**Summit for Democracy**

**\* DRAFT – 11/22/2022**

S4D Event: **S4D Working Group on Kleptocracy and Illicit Finance Dialogue 2023**

Thematic Area: Investigating and Prosecuting Kleptocrats and Complicit Enablers

Date: February 2023, TBD

Hosted by: [Terrorism, Transnational Crime and Corruption Center (TraCCC)](https://traccc.gmu.edu/), [Anti-Illicit Trade Institute (TraCCC-AITI)](https://traccc.gmu.edu/projects/current/anti-illicit-trade-institute/), George Mason University (GMU)

Chairs: David M. Luna, Co-Director of AITI at TraCCC and Dr. Layla Hashemi, TraCCC

**Strategic Overview: The Destructive Impacts of Kleptocracy and Illicit Finance**

In numerous parts of the world, kleptocrats continue to “use political power to appropriate the wealth of their nation”.[[1]](#footnote-1) Such great illicit wealth through corruption and criminality acts as a threat multiplier and is financing an array of conflicts, violence, market chaos, and global instability. Kleptocracy remains a pervasive threat to democracy, corroding the rule of law, fueling impunity, imperiling effective implementation of national sustainability, undermining poverty alleviation and economic development strategies, contributing to human rights abuses, and enflaming insecurity in many regions.

“When government officials abuse public power for private gain, they do more than simply appropriate illicit wealth. Corruption robs citizens of equal access to vital services, denying the right to quality healthcare, public safety, and education. It degrades the business environment, subverts economic opportunity, and exacerbates inequality. It often contributes to human rights violations and abuses, and can drive migration. As a fundamental threat to the rule of law, corruption hollows out institutions, corrodes public trust, and fuels popular cynicism toward effective, accountable governance.”[[2]](#footnote-2)

Across today’s global threat environment, criminals and bad actors exploit natural disasters, human misery, and market shocks for illicit enrichment.

Dark money and illicit finance, particularly related to authoritarian states, pose direct threats to democracies, societal stability, market security, and the global financial system. This is especially true when autocrats engage in illicit activities with criminal oligarchies, state-sponsored criminal groups, complicit enablers, and other threat networks to launder dirty money to finance malign actions that destabilize the national interests of Western powers, the stability of nation-states, and the security of the international system.

When corrupt ruling elites conspire with criminals, they manipulate weak governance structures to erode judicial independence and quash anticorruption investigations and the rule of law so that democracy cannot take hold. Increasingly, autocrats and kleptocrats borrow from each other’s practices to sustain their power and illicit behaviors, provide an alternative governance model, and destabilize Western norms and values. These are existential threats to democracies.

At the crossroads of corruption and organized crime are the professional enablers and facilitators that help finance today’s illicit economies. Through anonymous shell companies and licit and illicit money laundering vehicles, criminals, kleptocrats, and other bad actors are able to reinvest their dirty money in the United States and other markets to purchase and enjoy luxury real estate, yachts, jets, sportscars, and other opulent goods and services. Such unscrupulous and unethical enablers and gatekeepers include accountants, lawyers, art dealers, investment advisors, real estate professionals, trust or company service providers, leaders of luxury vehicle companies, money service businesses, and other professionals.

Reform champions, ethical judges, investigative journalists, and corruption fighters who have challenged the growing authoritarianism and kleptocracy in many parts of the world have been targeted and silenced. Anti-corruption advocates and illicit finance experts, including judges, journalists, and investigators, have been imprisoned and murdered for their work while others are now are in exile.

With respect to international cooperation and capacity-building, several USG and other international agencies including the UN have provided law enforcement technical assistance to countries in efforts to fight kleptocracy and illicit finance.

The US State Department’s Bureau for International Narcotics and Law Enforcement Affairs (INL) leads U.S. engagement in many multilateral fora focused on anti-corruption, including the development and promotion of strong international standards; administers anti-corruption deterrence tools; and oversees programs to build partner capacity to prevent and combat corruption. Other tools include such activities as establishment of special commissions, expanded media attention, and the use of new technology.

