



BROOKINGS



Summit For Democracy (S4D) Working Group
**KLEPTOCRACY & ILLICIT FINANCE DIALOGUE
II: INVESTIGATING AND PROSECUTING
KLEPTOCRATS AND COMPLICIT ENABLERS**

FINAL REPORT

MARCH 2023

S4D Working Group on Kleptocracy and Illicit Finance Dialogue

Dialogue II: Investigating and Prosecuting Kleptocrats and Complicit Enablers

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Democracy is under siege. As research has demonstrably shown, there is a strong inverse relationship between kleptocracy and democracy and equality, especially as kleptocrats pillage their countries, crippling development and laundering billions of dollars of their illicit wealth to offshore havens every year. Such corruption serves as a threat multiplier, endangering not only our common security, but also economic equity, global anti-poverty efforts, and democracy itself.

David M. Luna, Chair, S4D WG Kleptocracy

I. Executive Summary

On February 9, 2023, the [Summit for Democracy \(S4D\) Working Group \(WG\) on Kleptocracy and Illicit Finance](#) hosted a dialogue on “Investigating and Prosecuting Kleptocrats and Complicit Enablers”. The event expanded on the earlier 2021 WG Dialogue which focused on authoritarian states’ corruption and money laundering as threats to democracy, peace, and security. [YouTube [video](#) of the S4D WG Dialogue 2023 [here](#).]

The S4D Working Group was created in September 2021 by the [Anti-Illicit Trade Institute \(AITI\)](#) at the [Terrorism, Transnational Crime and Corruption Center \(TraCCC\)](#), George Mason University, as a civil society-driven dialogue to fight corruption and money laundering and to defend democracy against authoritarianism, confront hubs of illicit trade, and safeguard human rights and security.

The focused mission of the WG has been to mobilize energies, ideas, and actions among interested civil society and USG partners to ensure that the fight against kleptocracy and illicit finance remains a high priority within the [Summit for Democracy](#) diplomatic initiative and participating governments’ S4D commitments.

In recent years, economists have pegged the volume of illicit wealth stashed by kleptocrats at trillions of dollars in offshore centers, shell companies, and reinvested laundered dirty money in G7, EU markets, and popular luxury-living destinations and resorts around the world.¹

¹ International Consortium of Investigative Journalists, Panama Papers, 2021, accessed at: <https://www.icij.org/investigations/pandora-papers/global-investigation-tax-havens-offshore/>.

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In 2022-2023, within the framework of the S4D WG, there was consensus by members of the group to complement related work across the S4D Cohorts with more robust law enforcement approaches and technical assistance to fight kleptocracies and their dirty money.

S4D WG members aimed to identify ways to align other efforts to address non-conviction forfeiture, beneficial ownership, and information sharing related to high-level corrupt officials and their enablers. Members also wanted to bring attention to the work of civil society leaders on the front lines of fighting kleptocracy including investigative journalists, whistleblowers, and other defenders of integrity. Members were committed to using the convening power of the S4D WG to optimize engagements 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 cooperation and asset recovery efforts.

The S4D WG closely coordinated with [S4D Financial Transparency and Integrity Cohort](#) and other Democracy Cohorts working on Anti-Corruption issues.

Through this report, the S4D WG advances a whole-of-society approach to combating kleptocracy and illicit finance to safeguard democracies, including a number of recommended actions to the USG and S4D community of interest. These include an emphasis on greater cross-border law enforcement cooperation to compel greater action to investigate and prosecute kleptocrats and their enablers, and to confiscate their illicitly-acquired assets and other related dirty money.

II. The Destructive Impacts to Democracy of Kleptocracies and Threat Finance

In numerous parts of the world, kleptocrats continue to “use political power to appropriate the wealth of their nation”.² 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.

² USAID, DEKLEPTIFICATION GUIDE Seizing Windows of Opportunity to Dismantle Kleptocracy, September 2022, accessible at: <https://www.usaid.gov/anti-corruption/dekleptification>.

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“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.”³

According to Oxford Dictionary, kleptocracy is defined as the “rule of thieves”, or a “government by people who use their power to steal their country resources.” Across today’s geo-security landscapes, kleptocrats, tyrants, autocrats - and their enablers - exploit every opportunity to leverage power, and to enrich themselves through corruption, fraud, embezzlement, illicit trade, money laundering, and other forms of crime.

In a complex, more dangerous world, and with democratic backsliding in some corners, kleptocracy has been increasing around the world and “most countries are failing to stop corruption “:⁴

“As global peace has been deteriorating for 15 years, corruption has been both a key cause and result of this.”

As they embark on such criminality, in too many places around the world, kleptocracies further weaponize corruption, and contribute to increased inequality, insecurity, and instability. In democracies where kleptocracy takes hold, unjust power systems enable economies to spiral downwards into failed states, conflict zones, or terrorist- or criminally-controlled ungoverned spaces.

