regimes—that they do not go unnoticed and unaccounted for.

As a long public service and previous district attorney, I am eager to work alongside my colleagues in launching this caucus and starting the hard work to dismantle the kleptocratic systems that we are battling here today that really undercut everything we stand for in terms of values. In doing so, we will be standing up in a very forceful way to authoritarian leaders, like Vladimir Putin and others in power.

I just want to congratulate the bipartisan support that we have for this new caucus, the bicameral support we have, the support we have from so many people that have done enormous work before this was ever launched. This is one of the most important initiatives we have. This is something that I think will really reinforce what the president is saying right now across the Atlantic—that the U.S. is back, and we are leading the world toward our basic values. We are going to lead as a beacon of democracy around the world.

Thank you all for the work you have done. Thank you, Representative Malinowski, for your leadership in this. I look forward to having great success legislatively and as a force to create great transparency around the world. I yield back. Thank you.

Mr. MASSARO: Thank you very much, Mr. Keating.

I would like now to hand the floor to our final co-chair, Mr. Fitzpatrick. Mr. Fitzpatrick, the floor is yours.

Representative FITZPATRICK: Thank you, Paul. Every stool's got four legs. I am proud to be the fourth leg of this four-legged stool in a great really, really important caucus. Tom, great job forming this. You see I got two flags behind me. The American flag, the other one behind me is the flag of the seal of the FBI where I spent 14 years doing just that. I worked on domestic and international corruption. Was sent throughout Europe, and Africa, and Asia, and the Middle East working foreign corrupt practice act cases. It was the most rewarding work I could have possibly imagined. I think this is really, really important work, and again, good afternoon, everyone.

You know, and by the way, John Curtis, you know, Tom, Bill Keating, four—you know, including myself—four really good people to head up not just a caucus—because there are so many caucuses. As Tom said, you know, caucuses that are worth their salt actually have a legislative agenda behind them that not only do they craft and draft, but they actually introduce and they advance, and they get signed into law. We need that, and it has got to be on a bipartisan manner, to find opportunities to curb global corruption.

As you heard earlier, the fight against corruption really offers the first opportunity in a generation to harmonize our domestic and foreign policy in service of American values. I mentioned my career in the Bureau working corruption. My last one was in Kyiv, in Ukraine, where I helped stand up something called the NACB, the National Anti-

Corruption Bureau. Especially—people throughout Ukraine, but particularly the younger generation, are starving for a country that is free of corruption, an economy that is growing, a country that has stronger ties to the West. You know, really want to get active and involved and ultimately meet the NATO requirements. We are going to help them do just that.

Congress has the ability and the obligation to inspire what they call whole of government strategies to counter corruption abroad. The damage caused by kleptocracy and international corruption, as we all know, is not simply contained within the offending regime's borders, but it takes advantage of all nations engaged in free enterprise. The dark money webs have gone on to wield their ill-gotten wealth around the world to purchase real assets and influence for their own benefit, which is why anti-corruption measures and anti-corruption initiatives must be at the forefront of our foreign policy strategy, as dirty money impoverishes the everyday citizens from its origin and stains its destination.

Fighting corruption is not a partisan political issue, and this congressional caucus against corruption and kleptocracy will demonstrate just that. I am really, really happy to see my three colleagues who I have been asked to partner with, three great people, on a very, very important cause. Like I said, you know, Tom had mentioned legislation to follow. That is a great thing, and Tom had also mentioned the 35 individuals in Russia—by the way, many of whom I was tracking during my time in Kyiv.

I was there up until, you know, 2015 and was able to get an up-close and personal view of the propaganda, of the cyberattacks, of the malign influences of Russia on Ukraine, the Baltic States, and all of Eastern Europe. We all know it is not limited to Russia. Me, personally, that is the first thing I think of when I think of international corruption is the—you know, the former Soviet countries and Russia itself. It is a huge problem in Africa. It is a huge problem in a lot of countries around the world, and it equally undermines the people, as was pointed out.

The people are the ones that are victims of kleptocracy and corruption because it is thievery out of the coffers of that country that would help those countries otherwise lift their people up and expand their influence around the world. Thank you all. Proud to be a part of the team. I yield back.

