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To promote international efforts in combating corruption, kleptocracy, and illicit finance by foreign officials and other foreign persons, including through a new anti-corruption action fund, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 18, 2019

Mr. KEATING (for himself, Mr. FITZPATRICK, Mr. HASTINGS, Mr. WILSON of South Carolina, Mr. COHEN, Mr. ADERHOLT, Ms. JACKSON LEE, Mr. HUDSON, Ms. MOORE, Mr. CURTIS, Mr. SUOZZI, and Mr. MALINOWSKI) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To promote international efforts in combating corruption, kleptocracy, and illicit finance by foreign officials and other foreign persons, including through a new anti-corruption action fund, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Countering Russian
3 and Other Overseas Kleptocracy Act” or the “CROOK
4 Act”.

5 **SEC. 2. FINDINGS.**

6 Congress finds the following:

7 (1) Authoritarian leaders in foreign countries
8 abuse their power to steal assets from state institu-
9 tions, enrich themselves at the expense of their coun-
10 tries’ economic development, and use corruption as
11 a strategic tool both to solidify their grip on power
12 and to undermine democratic institutions abroad.

13 (2) Global corruption harms the competitiveness
14 of United States businesses, feeds terrorist recruit-
15 ment and transnational organized crime, enables
16 drug smuggling and human trafficking, and stymies
17 economic growth.

18 (3) Illicit financial flows often inconspicuously
19 penetrate a country through what appears to be le-
20 gitimate financial transactions, as kleptocrats laun-
21 der money, use shell companies, amass offshore
22 wealth, and participate in a global shadow economy.

23 (4) The government of Vladimir Putin in Rus-
24 sia is the leading model of this type of foreign
25 kleptocratic system, using corruption to erode demo-
26 cratic governance from within and discrediting de-

1 mocracy abroad, thereby strengthening his authori-
2 tarian rule.

3 (5) Russia uses stolen money to—

4 (A) purchase key assets in other countries,
5 particularly with a goal of attaining monopo-
6 listic control of a sector;

7 (B) gain access to and influence the poli-
8 cies of democratic countries; and

9 (C) directly fund political parties and orga-
10 nizations that advance Russian interests in
11 other countries, particularly those that under-
12 mine confidence and trust in democratic sys-
13 tems.

14 (6) Thwarting these tactics by Russia and other
15 kleptocratic governments requires the international
16 community to strengthen democratic governance, the
17 rule of law, and international cooperation in com-
18 bating illicit finance, especially by empowering re-
19 formers in foreign countries during historic political
20 openings for the establishment of the rule of law in
21 those countries.

22 (7) New reformers in foreign countries must act
23 quickly to seize political openings for anti-corruption
24 reform, but as these reformers are often outsiders
25 with little government experience, they may need sig-

1 nificant technical assistance to root out deep-seated
2 corruption.

3 **SEC. 3. DEFINITIONS.**

4 In this Act:

5 (1) **RULE OF LAW.**—The term “rule of law”
6 means the principle of governance in which all per-
7 sons, institutions, and entities, whether public or
8 private, including the state itself, are accountable to
9 laws that are publicly promulgated, equally enforced,
10 and independently adjudicated, and which are con-
11 sistent with international human rights norms and
12 standards.

13 (2) **FOREIGN STATE.**—The term “foreign state”
14 has the meaning given such term in section 1603 of
15 title 28, United States Code.

16 (3) **INTELLIGENCE COMMUNITY.**—The term
17 “intelligence community” has the meaning given
18 such term in section 3(4) of the National Security
19 Act of 1947 (50 U.S.C. 3003(4)).

20 (4) **PUBLIC CORRUPTION.**—The term “public
21 corruption” means the unlawful exercise of entrusted
22 public power for private gain, including by bribery,
23 nepotism, fraud, or embezzlement.

1 (5) FOREIGN ASSISTANCE.—The term “foreign
2 assistance” means foreign assistance authorized
3 under the Foreign Assistance Act of 1961.

4 (6) APPROPRIATE CONGRESSIONAL COMMIT-
5 TEES.—The term “appropriate congressional com-
6 mittees” means—

7 (A) the Committee on Foreign Relations,
8 the Committee on Banking, Housing, and
9 Urban Affairs, and the Committee on Finance
10 of the Senate; and

11 (B) the Committee on Foreign Affairs, the
12 Committee on Financial Services, and the Com-
13 mittee on Ways and Means of the House of
14 Representatives.