“... in too many places around the world, kleptocracies further weaponize corruption, and contribute to increased inequality, insecurity, and instability.”

³ The White House, “United States Strategy to Counter Corruption”, December 2021, accessible at: <https://www.whitehouse.gov/wp-content/uploads/2021/12/United-States-Strategy-on-Countering-Corruption.pdf>

⁴ Transparency International, “2022 Corruption Perception Index Reveals Scant Progress Against Corruption As World Becomes More Violent”, Berlin, January 31, 2023, accessible at: <https://www.transparency.org/en/cpi/2022>.

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For example, the current unjust war in Ukraine sheds greater light on how President Putin, Kremlin leaders, and oligarchs have not only pillaged Russia's natural resources, but have used such wealth to finance other conflicts in Syria, Crimea, and malign influence in Central African Republic, Mali, Eritrea, and other African states through their mercenary group, the Wagner Group. Recent sanctions related to Russia's invasion of Ukraine by the United States, the European Union (EU), and other countries, have targeted the assets of Russian kleptocrats including fine real estate, sports teams, hotels, private yachts, jets, and other luxury possessions, as well as their numerous banking accounts.

Professional gatekeepers and enablers have helped kleptocrats and corrupt officials to hide their assets and launder them across financial safe havens around the world through anonymous shell companies, opaque investments, and other legal mechanisms. Often, kleptocrats will work with enablers through offshore banking with shell companies or trusts that contain valuable real estate or other assets. These professional facilitators and enablers include bankers, lawyers, accountants, wealth managers, art dealers, investment advisors, real estate agents, trust creators, company incorporators, gold and diamond traders, money laundering firms, and other service-based providers.

Thus, power and illicit wealth are the lifeblood of today's kleptocrats, enabling autocrats to loot their countries of staggering amounts of wealth, co-opt democracy, foment violence, undermine liberty, and curtail the freedoms of their people. They also help to corrode the rule of law, fuel impunity for criminals, imperil effective implementation of national sustainability and economic development strategies, contribute to human rights abuses, and enflame violent conflicts.

Corrosive capital, dark money, and illicit finance--particularly when 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, world order, and the security of the international system.⁵

When corrupt ruling elites, their families, and business associates 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.

⁵ Louise I. Shelley, "Dark Commerce: How A New Illicit Economy is Threatening Our Future," Princeton University Press, 2018.

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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.

In large part due to the extraordinary efforts of investigative journalists, civil society groups, the G7, INTERPOL, and efforts by law enforcement and financial intelligence units, and exposés such as the Panama, Paradise, and Pandora Papers, we are more informed of the breadth and scale of brazen kleptocrats' thievery. For example, we have learned of hundreds of billions of dollars that were stolen in Angola, Democratic Republic of the Congo, Equatorial Guinea, Haiti, Hungary, Indonesia, Malaysia, Nigeria, Nicaragua, Peru, Philippines, Russia, Venezuela, Ukraine, and many other countries. An interesting point among these kleptocracies is not only how often many of them will do business with one another, but how collectively they have also helped to create a community of enablers across secrecy havens, financial safe havens, and banking centers (e.g., New York City, Dubai, London, Hong Kong, Sydney, etc.).

The ruling elite in China also nurture a powerful kleptocratic network which continues to profit from an array of corruption and criminal activities in the country, and internationally. Illegal trade and specific unlawful activities generate massive revenues for the Chinese Communist Party (CCP) through its participation in licit and illicit global economies, across e-commerce marketplaces and the digital world.⁶

It has been reported – although the numbers are not precise – that China is responsible for introducing and laundering approximately \$2 trillion USD of illicit funds into the world's economy every year as measured by predicate offenses.⁷ Another way of looking at the magnitude of the problem is that approximately one-half of the total amount of money laundered worldwide is of Chinese origin. Much of this is facilitated by Chinese-centric money laundering methodologies, including services offered to the Mexican drug cartels and other criminal organizations.

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China's Belt and Road Initiative (BRI) –an ambitious multi-trillion dollar economic development assistance program – further servers as a corruptive pipeline to kleptocrats in

⁶ John Cassara, "China Specified Unlawful Activities: CCP Inc, Transnational Crime and Money Laundering", Amazon Publishing, February 2023, accessible at: <https://www.johncassara.com/index.html>.

⁷ *Ibid.*

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the developing world through China's project finance of roads, ports, pipelines, electrical power grids, mining, telecommunications, railroads, and other infrastructure. The licit trade channels and supply chains that the BRI is constructing are also creating illicit pathways exploited by an array of kleptocrats and criminals to traffic in fentanyl and opioids as well as counterfeits, weapons, and human beings. This furthers market penetration by criminals and contributes to the expansion of illicit economies globally. In fact, the BRI global footprint tracks some of the biggest illicit trade routes known for corruption, money laundering, and the trafficking of narcotics, weapons, counterfeits, humans, illegally mined natural resources, and other contraband.