Mr. MASSARO: Thank you very much, Mr. Fitzpatrick.

I know we have been joined by Representative Cleaver, one of our Helsinki commissioners. I wanted to see, Mr. Cleaver, would you like to speak? You are muted, Mr. Cleaver.

Representative CLEAVER: Hello?

Mr. MASSARO: Yes, we can hear you.

Representative CLEAVER: No, I would not like to speak. There is a United States senator here and I will not dare speak, because I did not—I was not here when Senator Cardin spoke. I will just wait.

Chairman CARDIN: I was waiting for you to arrive. [LAUGHTER.]

Mr. MASSARO: Well, very good. Please feel free to signal if you would like to—like to speak.

We will now move on to our expert panel, beginning with Frederik Obermaier of *Süddeutsche Zeitung* and the Anti-Corruption Data Collective. Frederik, if you would like to take the floor.

Mr. OBERMAIER: Dear ladies and gentlemen, thank you to Helsinki Commission Chairman Senator Cardin, Counter-Kleptocracy Caucus Co-chairs Malinowski, Curtis, Keating, and Fitzpatrick, as well as you, Paul Massaro, for this opportunity to speak here.

When I conducted my first investigation into secrecy restrictions and opaque company structures, I was wrong, and I was painfully wrong. It was in the year 2013, and the international consortium of investigative journalists invited me to be part of the so-called Offshore Leaks investigation, exploring the leaked data from the Cook Islands, British Virgin Islands, and others. For me personally, it was thrilling research. I was young and inexperienced, and it was my first glance into a secretive parallel world that is only accessible to the rich and superrich and is attractive especially for crooks and criminals.

I was wrong because I thought these opaque financial structures were strictly a problem of tax avoidance and tax evasion. Billions of dollars are hidden in BBI, Cayman, and Cyprus. It is money that could be spent for schools, for nursing homes, and universities. This is only part of reality. These opaque financial systems are also about kleptocracy. Continents are plundered, criminal money is laundered, brutal wars are financed—all with the help of opaque company structures and the government that hosts these structures.

In 2015, an anonymous whistleblower calling himself John Doe contacted my colleague Bastian Obermayer and me. John Doe handed over 2.6 terabytes of confidential data from the Panamanian law firm and financial service provider, Mossack Fonseca. The data revealed the law firm's dark business dealings in jurisdictions like Panama, BBI, the Caymans, Luxembourg, or Nevada. It revealed links to Mexican drug cartels and of the Syrian regime's biggest financiers, as well as to a whole slew of dictators, arms smugglers, and tax evaders. One risk report and one revelation described how the billions were funneled through an offshore network of President Vladimir Putin's best friend. The law firm Mossack Fonseca enabled corruption, helped its clients breach sanctions, and made a whole range of other crimes possible.

Now today, Mossack Fonseca is history. Its owners are on the run from international search warrants and the company has shut down. The problem is no less trenchant today as there are countless other Mossack Fonseca's still out there. It is financial service providers, consultancy firms, and law firms helping crooks and criminals, autocrats, and dictators to hide their money. John Doe, the Panama Papers whistleblower, once stated: Judges have too often access to the arguments of the rich, whose lawyers—and not just Mossack Fonseca's—are well-trained in honoring the letter of the law, while simultaneously doing everything in their power to desecrate its spirit. John Doe was right, unfortunately.

Corruption eats away at the foundations of the democratic societies, President Biden recently stated. He was also right, but it is not news. It is a fact known for decades, and yet, not much has changed until recently. After the Panama Papers came the Danske scandal, the revelations about the dubious business dealings of Donald Trump and his associates, and so on. In the U.S., the landmark Corporate Transparency Act has been passed, and similar even farther-reaching corporate transparency laws have been passed over here in Europe. I welcome these new laws as critical progress in the fight against kleptocracy.

It is now well-established that kleptocrats and the corrupt around the world can hide their ownership assets to conceal a conflict of interest, evade taxes, and enjoy their illicit gains overseas, especially in the U.S. and here in Europe. Forcing the ultimate beneficial

owners of companies to be revealed makes things far more difficult for kleptocrats. In this respect, the establishment of beneficial ownership registries are an essential first step. They are not enough. Take the U.S. Corporate Transparency Act, which forces the ultimate beneficial owners of companies to be revealed, but only to authorities and only under certain circumstances. The public is still left in the dark.