USAID also supports governmental and civil society partners to develop strategies and tools to fight corruption. USAID is engaged translating commitments into meaningful results by focusing on three areas: 1) Promoting country commitments to democratic renewal; 2) Advancing inclusive democracy; and 3) How governments can delivery democracy daily and addressing issues that directly affecting local communities. During the first Summit, USAID convened 12 mayors from around the world to highlight the importance of cities and subnational governments to the renewal of democracy worldwide.[[3]](#footnote-3)

The US Treasury Department’s Office of Technical Assistance and the US Justice Department’s International Criminal Investigative Training Assistance Programs focus on the following two important areas: 1) Training of Judges, Prosecutors, and Investigators; and 2) Improving law Enforcement Institutions.

**Proposed Areas for S4D Dialogue II on Fighting Kleptocracy: Leveraging Anti-Corruption and Law Enforcement Tools to Fight Kleptocracy and Illicit Finance**

Keynote Session (Speakers TBC): Amb. Richard Nephew, Dr. Shelley, Amb. Eisen (Brookings)

Session 1: Leveraging Anti-Corruption Toolbox: Theft of National Assets and Natural Resources that Finance Conflicts and Authoritarianism

* Case Studies: Russia, China, North Korea, Iran, Venezuela
* Strengthening Cooperation Across Borders to Build Cases
* Potential Speakers (TBC):

Session 2: Financial Investigations: Following the Money

* Investigating and Surfacing Bad Actors: Beneficial Ownership
* Potential Speakers (TBC):

Session 3: Judicial Action: Prosecuting and Disrupting Kleptocracies

* Intelligence, Information Sharing and Technical Assistance
* Potential Speakers (TBC):

**About the S4D Working Group on Kleptocracy and Illicit Finance**

The WG meeting was created with the intention to introduce new members and discuss, define, and sharpen WG Core objectives and priorities for the 2022-2023 initiatives, events, and a WG 2023 S4D report. There is emerging consensus by the group to complement related work across the S4D Cohorts with a more robust law enforcement approaches and technical assistance to fight kleptocracies and their dirty money. Members also aim to identify ways to align other efforts to address beneficial ownership related to high-level corrupt officials and their enablers. Members are committed to using the convening power of the WG to optimize partnerships with the USG and other governments to ensure that S4D commitments are implemented and technical expertise is leveraged to undertake more cross-border law enforcement and asset recovery efforts. The S4D Working Group (WG) seeks to advance a whole-of-society approach to combat kleptocracy and illicit finance.

Learn more about the S4D WG on Kleptocracy and Illicit Finance’s 2021 Dialogue: <https://traccc.gmu.edu/wp-content/uploads/2021/12/TraCCC-AITI-6-December-2021-Report-for-S4D-Event-on-Authoritarian-States-Illicit-Finance-and-Kleptocracy-Threats-to-Democracy-Peace-and-Security.pdf>.

Pre-register for the next WG Meeting on **Monday December 12, 12pm ET**: <https://gmu.zoom.us/meeting/register/tJUtdeCtqzItEtZnmRDyHjmnLD48CF9siqeZ>

1. USAID, DEKLEPTIFICATION GUIDE Seizing Windows of Opportunity to Dismantle Kleptocracy, September 2022, accessed at: <https://www.usaid.gov/sites/default/files/documents/USAID_Dekleptification_Guide_FINAL.pdf>. [↑](#footnote-ref-1)
2. The White House, “United States Strategy to Counter Corruption”, December 2021, accessed at:

<https://www.whitehouse.gov/wp-content/uploads/2021/12/United-States-Strategy-on-Countering-Corruption.pdf>. [↑](#footnote-ref-2)
3. Demonstrating the Value of Democracy:Three ways USAID is translating global democratic commitments into meaningful results, September 2022, accessed at: <https://medium.com/usaid-2030/demonstrating-the-value-of-democracy-65ee630c7e30> [↑](#footnote-ref-3)