In Africa, Latin America, Southeast Asia, and other parts of the world, China's BRI not only saddles recipient countries with long-term loans but also serves as an extension of its foreign policy goals by destabilizing other countries and diminishing Western influence. These loans, or corrosive capital, often serve as debt-traps that impoverish communities, as kleptocrats line their pockets and pad their offshore accounts while enabling China to control these countries' natural resources and critical strategic infrastructure. Through its leverage gained by non-transparent BRI loans, China's investments have increased its influence and control of key adjacent ports in Latin America and the Caribbean. Just as international trade in the past helped China develop a sophisticated system of underground banking, China along with Russia is now a world leader in "new payment" systems of transferring money and value, including but not confined to cryptocurrencies.

Iran also uses Iranian-backed criminal organizations and the terrorist group Hezbollah, to not only generate income but also to launder assets to evade United Nations (UN) sanctions and undermine Western democracies. It has been widely reported that Iran-backed Hezbollah and Islamic Revolutionary Guard Corps (IRGC)-backed forces engages in the trafficking of drugs, counterfeits, and cigarettes in the Tri-Border Area of South America. The dirty money derived from these illicit activities, helps Iran and Hezbollah to finance numerous operations to hurt the United States, Israel, and other Western powers. In Venezuela, Iran has encouraged Hezbollah to help the Maduro regime finance its authoritarian rule through trafficking in drugs, oil, gold, and other contraband across illicit markets.

In Guatemala, Venezuela, and other kleptocracies in Latin America, ruthless autocrats continue to destroy their citizens' aspirations for a better life by plundering national assets and natural resources. These anti-democratic kleptocracies are fueling greater crime, violence, insecurity, and migration. In 2020, the U.S. Department of Justice (DOJ) charged President Nicolás Maduro Moros and 14 other high-level Venezuelan officials

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with corruption, drug trafficking, and other serious crimes, “systematically looting Venezuela of billions of dollars.”⁸

“... ruthless autocrats continue to destroy their citizens’ aspirations for a better life by plundering national assets and natural resources. These anti-democratic kleptocracies are fueling greater crime, violence, insecurity, and migration.”

Central American dictators and corrupt Central American business elites hide their illicit wealth in offshore havens or launder them as reinvestments in real estate and other formal sectors in the United States and other developed economies, enabling them to live a life of luxury and security. Similar to the corruptive influence of other presidents in some Central American governments, Guatemalan President Alejandro Giammattei has undermined anticorruption efforts in the country and has manipulated the criminal justice sector with impunity for his own benefit and for the protection of his cronies.

In Mexico, cartels and organized criminals have fueled kleptocracy and co-opted the government at the federal, state, and local levels. Through their corruptive influence, they have significantly infiltrated and penetrated the Mexican military, police, and other governmental institutions, and destabilized markets, critical infrastructure, the rule of law, and regional security. In February 2023, former Mexican Minister for Public Security Genaro Garcia Luna was sentenced for taking millions of dollars in bribes from the Sinaloa Cartel.⁹ It has also been reported by Mexican authorities that the former Minister embezzled hundreds of millions of dollars more in government technology contracts through a chain of anonymous companies and a network of money laundering enablers.¹⁰

Likewise, in Africa, authoritarian leaders and kleptocrats live in a parallel universe in contrast to the harsh living conditions of their own peoples. Numerous reports have leveled allegations of African leaders looting national coffers, infrastructure construction projects, oil revenues, rainforests, minerals, and natural resources. For example, in the past decade, the DOJ has confiscated millions of dollars in assets

⁸ U.S. Department of Justice, “Nicolás Maduro Moro and 14 Current and Former Venezuela Officials Charged with Narco-Terrorism, Corruption, Drug Trafficking, and other Criminal Charge”, March 26, 2020, accessible at: <https://www.justice.gov/opa/pr/nicol-s-maduro-moros-and-14-current-and-former-venezuelan-officials-charged-narco-terrorism>.

⁹ U.S. Department of Justice, Ex-Mexican Secretary of Public Security Genaro Garcia Luna Convicted of Engaging in a Continued Criminal Enterprise and Taking Millions in Cash Bribes from the Sinaloa Cartel”, February 21, 2023, Press Release, accessible at: <https://www.justice.gov/usao-edny/pr/ex-mexican-secretary-public-security-genaro-garcia-luna-convicted-engaging-continuing>.

¹⁰ PBS News Hour, “Mexico says former Security Chief stole \$745 million from government contracts, February 9, 2023, accessible at: <https://www.pbs.org/newshour/world/mexico-says-former-security-chief-stole-745-million-from-government-contracts>.