In my personal opinion, here lies the problem. We, of course, would not be here if it were not for the courageous whistleblowers, like the Panama whistleblowers John Doe and, most recently, Natalie Mayflower Sours Edwards, who we have to thank for the FinCEN files investigation which, as one U.S. senator said, made clear we need to strengthen, reform, and update anti-money laundering laws. What these whistleblowers and our investigations have shown is that as long as we rely on authorities and law enforcement alone, kleptocrats will have an easy play.

Journalists, scholars, and civil society groups have proven to be an essential pillar for exposing corruption and championing reforms to fix the problem. This is one of the reasons why I, together with Zoe Reiter and David Szakonyi, founded the Anti-Corruption Data Collective. We bring together leading journalists, data analysts, academics, and policy advocates from all around the world to expose transnational corruption flows and propose, without fear or favor, reforms that will finally stop those flows. The collective draws from experts and participating organizations, and on the ground networks of local nonprofit partners and journalists all around the world.

We leverage both data and expertise to target specific vehicles for hiding and laundering ill-gotten gains. If law enforcement systems were working effectively alone, we would not need to do this work. For a variety of reasons, they do not. This is why I ask you here today, why not make corporate ownership registries open to the public? I suggest the answer is because good proposals have been watered down by a strong lobby fighting to keep the public in the dark. Here I refer especially to Western enablers of kleptocracy, to the service providers, dealmakers, former and sometimes current government officials, and lobbyists who reap great personal benefit from helping kleptocrats to launder their money and gain power and political influence in Western economies.

In the Panama Papers alone, we found more than 1,000 Mossack Fonseca-registered companies just in Nevada. In fact, in my opinion, one of the countries most complicit in helping individuals hide their finances is, unfortunately, still the United States of America. President Biden promised recently the United States will lead by example and in partnership with allies, civil society, and the private sector to fight the scourge of corruption. This is a mission, he said, for the entire world. These are strong and encouraging words, in my opinion. However, President Biden will be judged by the actions that you hopefully follow. The time is to act now, before it is too late. Thank you.

Mr. MASSARO: Thank you very much, Frederik, and for your work as well. You have really done an extraordinary service in this space.

I now want to hand the floor to Nate Sibley of the Kleptocracy Initiative. Nate.

Mr. SIBLEY: Well, hello and thank you. I am profoundly honored. I am really, really excited on a personal level to be invited to speak here today at the launch of this bipartisan caucus against foreign corruption and kleptocracy. I want to begin, of course, by thanking the four co-chairs and the 13 other members of the caucus for their commitment and leadership at this critical time. I am also very grateful for the diligent efforts of your staffers who I work with—you know, like Troy Dougall, Phil McDaniel in the two co-

chairs' offices—but particularly my dear friend Paul Massaro, who is chairing this today at the Helsinki Commission, and who I am delighted is joining me as an adjunct fellow at Hudson Institute's Kleptocracy Initiative this week as well. We are really going places in fighting kleptocracy, clearly.

Today I am going to take a bit of a different tone from Frederick, actually. I am going to take a step back and highlight the history of American, but particularly congressional, anti-corruption leadership. Explain why this is needed now more than ever as we learn about the pervasive threat posed by global kleptocracy. As I said, taking a step back from recent news cycles and our current sort of very important pitch for reforms, I think America can and should be very proud of its long tradition of confronting corrupt practices at home and around the world. Our founding fathers' strong concerns about corruption manifested themselves in the unprecedented safeguards against abuse that are included in our Constitution.

During the Gilded Age, America arguably prevented its own slide into oligarchy by acting to restrain the power of the robber barons, the industrialists. The 20th and 21st centuries, America became the global superpower and the dollar became the global currency. Successive U.S. administrations have really led the world in defending and promoting rule of law through diplomacy, economic statecraft, sanctions, and so on, and of course law enforcement. Not always as much as they should have done, as Frederik as said, but I still think we should be proud of being the global leader on that. Just last week, as everyone has mentioned, quite rightly, President Biden ordered a massive acceleration of these efforts by identifying fighting corruption as a core U.S. national security interest.