15 **SEC. 4. INTERNATIONAL STANDARDS.**

16 It is the sense of Congress that the following inter-
17 national standards should be the foundation for foreign
18 states to combat corruption, kleptocracy, and illicit fi-
19 nance:

20 (1) The United Nations Convention against
21 Corruption.

22 (2) Recommendations of the Financial Action
23 Task Force (FATF) comprising the International
24 Standards on Combating Money Laundering and the
25 Financing of Terrorism & Proliferation.

1 (3) The Organisation for Economic Co-oper-
2 ation and Development Convention on Combating
3 Bribery of Foreign Public Officials in International
4 Business Transactions (OECD Anti-Bribery Conven-
5 tion), the 2009 Recommendation of the Council for
6 Further Combating Bribery, the 2009 Recommenda-
7 tion on the Tax Deductibility of Bribes to Foreign
8 Public Officials; and other related instruments.

9 (4) Legal instruments adopted by the Council
10 of Europe and monitored by the Group of States
11 against Corruption (GRECO), including the Crimi-
12 nal Law Convention on Corruption, the Civil Law
13 Convention on Corruption, the Additional Protocol
14 to the Criminal Law Convention on Corruption, the
15 Twenty Guiding Principles against Corruption, the
16 Recommendation on Codes of Conduct for Public
17 Officials, and the Recommendation on Common
18 Rules against Corruption in the Funding of Political
19 Parties and Electoral Campaigns.

20 (5) Organization for Security and Cooperation
21 in Europe (OSCE) “Second Dimension” commit-
22 ments on good governance, anti-corruption, anti-
23 money laundering, and related issues.

1 (6) The Inter-American Convention Against
2 Corruption under the Organization of American
3 States.

4 **SEC. 5. STATEMENT OF POLICY.**

5 It is the policy of the United States to—

6 (1) leverage United States diplomatic engage-
7 ment and foreign assistance to promote the rule of
8 law;

9 (2) promote the international standards identi-
10 fied in section 4, as well as other relevant inter-
11 national standards and best practices as such stand-
12 ards and practices develop, and to seek the universal
13 adoption and implementation of such standards and
14 practices by foreign states;

15 (3) support foreign states in promoting good
16 governance and combating public corruption;

17 (4) encourage and assist foreign partner coun-
18 tries to identify and close loopholes in their legal and
19 financial architecture, including the misuse of anon-
20 ymous shell companies, free trade zones, and other
21 legal structures, that are enabling illicit finance and
22 authoritarian capital to penetrate their financial sys-
23 tems;

24 (5) help foreign partner countries to investigate
25 and combat the use of corruption by authoritarian

1 governments, particularly that of Vladimir Putin in
2 Russia, as a tool of malign influence worldwide;

3 (6) make use of sanctions authorities, such as
4 the Global Magnitsky Human Rights Accountability
5 Act (enacted as subtitle F of title XII of the Na-
6 tional Defense Authorization Act for Fiscal Year
7 2017 (Public Law 114–328; 22 U.S.C. 2656 note)),
8 to identify and take action against corrupt foreign
9 actors; and

10 (7) ensure coordination between the depart-
11 ments and agencies of the United States Govern-
12 ment with jurisdiction over the advancement of good
13 governance in foreign states.

14 **SEC. 6. ANTI-CORRUPTION ACTION FUND.**

15 (a) IN GENERAL.—The Secretary of State shall es-
16 tablish in the Department of State a fund to be known
17 as the “Anti-Corruption Action Fund” to aid foreign
18 states to prevent and fight public corruption and develop
19 rule of law-based governance structures, including ac-
20 countable investigative, prosecutorial, and judicial bodies,
21 and supplement existing foreign assistance and diplomacy
22 with respect to such efforts.

23 (b) FUNDING.—An amount equal to five percent of
24 each civil and criminal fine and penalty imposed pursuant
25 to actions brought under the Foreign Corrupt Practices

1 Act on or after the date of the enactment of this Act that
2 would otherwise be deposited in the Treasury of the
3 United States shall be deposited in the Anti-Corruption
4 Action Fund under subsection (a), to be available without
5 need for subsequent appropriation and without fiscal year
6 limitation.