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amassed through corruption and money laundering through civil forfeiture procedures related to the current Vice President of Equatorial Guinea Teodoro Nguema Obiang Mangue.¹¹

Across the Sahel, North Africa, and the Middle East, corrupt ruling elites have financed a corridor of illicit trafficking that helped fuel the rise of violent extremist groups and financed their terror campaigns, training camps, and safe havens. Illicit trade has enabled criminal and terrorist networks to exploit insecurity and crime to finance their trafficking and smuggling operations and expand control over a large swath of territories. As in other parts of the world, corruption is a force multiplier that destabilizes communities, threatening the security of all nations in the region and beyond. It also undercuts economic development and the region's ability to absorb international assistance and improve stability and security.

In Asia, strongmen subvert freedoms and the will of their people. For example, North Korea's dictatorship remains one of the most dangerous, lasting autocratic regimes in the post-World War II era.

As a rogue and ruthless "Supreme Leader", Kim Jong-un has extended his family's control of the country and financed its survival through a combination of brutality, nuclear weapons proliferation and trafficking, and through a criminal network of state-sponsored illicit trade including drug trafficking, counterfeiting of currency and illicit goods, money laundering, and modern slavery and human trafficking. Kim Jong-un's illicit finance maintains regular governmental operations and sustains the regime's weapons programs in contravention of U.N. sanctions.

Authoritarianism has also made gains in Southeast Asia and South Asia. Past kleptocratic regimes in Indonesia, Malaysia, and the Philippines, for example, have looted tens of billions of dollars from their countries and moved these stolen assets overseas or used them to purchase luxury real estate and very expensive consumer goods.

In Bangladesh, during the reign of former Prime Minister Khaleda Zia, her sons Tarique Rahman and Arafat "Koko" Rahman were responsible for the theft and extortion of tens of millions of dollars to finance a posh lifestyle, including the purchase of luxury

¹¹ U.S. Department of Justice, "Second Vice President of Equatorial Guinea Agrees to Relinquish More than \$30 Million of Assets Purchased with Corruption Proceeds", October 10, 2014, Press Release, accessible at: <https://www.justice.gov/opa/pr/second-vice-president-equatorial-guinea-agrees-relinquish-more-30-million-assets-purchased>.

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villas and penthouses across Southeast Asia and the Gulf region, art work, and other high-value properties and assets.

The 1MDB corruption case in Malaysia cost the country \$5 billion in stolen assets by corrupt ruling elites and their enablers including Goldman Sachs, which according to DOJ pled guilty for “knowingly and willingly” conspiring to violate the Foreign Corrupt Practices Act (FCPA) and engaging in bribery and money laundering of such looted economic development funds.¹²

The former Soviet republics in Central Asia have long been controlled by kleptocrats whose primary motivation is to line their pockets through plundered assets, increase their own power, and repress the freedom and liberties of their people.

Ukraine has not been immune from corruption, either. In recent decades, numerous high-ranking officials have been investigated and prosecuted during their tenures in power for looting tens of billions of dollars of national assets including Leonid Kuchma, Pavlo Lazarenko, Victor Yanukovich, and others. During the Russia invasion of Ukraine, President Zelensky who ran on an anti-corruption campaign, has also had to crack down on corruption within his administration and reports of military procurement malfeasance, embezzlement, and misuse of public funds by several Ukraine officials.

Enablers Empower Kleptocrats and Finance Greed, Inequality and Insecurity

At the crossroads of corruption and organized crime are the greedy professional enablers and facilitators that help to offshore stolen funds and finance today’s grand-scale corruption and illicit economies across international financial systems.

Among these enablers are bankers, lawyers, accountants, art dealers, investment advisors, real estate agents, trust or company providers, gold and diamond traders, and other service-based firms and professionals who are complicit in abetting kleptocrats to launder money to commit their fraud, corrupt practices, and financial crimes. In these schemes, enablers also undermine democracy and threaten the security of many societies globally.¹³

¹² U.S. Department of Justice, “Goldman Sachs Charged in Foreign Bribery Cases and Agrees to Pay Over \$2.9 Billion”, October 22, 2020, Press Release, accessible at: <https://www.justice.gov/opa/pr/goldman-sachs-charged-foreign-bribery-case-and-agrees-pay-over-29-billion>.

¹³ Frank Vogl, “The Enablers: How the West Supports Kleptocrats and Corruption – Endangering Our Democracy”, Roman & Littlefield, 2022, accessible at <https://www.frankvogl.com/book-overview>.

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Enablers allow access to offshore banking jurisdictions with little oversight, anonymous shell companies, lack of beneficial ownership reporting, lack of enforcement or anti-money laundering (AML) compliance, and licit and illicit money laundering vehicles.

With the help of such enablers, criminals, kleptocrats, and other bad actors are able to reinvest their dirty money in the United States and other markets to enjoy the fruits of their crimes. These ill-gotten gains are then used to purchase and enjoy luxury real estate, art and antiquities, yachts, jets, sports cars, and other opulent goods and services.