I wanted to highlight the fact that it is often the U.S. Congress that has pioneered and empowered America's fight against corruption, as well as resolutely calling out authoritarian abuses when U.S. administrations have, for whatever reason, failed to step up. Just to recap, 1970, the Bank Secrecy Act laid down the framework for anti-money laundering system that is now the standard model worldwide. 1977, America made its great promise never to export corruption by introducing the Foreign Corrupt Practices Act. In 1986, the U.S. became the first country to actually ban money laundering, make it a Federal crime—a lot later than most people assume that actually happened. America was still the first.

In 2001, the Patriot Act massively enhanced our ability and that of our allies to attack not only terrorist financing but corruption and other forms of malign financial activity too. If we fast forward to 2016, and of course Senator Cardin is on the line, the Global Magnitsky Act, which made it possible to target human rights abuses and corrupt officials through sanctions. Again, that is now being copied by other democratic partners all around the world. Then finally, as Frederik mentioned, on January the 1st this year, Congress enacted the most significant upgrade to our financial defense for two decades, by banning anonymous shell companies that are so often used as money laundering vehicles.

I am recounting all these achievements not to sort of put you to sleep or certainly give the impression that our work is done here. Quite the opposite, in fact, but because I wanted to remind us just what is possible when Congress pulls together with the energy that you are now channeling through this caucus, because we now face an era in which that spirit of bipartisan innovation is going to be needed more than ever. Nor do I want to gloss over America's shortcomings. I agree with much of what Frederik said. Of course,

in the aftermath of the cold war, we assumed that democratic transitions around the world would naturally flow from economic liberalization. We were wrong, in many cases.

Instead, authoritarian leaders simply abused their access to the global financial system to steal billions and then trillions of dollars each year from their own people. Never before in human history had it been possible to transfer wealth across borders anonymously at the click of a button. That, above all else, is why kleptocracy has exploded in recent decades. They could not do that alone. I believe it has a stain on our national honor that by servicing kleptocratic regimes an unscrupulous minority of American lawyers, bankers, and other professionals have not only facilitated but incentivized the pillaging of the poorest and most vulnerable countries on Earth. I know many of the bills coming through—coming down the line I the caucus are aimed at addressing that wrong.

Kleptocracy has grown beyond a straightforward acquisitive crime. It has become a system of governance now that is symbiotically linked to authoritarian rule, as Congressman Malinowski was talking about earlier. China, Iran, Russia, Venezuela, all our most dangerous adversaries have learned to exploit vulnerabilities in the U.S. and global economy. Not just for their own illicit self-enrichment anymore, but often to advance malign political objectives that undermine our interests and our security and safety.

Meanwhile, the exported byproduct of their domestic corruption is poisoning the global economy and is having a pervasive and corrosive effect on the rule of law worldwide. I do not believe we are ever going to eradicate corruption. It is as old as human society itself. It is why we developed democracies to keep things in check. We can, and must, put an end to global kleptocracy. Unlike some other authoritarian tactics that we talk about a lot—such as, for example, disinformation—there are really concrete, legislative steps that this caucus can and will take now to defend our financial system, to target corruption overseas, and unite democratic allies in doing the same.

Indeed, I hope that parliamentarians in other democracies are listening and will once again follow the U.S. Congress' example and form similar groupings of their own, with whom you can cooperate to align laws and policies. That is so important, but make no mistake, there is only one country that can lead the fight against rising authoritarian kleptocracy. That is the United States of America. That by doing so through this caucus you will transform dangerous vulnerabilities into powerful leverage over our authoritarian adversaries. You will create a more level playing field for American businesses operating overseas, who are often preyed up or have to compete with China's hideously corrupt state-backed companies. You will reengage populations worldwide whose impoverishment at the hands of kleptocrats has made them disillusioned with America's promise of democracy and capitalist prosperity.