7 (c) SUPPORT.—The Anti-Corruption Action Fund
8 may support governmental and nongovernmental parties
9 in advancing the goals specified in subsection (a) and shall
10 be allocated in a manner complementary to existing
11 United States foreign assistance, diplomacy, and the anti-
12 corruption activities of other international donors.

13 (d) PREFERENCE.—In programing foreign assistance
14 using the Anti-Corruption Action Fund, the Secretary of
15 State shall give preference to projects that—

16 (1) assist countries that are undergoing historic
17 opportunities for democratic transition, combating
18 corruption, and the establishment of the rule of law;

19 (2) are important to United States national in-
20 terests; and

21 (3) where United States foreign assistance
22 could significantly increase the chance of a success-
23 ful transition described in paragraph (1).

24 (e) PUBLIC DIPLOMACY.—The Secretary of State
25 shall publicize that funds provided to the Anti-Corruption

1 Action Fund originate from actions brought under the
2 Foreign Corrupt Practices Act so as to demonstrate that
3 monies obtained under such Act are contributing to inter-
4 national anti-corruption work under this section, including
5 by reducing the pressure that United States businesses
6 face to pay bribes overseas, thereby contributing to greater
7 United States competitiveness.

8 **SEC. 7. INTERAGENCY TASK FORCE.**

9 (a) IN GENERAL.—The Secretary of State shall have
10 primary responsibility for managing a whole-of-govern-
11 ment effort to improve coordination among United States
12 Government departments and agencies, as well as with
13 other donor organizations, that have a role in promoting
14 good governance in foreign states and enhancing the abil-
15 ity of foreign states to combat public corruption.

16 (b) INTERAGENCY TASK FORCE.—Not later than 180
17 days after the date of the enactment of this Act, the Sec-
18 retary of State shall establish and convene an Interagency
19 Task Force composed of—

20 (1) representatives appointed by the President
21 from appropriate departments and agencies, includ-
22 ing the Department of State, the United States
23 Agency for International Development (USAID), the
24 Department of Justice, the Department of the
25 Treasury, the Department of Homeland Security,

1 the Department of Defense, the Department of
2 Commerce, the Millennium Challenge Corporation,
3 and the intelligence community; and

4 (2) representatives from any other United
5 States Government departments or agencies, as de-
6 termined by the Secretary.

7 (c) ADDITIONAL MEETINGS.—The Interagency Task
8 Force established in subsection (b) shall meet not less
9 than twice per year.

10 (d) DUTIES.—The Interagency Task Force estab-
11 lished in subsection (b) shall—

12 (1) evaluate, on a general basis, the effective-
13 ness of existing foreign assistance programs, includ-
14 ing programs funded by the Anti-Corruption Action
15 Fund under section 6, that have an impact on pro-
16 moting good governance in foreign states and en-
17 hancing the ability of foreign states to combat public
18 corruption;

19 (2) assist the Secretary of State in managing
20 the whole-of-government effort described in sub-
21 section (a);

22 (3) identify general areas in which such whole-
23 of-government effort could be enhanced; and

1 (4) recommend specific programs for foreign
2 states that may be used to enhance such whole-of-
3 government effort.

4 **SEC. 8. DESIGNATION OF EMBASSY ANTI-CORRUPTION**
5 **POINTS OF CONTACT.**

6 (a) EMBASSY ANTI-CORRUPTION POINT OF CON-
7 TACT.—The chief of mission of each United States em-
8 bassy shall designate an anti-corruption point of contact
9 for each such embassy.