There is growing recognition that to effectively combat kleptocracy and illicit finance, targeting enablers across the international financial systems and safe havens where dirty money is also reinvested is critical.

As Frank Vogl, S4D WG Dialogue 2023 keynote speaker, recommends in his new book, “The Enablers:”

“Curbing the activities of the enablers will make it far more difficult for kleptocrats and their associates to launder their stolen loot and invest it safely and profitably. It will make it harder for authoritarian governments to access the global capital markets and secure formidable sums of cash through new bond issues. Diminishing the activities of the enablers for their corrupt clients will make the financing of terrorist organizations more difficult. It will stymie the rising efforts of some regimes, notably Russian and Chinese, to channel funds to foreign governments and organizations in their quests to disrupt democracies and diminish Western geopolitical and commercial influence.”¹⁴

Kleptocrats Target Investigative Journalists, Anti-Corruption Champions, Civil Society Groups

The fight against kleptocracy requires a multi-stakeholder approach that includes members of civil society at the local, national, and international levels. An effective policy strategy includes experts from a variety of sectors to address the repression and protection of those at the front lines of exposing kleptocracy and corruption. It is critical to provide cases and practical recommendations for engaging and collaborating with civil society and human rights defenders for this year’s Summit and beyond.

¹⁴ *Ibid.*, Vogl, “The Enablers”.

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Civil society organizations and rule of law activists play an important role in the battle to fight kleptocracy and safeguard democracy globally. Through their investigations, technical expertise and capacities, and public awareness campaigns on costs of corruption to governance, human rights, economic development, and security, for example, democracy champions help to usher greater voice, accountability, and positive change in their communities.

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 in exile.

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III. Discussion at the S4D Dialogue, 9 February 2023: Challenges and Key Points

The opening plenary of the S4D WG Dialogue featured numerous keynote speakers who provided brief strategic statements on the work of their respective organizations including the U.S. Department of State's Office of the Coordinator for Global Anti-Corruption, the Brookings institution, and the Terrorism, Transnational Crime and Corruption Center.

At the onset, the Chair posed some questions for participants on how to ensure that S4D communities undertake a frank assessment on what is working or not working, and what appropriate accountability measures and metrics can help the S4D initiative so that participating countries can develop better solutions and approaches on fighting kleptocracy and illicit finance:

- Are we making progress? - If not, why not?
- What are some of the remaining challenges for cross-border cooperation? What is possible? What is not possible?
- Within realities and limitations, what more can we do together to have greater results and impact?

The Deputy Coordinator for Global Anti-Corruption, **Brendan Boundy**, informed participants about ongoing efforts by the State Department to implement the [U.S. Strategy on Countering Corruption](#) (Strategy) and to elevate anti-corruption as a foreign policy priority, given its threat to national security. Boundy also emphasized the extent to which corruption is weaponized by state actors, often as a tool for malign geopolitical influence.

The Strategy outlines a whole-of-government approach and makes the fight against corruption internationally a priority for the U.S. Government. It places particular emphasis on better understanding and responding to the threat's transnational dimensions, including by taking additional steps to reduce the ability of corrupt actors to use the U.S. and international financial systems to hide assets and launder the proceeds of corrupt acts.

To guide implementation, the Strategy organizes U.S. Government efforts to fight corruption under five mutually reinforcing pillars:

- Modernizing, coordinating, and resourcing U.S. Government efforts to fight corruption
- Curbing illicit finance
- Holding corrupt actors accountable

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- Preserving and strengthening the multilateral anti-corruption architecture
- Improving diplomatic engagement and leveraging foreign assistance resources to achieve anti-corruption policy goals

The United States continues to engage with other governments, the private sector, and civil society to strengthen anti-corruption policies including through public-private partnerships.

Given corruption's adverse impact to democracy, President Biden directed the United States to ensure that fighting kleptocracy should be one of the three pillars of the Summit for Democracy, which continues to be a rallying point for building collective action and democratic renewal. The United States continues to work with S4D to ensure effective implementation of commitments, elevate some of the S4D themes into multilateral and diplomatic space to strengthen new partnerships that are enduring. (Note: U.S. Government participation in this event should not be interpreted as an endorsement of the recommendations contained in this report. End Note.)

Discussion over three panel sessions illuminated how partners across governments, the private sector, and civil society can collaborate to bring kleptocrats to justice and seize their ill-gotten money. The civil society roundtable discussed the importance of advancing protections for those on the front lines of fighting corruption by defending the defenders including investigative journalists, whistleblowers, and other anti-corruption champions. The U.S. State Department, USAID, Brookings Institution, and the Open Government Partnership are co-leading the Financial Transparency and Integrity Democracy Cohort as part of the S4D Year-of-Action to share experiences and best practices on fighting corruption. Civil society plays an indispensable role in anti-corruption efforts around the world.