I have been going on a bit, so I am just going to leave with the thoughts of my favorite president, Theodore Roosevelt, who was also speaking to Members of Congress in 1903 when he said, "The givers and takers of bribes stand on an evil preeminence of infamy. The exposure and punishment of public corruption is an honor to a nation, not a disgrace. The shame lies in toleration, not in correction. If we fail to do all that in us lies to stamp out corruption, we cannot escape our share of responsibility for the guilt. The first requisite of successful self-government is unflinching enforcement of the law and cutting out corruption."

Thank you so much for letting me speak today. I will hand back to you, Paul.

Mr. MASSARO: Thank you very much, Nate.

Now I would like to hand the floor to Elaine Dezenski of the Foundation for Defense of Democracies. Elaine.

Ms. DEZENSKI: Thanks, Paul. Good afternoon, everyone. It is an absolute pleasure to be here. Chairman Cardin and all the members of the—founding members of this new caucus, thank you so much for the opportunity to be part of this conversation. Of course, to my fellow panelists, it is wonderful to see everybody.

This work in the anti-corruption space is heavy stuff. I think I want to start by just expressing a little bit of joy and levity around the idea that we actually have a caucus—[LAUGHS]—focused on these important issues. We have to sometimes take a step back and celebrate when important things happen. This is certainly one of them. Congratulations to everyone, and Paul in particular, thank you for all your excellent work to get this—to get this moving.

I feel like we are at a bit of an inflection point here. I have been in the anti-corruption space for a bit more than a decade now. It started during an assignment that I had at Interpol back in 2009 where I got what I call a real glimpse of the problem of corruption in law enforcement. Even at that time, the particular problems with multilateral engagement and the use of tools that are supposed to be doing good—like a red notice process—how they can easily be co-opted by states who wish to misuse important mechanisms.

I went on from there to work at the World Economic Forum, where I ran the anti-corruption program for a number of years and interacted with more than 100 CEOs who were committed to anti-corruption and promoting transparency but were continually frustrated by the absence of a level playing field and the inability to really make a difference when it comes to enforcing anti-corruption laws. Fast forward a couple years after that, I found myself doing some work for FDD, and had the opportunity to go deep into China and what was happening with China's Belt and Road Initiative.

At first glance, before I really got into the research, I was somewhat shocked around the anecdotal information that was coming in. I mean, how could it be, after 30 years of driving anti-corruption efforts within the development space, that we would see new forms of corruption coming up all over the world, particularly in the developing south, and coming through a program called the Belt and Road Initiative? I spent about a year looking at that, and we have already talked about it a little bit, but I want to put a finer point on what is happening with China's role—China, Inc., if you will—and this export not only of what China considers to be its successful development model to other parts of the world, but the corruption norms that go along with it.

Here I am not talking about corruption as a side component of development, like we have had for many years, right? The cutoff the top, the 10 percent that somehow disappears off a World Bank project. No, we are talking about corruption that is endemic to the model, right? It is the way that opaque deals are being done. It is the political and economic extraction that follows when people are bought off on such a grand scale that there's really—that it is very difficult to pull that back. What we have seen is a complete shift in terms of the global development agenda, what that means, the role of infrastructure—and how infrastructure has now become the defining element.

This presents a very complicated case for us, but I think it is one of the clearest lenses we have into the fight against foreign corruption and what it means, because it is taking on these fascinating forms. Unfortunately, the train has left the station. A lot



of damage has been done in a short amount of time around the world, just through one program called the Belt and Road Initiative. We are now thinking and acting on ways to counter that, but we are facing a new dynamic, and one that will threaten American interests abroad for many years.

We need to get a handle on that. I think this caucus can play an incredible role in terms of shedding more light on these challenges, and in particular what they mean for Americans. This is really the second point that I want to make, which is when we talk about combatting foreign corruption in all its forms, we need to link that back to what it means for Americans—particularly for the middle class. We sit in a pretty interesting space right now where we have seen the foment of populism in our country. We have seen it in Germany, in the U.K., in Brazil. There is a disconnect between our policies and their impact abroad and how people perceive that, and whether they perceive value.