10 (b) DUTIES.—The designated anti-corruption points
11 of contact under subsection (a) shall—

12 (1) with guidance from the Interagency Task
13 Force established under section 7, coordinate an
14 interagency approach within United States embas-
15 sies to combat public corruption in the foreign states
16 in which such embassies are located that is tailored
17 to the needs of such foreign states, including all rel-
18 evant United States Government departments and
19 agencies with a presence in such foreign states, such
20 as the Department of State, USAID, the Depart-
21 ment of Justice, the Department of the Treasury,
22 the Department of Homeland Security, the Depart-
23 ment of Defense, the Millennium Challenge Corpora-
24 tion, and the intelligence community;

1 (2) make recommendations regarding the use of
2 the Anti-Corruption Action Fund under section 6
3 and other foreign assistance related to anti-corruption
4 efforts in their respective foreign states, aligning
5 such assistance with United States diplomatic
6 engagement; and

7 (3) ensure that anti-corruption activities carried
8 out within their respective foreign states are included
9 in regular reporting to the Secretary of State
10 and the Interagency Task Force under section 7, including
11 United States embassy strategic planning documents and
12 foreign assistance-related reporting, as appropriate.

14 (c) TRAINING.—The Secretary of State shall develop
15 and implement appropriate training for designated anti-
16 corruption points of contact under this section.

17 **SEC. 9. REPORTING REQUIREMENTS.**

18 (a) REPORT ON PROMOTING INTERNATIONAL
19 STANDARDS IN COMBATING CORRUPTION, KLEPTOCRACY,
20 AND ILLICIT FINANCE.—Not later than 180 days after the
21 date of the enactment of this Act, the Secretary of State,
22 in consultation with the Administrator of the USAID and
23 the Secretary of the Treasury, shall submit to the appropriate
24 congressional committees a report that—

1 (1) summarizes any progress made by foreign
2 states to adopt and implement each of the inter-
3 national standards in combating corruption,
4 kleptocracy, and illicit finance listed in section 4;

5 (2) details the efforts of the United States Gov-
6 ernment to promote such international standards;

7 (3) identifies priority countries for outreach re-
8 garding such international standards; and

9 (4) outlines a plan to encourage the adoption
10 and implementation of such international standards,
11 including specific steps to take with the priority
12 countries identified in accordance with paragraph
13 (3).

14 (b) REPORT ON PROGRESS TOWARD IMPLEMENTA-
15 TION.—Not later than one year after the date of the enact-
16 ment of this Act and annually thereafter for three years,
17 the Secretary of State, in consultation with the Adminis-
18 trator of the USAID, shall submit to the appropriate con-
19 gressional committees a report summarizing progress in
20 implementing this Act, including—

21 (1) a description of the bureaucratic structure
22 of the offices within the Department and USAID
23 that are engaged in activities to combat corruption,
24 kleptocracy, and illicit finance, and how such offices
25 coordinate with one another;

1 (2) information relating to the amount of funds
2 deposited in the Anti-Corruption Action Fund estab-
3 lished under section 6 and the obligation, expendi-
4 ture, and impact of such funds;

5 (3) the activities of the Interagency Task Force
6 established pursuant to section 7(b);

7 (4) the designation of anti-corruption points of
8 contact for foreign states pursuant to section 8(a)
9 and any training provided to such points of contact
10 pursuant to section 8(c); and

11 (5) additional resources or personnel needs to
12 better achieve the goals of this Act to combat cor-
13 ruption, kleptocracy, and illicit finance overseas.

14 (c) ONLINE PLATFORM.—The Secretary of State, in
15 conjunction with the Administrator of the USAID, shall
16 consolidate existing reports and briefings with anti-corrup-
17 tion components into one online, public platform, that in-
18 cludes the following:

19 (1) The Annual Country Reports on Human
20 Rights Practices.

21 (2) The Fiscal Transparency Report.

22 (3) The Investment Climate Statement reports.

23 (4) The International Narcotics Control Strat-
24 egy Report.

25 (5) Any other relevant public reports.

1 (6) Links to third-party indicators and compli-
2 ance mechanisms used by the United States Govern-
3 ment to inform policy and programming, such as the
4 following:

5 (A) The International Finance Corpora-
6 tion's Doing Business surveys.

7 (B) The International Budget Partner-
8 ship's Open Budget Index.

9 (C) Multilateral peer review anti-corrup-
10 tion compliance mechanisms, such as the
11 Organisation for Economic Co-operation and
12 Development's Working Group on Bribery in
13 International Business Transactions, the Fol-
14 low-Up Mechanism for the Inter-American Con-
15 vention against Corruption (MESICIC), and
16 the United Nations Convention against Corrup-
17 tion, done at New York October 31, 2003, to
18 further highlight expert international views on
19 foreign state challenges and efforts.

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