Ambassador (ret.) Norman Eisen, senior fellow at [The Brookings Institution](#) (which serves as a co-sponsor of the S4D WG Dialogue II and a co-lead of the Financial Transparency and Integrity Cohort), emphatically raised the global concerns about the continued complicity of enablers in helping kleptocrats to pillage their countries and foment greater insecurity such as supporting the unjust war in Ukraine. Related to collective efforts by the international community, he underscored the need to ask ourselves if our efforts are succeeding: Are they working? Where are we as a community on fighting kleptocracy? The reality is that these are complex issues and progress has been “slow but steady.”

However, Ambassador Eisen noted that we are at an inflection point and highlighted how the S4D Cohorts working on anti-corruption can make further positive steps in this global fight against kleptocracy, human rights, and democratic backsliding. The S4D initiative is

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critical given that in places where we see slippage of security and democracy, and as reflected in international peace indices, the issue of corruption is front and center. It is also important to understand ways that kleptocrats, oligarchs, and their enablers finance illicit activities that create insecurity and violence.

The United States plans to make these important issues a key part of the Second Summit for Democracy in March 2023. Brookings has compiled the S4D anticorruption commitments thus far and is analyzing progress on these commitments. Brookings plans to release its Third “Democracy Playbook” following the Second S4D. The Playbook contains best practices on anti-corruption nested in a larger context of reversing democracy backsliding.

Brookings will convene a civil society dialogue on anti-corruption and other key issues during the week of the Second S4D. A save the date will soon follow. Please reach out to Robin Lewis (RLewis@brookings.edu) to be added to the distribution list for more information.

Dr. Louise Shelley, Director of the Terrorism, Transnational Crime and Corruption Center (TraCCC) at George Mason University, highlighted concerns on the “reputational laundering” that goes on in many parts of the world as professional enablers help kleptocrats to hide and launder their stolen assets and reinvest them legally in the Western markets, gaining prestige through their sponsorship of many diverse and highly visible institutions. The issue of investigations and prosecutions of kleptocrats is important not only from a national security perspective but also helps limit the extent kleptocrats can embellish their reputations.

Drawing on her expertise in the world of academia, Dr. Shelley also shared, for example, how kleptocrats try to whitewash their criminality through charitable contributions by sponsoring numerous research projects, programs, and exhibits at universities, research centers, think tanks and museums. Kleptocrats are especially visible in sponsoring art exhibitions and cultural exchanges at public and private institutions for the arts, cultural exchanges, and higher learning. Moreover, kleptocrats get “honored” through laundering their stolen assets through such charitable causes and thereby purchase legitimacy.

Many kleptocrats have high access in the United States to numerous commercial and financial markets, first-rate enablers, and politicians, helping to ensure that many of their family members are admitted to some of the top universities and colleges across the country. In fact, kleptocrats will also buy legally “golden” economic passports and

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visas by investing significantly in localities across the United States, Europe, and elsewhere.

There is a significant difference between the investigations conducted by juridical systems and journalists. Legal investigations of kleptocrats are rarely conducted and are very costly for governments. In contrast, especially through their access to leaked documents, journalists more frequently engage in investigations of large-scale and regional kleptocrats. But the consequences of these investigation can be costly to both journalists and their publishers.

Dr. Shelley notes that there are rarely any investigations or prosecutions in courts of these foreign officials tied to their official corruption or serious crimes, or of those who allow these officials to taint our communities with their dirty money. While there have been some exceptions in recent years, one of the many reasons it is difficult to prosecute kleptocracy cases in the United States is because other countries refuse to cooperate or provide evidence to help related investigations. This is why there is a greater need for different strategies to go after kleptocrats and why an International Anti-Corruption Court is also very much needed.

Journalistic investigations can bring attention to an array of corruption cases globally, but journalists carry great risks and face difficult challenges, threats, and dangers in exposing kleptocratic misbehaviors in their countries including murder or legal harassment (lawfare), delegitimizing them, or imprisoning them as “enemies of the state.”

Key highlights of the three panels discussion follow.

A. Strengthening Cooperation to Investigate Kleptocracies and Seizing Assets

Countries are at different stages in meeting the needs of investigators in their fight against kleptocracies. Specifically, there is a strong need for training investigators in the use of tools and techniques. Coupled with this priority is cooperation among law enforcement agencies (both within countries and internationally). In progressing from traditional investigative techniques, there is a need for greater use of big data analytics and other technology.

The United States and international organizations, like the United Nations have been addressing these needs, but the greatest effort has been from the U.S. Department of Justice (DOJ) under its Office of Overseas Prosecutorial Development, Assistance and

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Training (OPDAT) program. For decades, OPDAT has been providing this help in most countries through finding each country's specific needs and providing state-of-the-art assistance.

Concurrently, investigative reporters through the Organized Crime and Corruption Project (OCCRP) have become sophisticated investigators in their use of technology and their international collaboration. Asset forfeiture has been a priority focus of both public and private organizations, including the DOJ and the World Bank.