I think we need to really double down on the components of anti-corruption and the strategies that we use going forward, and linking that into a safe America, a more economically secure America, and ultimately one where we are rethinking our alliances. I have been doing a lot of writing on this concept of ally shoring, pivoting supply chains out of China, reducing dependencies with rogue actors, and pushing into alliances where we have a trusted partnership. This reinforces our message around the importance of an anti-corruption posturing globally and will help us. It is not something that we can do alone. We can absolutely lead, and we should, but we need to—we need to strengthen our commitment with our allies on all fronts when it comes to combatting foreign corruption and beyond.

The third and final point that I want to make is around enforcement, because I sometimes feel that enforcement is the 800-pound gorilla in the room. [LAUGHS.] We have a lot of international and multilateral frameworks, the U.N. Convention Against Corruption and others, and national laws on the books to fight corruption. Few are actually enforced. Until we get to this challenge, and we put better structures in place to address enforcement, we are going to be behind the curve, particularly as it related to kleptocracy.

Today it is worth mentioning that over 100 organizations signed onto a declaration in support of launching an international anti-corruption court. I mention that because I think we need to be more creative about how we think about multilateral engagement for enforcement, and what are the systems and institutions that we need to be able to fight these long-term challenges? Now is the time to do that, as we rethink supply chains, and we rethink economic security, and we rethink our alliances. There is opportunity for more solutions—regional tribunals, international tribunals, other ways to hold kleptocrats accountable. It is something that we need to prioritize.

Those are the three areas that I wanted to mention. Again, thank you so much for the opportunity to be part of this conversation. I look forward to supporting the efforts of the caucus.

Mr. MASSARO: Thank you very much, Elaine.

We will now move to our final panelist, Gary Kalman of Transparency International USA. Gary.

Ms. KALMAN: Thanks, Paul, and let me add my thanks to the others for the members that have joined this caucus in coming together in a bipartisan fashion. It is—I do want to just echo the thoughts of my co-panelists that this is truly a unique and wonderful

moment in moving these issues forward. What we believe can have fundamental change for the way in which this issue is looked at and addressed going forward.

Let me start, just picking up on some of the comments of my colleagues. What I want to do is—we have heard a lot about the problem and mechanisms in the past. I want to sort of move toward the future and some things that we hope that the caucus will be able to address, and some of which they have already made strides in moving forward.

We all know the U.S. is not only the world's largest economy, but it is also the world's reserve currency, as the dollar. Fifty percent of all cross-border transactions happen with the U.S. dollar. The rules that we have in the United States regarding our financial system matter. They matter here, and they matter across the globe. Let me just take two quick seconds here to talk about what I mean, how that translates. When we act here, what that means abroad.

People have mentioned the Corporate Transparency Act to crack down on the abusive amount of shell companies that passed on January 1st—a terrific, monumental update to our anti-money laundering laws done in bipartisan fashion. When that passed, Transparency International Chapters in Nigeria and elsewhere emailed me and called me to say that there is nervousness in the State capitals. They are, quote, “trembling in their boots,” that what we did here is having reverberation across the globe.

Shortly thereafter TI Canada called me to tell me that in the budget for the Federal Government that was proposed, they have now proposed money to create a national registry for beneficial ownership. They have been working on that for 10 years, and it was not until after the U.S. acted that they then finally were moved to push it across the finish line. Just to say that what we do here matters a lot. The president, the president's memo, and the national security study memorandum, that will have, I believe, enormous impact going forward.

We sort of looked at this year as the season of summits around corruption. There is the G-7, the G-20, the—a variety of other summits. The U.N. just finished with its special session. Of course, leading up to the Summit for Democracy at the end of the year, the beginning of next. What this caucus is already doing, and I think Representative Malinowski alluded to the fact that this is going to be anti-kleptocracy month and there is going to be a series of bills. I am not going to go through them all, but I do want to just highlight a few that have broad bipartisan support. Some have already had unanimous committee votes, and we believe have a real good shot at passing and will have enormous impact.

One is the CROOK Act, which was mentioned before, to create an anti-corruption action fund. We have already reached out to chapters in Hungary, Armenia and elsewhere, where they are going to prepare testimonials on what that kind of funding would do to help their efforts to fight corruption in their own countries. This is already being anticipated, and we hope that it will continue its move forward in bipartisan fashion. That has been included in one other larger bill around the China competitiveness issues. We hope that it will make it through the process. It would be an enormous step.

The second, the Foreign Extortion Prevention Act, this would criminalize the demand-side of bribery. We already have a very successful Foreign Corrupt Practices Act to criminalize the offering of bribes. As people have said, that is been a model for the world. Other countries have adopted it. The importance of the U.S. doing this let me just

take a second to explain. There are numerous countries that actually already criminalize—they have gone beyond our own law—on paper.

Yet, when Transparency International took a look at the 47 countries that have a demand-side and also an offering-side of bribery as—criminalizing it, we found four countries of those 47 were actively enforcing the law. The U.S. was far and above—far and away the best enforcement. We believe that if this law is passed, you will literally see other countries start to enforce the law and will be able to crack down on the demand side as well as the offering side. It will make a huge difference.

The last bill I am going to mention—well, actually, two other quick things. One is, Justice for Victims of Kleptocracy Act. I want to mention that because it was just introduced and will finally shine some light on the money that has been seized in this country that was stolen from other nations, put it in one place, and allow people to actually see what we have and hopefully help us move toward returning those assets to the countries in a way that will help the citizens from whom it was stolen. It is a significant bill, and we also hope it will continue to have the bipartisan support that it was introduced with.

People mentioned FinCEN funding, and a number of the caucus members signed onto a letter that was urging for a substantial increase in FinCEN funding. Elaine mentioned enforcement as a key priority that we need to take a look at. Let me just say that our FinCEN, our Financial Intelligence Unit, is the same size as the financial intelligence unit of Australia. Let us just do a quick comparison: Our economy is \$20 billion. Australia's is \$2 trillion. We are the world's reserve currency. They are not.

The notion that we could actually police the world's financial system—or at least that which involves the U.S. dollar—with the same size as Australia's—it is simply not going to happen. The substantial increase, we believe, will, again, have enormous impact. We would like to see it in the president's budget. We would like to see a bipartisan letter from Members of Congress. We hope that will happen very soon.

Finally let me just talk on a couple of things in the administration. Given, as we have talked about with the Transparency Act, the Treasury Department and FinCEN are writing rules as we speak. We hope that the caucus will pay close attention to the drafting of those rules, and when the draft rule comes out we urge them to write letters and contact and reach out to the Treasury Department to make sure that those rules are strong, to make sure that they do not have loopholes or exceptions through which bad actors can slip. We think that the Treasury is, from our conversations and the comments filed, we think we are headed in a good direction. We need to make sure that things do not fall apart between now and the actual final rulemaking. We urge the caucus to be engaged in that process. We already know that there is bipartisan support for these types of provisions.

The geographic targeting orders is another area. People talk about the real eState market being a vulnerability. This is something that has now existed and survived three different administrations, both Republican and Democrat. It requires a collection of beneficial ownership information for high-end cash finance real eState deals. They are temporary. They need to be made permanent. We actually have what we think is going to be a bipartisan and unusual ally coalition supporting the extension of the GTOs, making them permanent across the country. We have talked to industry, and we believe that they are ready to sign on and support actually making them permanent across the country. Therefore, with civil society support and industry support, we are hoping the caucus can weigh in and let us get that done.

Then finally, just what we have seen in the international sector, and people have mentioned it. The U.S. is going to be present at a number of these gatherings throughout the year. The G-20 is only the latest in which negotiations are going on. Financial Action Task Force is reviewing some of its recommendations. Of course, ending with the Summit for Democracy. We look forward to working with all of you on these many, many issues, and hope to see some success that can truly change the dynamics of the way this issue has been addressed in the future—in the past, rather.

Thank you so much, Paul, for inviting me to speak, and look forward to working with you.

Mr. MASSARO: Thank you very much, Gary. Thank you very much to our members, our panel, the Helsinki Commission, caucus members for their leadership in this space. It really is extraordinary bipartisan leadership.

As Gary mentioned, it is counter-kleptocracy month. All month long we will be introducing bills—a bill a week. Please follow @kleptocaucus, the caucus Twitter handle. The hashtag for kleptocracy—counter-kleptocracy month is #kleptomonth. Therefore, let us make that trend, and please look for letters, legislation, and events from the caucus in the future. Thank you very much for attending today, and that will conclude the event.

[END]





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