Panelists shared their experiences on how they have conducted investigations to disrupt and ultimately dismantle specific networks of kleptocrats, facilitators, and enablers across jurisdictions that embezzled billions of dollars from their countries. There was also discussion on legal processes for identifying and seizing stolen assets, forfeiting proceeds of corruption from foreign corruption officials, and on returning such stolen assets to the country harmed.

Debra LaPrevotte, Senior Investigator for The Sentry and former FBI Supervisory Special Agent, shared her experiences over 25 years on the challenges and practicalities of investigating kleptocrats and seizing their looted assets. In recent years, LaPrevotte has investigated kleptocracies, greed, corruption and abuses of power that fuel conflicts, war crimes, and atrocities in Central and Western Africa, South America, Europe, and other regions. She has focused on corrupt regimes that use their military and secret police against the civilian population and suppress opposition and the media to maintain political power and access to state coffers.

LaPrevotte underscored how one of the most powerful tools in corruption investigations is subpoena authority to obtain evidence such as banking information, electronically stored information in cell phones and computers, other pertinent documents, records, or information, and to compel witnesses. In her work at the FBI that included initiating the FBI's Kleptocracy program, LaPrevotte worked on several high-level cases involving kleptocrats including former Nigerian President Sani Abacha, former Ukrainian Prime Minister Pavlo Lazarenko, and former South Korean President Chun doo Hwan. She shared that success in prosecuting Lazarenko was due not only to the excellent bilateral cooperation from Ukraine, but also the fact that Lazarenko was physically living in the U.S., and owned real estate and bank accounts in the U.S. The FBI/DOJ were able to seize \$258 million of Lazarenko's assets and obtained a \$40 million judgement in his criminal trial.

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LaPrevotte and other investigators in the FBI/DOJ successfully seized billions of dollars in corruption proceeds including assets traceable to Sani Abacha (Nigeria), \$630 million seized; 1MDB case (Malaysia), \$1.8 billion; \$3.3 billion in cryptocurrency; and hundreds of millions of dollars more in cases involving corruption in Bangladesh, South Korea, Equatorial Guinea, and other countries.

During her career, LaPrevotte helped to recover over \$1 billion of dirty money from the world's most corrupt leaders, often through the strategic use of non-conviction forfeiture laws. She emphasized that international cooperation was critical in those cases that were successfully prosecuted including countries such as Canada, Germany, Lithuania, Antigua, and the United Kingdom. Mutual legal assistance through bilateral treaties or multilateral frameworks such as the UN Convention Against Corruption (UNCAC) are also important mechanisms to obtain evidence, information, and testimony overseas in a form admissible in the judicial systems and courts of a requesting state.

However, challenges for conducting more cross-border investigations remain: a lack of resources, bandwidth (experts and manpower), and time to undertake these complex cases. According to LaPrevotte, academia can be a useful partner to help build anti-corruption expertise including TraCCC at George Mason University, Rutgers University, and many others. Another challenge is the lack of training or competencies on tracing money internationally or executing Mutual Legal Assistance Treaty (MLAT) requests. (80 percent of all looted money/national assets after they leave sovereign borders are in U.S. dollars, especially when they cross the American financial sector.)

Many countries do not have effective forfeiture laws or non-conviction-based forfeiture authorities. In cases where they do not, countries should look to jurisdictions that do have these laws and authorities, and venue, to help them conduct cross-border cooperation on corruption cases. LaPrevotte stressed that tracing and seizing assets is only the first step. Post seizure asset processing, including the practicalities and legal considerations for maintaining seized assets, becomes an important issue. Investigators must factor in the equity in the assets, its safe storage, appraisal, sale, and ultimate repatriation of the funds to the victims.

LaPrevotte underscored that if there is no political will to work on these cases with other jurisdictions, prosecuting kleptocracy becomes exponentially more difficult. Additionally, some countries (e.g., Russia, China, UAE) provide safe havens to kleptocrats – and their offshored assets – who have fled to avoid prosecution, extraditions, and asset confiscations.

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LaPrevotte also commented that lawfare is often used as a retaliatory tool against anti-corruption activists and journalists who have exposed the corruption of kleptocrats and their cronies, as a delay tactic, and to subvert the rule of law through frivolous lawsuits and abuse of the court systems.

David Lewis, Former Executive Secretary, Financial Action Task Force (FATF), Managing Director, Global Head of AML Advisory, Forensic Investigations and Intelligence, Kroll. Lewis provided an overview of how FATF works across the international community to fight corruption and money laundering including sharing his experience on the FATF mutual evaluation process. FATF examines whether member countries have the right national laws in place, whether such laws are being effectively implemented to combat money laundering and predicate crimes, and how such laws contribute to corruption investigations, prosecutions, and asset recovery.

The FATF—a very inclusive inter-governmental body—works on both the technical compliance and effective implementation of the FATF Recommendations which serve as framework to tackle illicit financial flows related to money laundering, terrorist financing, and the financing of proliferation as part of their national systems.¹⁵ Through Financial Intelligence Units (FIUs), many FATF member jurisdictions will coordinate with one another across borders on numerous complex money laundering investigations, prosecutions, and forfeiture and recovery of stolen assets.

According to Lewis, out of over 140 jurisdictions that have been assessed to date for effectiveness, only five are largely or fully compliant with the FATF Recommendations: Cayman Islands, Latvia, Macau (China), Malta, and Uruguay. Lewis underscored that a FATF member can be largely or fully compliant with the Recommendations but found to be ineffective on implementation.

With respect to enablers—also a large concern for FATF member states—another five countries (including founding members of FATF) are not compliant with the recommendation on Designated Non-Financial Businesses and Professions (DNFBPs): Australia, China, Haiti, Madagascar, and the United States all of which do not currently regulate their lawyers, accountants, and other non-financial professionals and service providers under FATF requirements. Lewis said that this was pretty “shocking” and that these five needed to ameliorate their legal shortcomings against enablers.

¹⁵ FATF Recommendations, “International Standards on Combating Money Laundering, the Financing of Terrorism, and Proliferation”, can be accessed at: <https://www.fatf-gafi.org/en/topics/fatf-recommendations.html>.

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Beneficial ownership, a way to obscure who actually owns and controls companies, assets, and trusts – is another challenging area for FATF that enables kleptocrats to hide and launder their dirty money all over the world. On a technical compliance level as to whether the right measures are in place to identify beneficial owners of companies and trusts, only half of countries have beneficial ownership laws in their legal systems. More concerning, when it comes to which countries are effectively identifying beneficial ownership and using such laws to identify the misuse of beneficial ownership, about 90 percent fail to meet this requirement. With respect to due diligence and preventive measures and supervision by firms, 75 percent of countries need to make fundamental changes or major regulatory improvements on supervision. On investigations and prosecutions of money laundering cases, only 20 percent of countries around the world are effective.

Continued challenges remain with respect to the significant lack of attention and resources devoted to complex money laundering cases. Many countries focus on money laundering related to petit corruption or less serious criminal cases, and not on targeting sophisticated money laundering networks. More technical training and capacities are needed to do more of these complex money laundering cases related to kleptocracy and other serious crimes. Comparing G20 AML resources, capabilities, and capacities to those of private banks and financial institutions, the differences are quite glaring, and demonstrates how kleptocrats and other bad actors can get away with their criminalities. There also needs to be more focus on information-sharing and supporting law enforcement liaisons across borders to ensure that there are more successful investigations and prosecutions.

In 2023, FATF is partnering with INTERPOL and other law enforcement agencies to do more on asset recovery, cyber-enabled financial crimes, and illicit finance operations, while also assessing the role of lawyers and accountants in money laundering. Central registries on beneficial ownership are also helping FATF to elevate this important area in 2023.

FATF and the international community also need to heighten awareness of **state capture** and how kleptocrats diminish the capacities of law enforcement agencies and FIUs to investigate corruption and further weaken judicial action to stay in power and continue to pillage their countries. Given such subversion, public pressure and collective action across sectors, communities, and civil society are critical to making gains in the fight against corruption and money laundering.

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Drew Sullivan, Co-Founder and Publisher, [Organized Crime and Corruption Reporting Project \(OCCRP\)](#) discussed some of the work of OCCRP and other investigative journalists in their effort to unravel the enrichment and movement of illicit wealth globally by kleptocrats. OCCRP has uncovered evidence in numerous kleptocracy cases and money laundering actions including some related to Magnitsky Act sanctions, suspicious wealth orders (U.K.), non-conviction forfeitures, and other law enforcement activities. OCCRP investigations and lawful submissions of information by its partner Transparency International (TI) have been responsible in part for \$9.7 billion in fines and seizures of stolen assets and personal properties around the world.

The [Global Anti-Corruption Consortium \(GACC\)](#) under the auspices of OCCRP and TI brings together a network of investigative journalists and civil society groups with the goal of achieving greater legal action across borders against corruption and kleptocracy. Sullivan outlined the four pillars of fighting kleptocracy: 1) journalists and civil society actors expose corruption and crime at the highest levels; 2) activists and civil society file suits or actions to return assets from kleptocrats, pressure law enforcement to act and demand accountability and transparency; 3) law enforcement or sanctioning bodies act on the evidence to enforce laws and regulations against kleptocrats and their enablers and; 4) policymakers leverage investigative findings to pass meaningful legislation and advance reforms.

Sullivan opines that investigative journalism is in its “golden age” in large part due to the outstanding efforts of non-profit media and investigative civil society organizations, but also mainstream journalism that is increasingly committed to a public service mission and having impact in their communities.

OCCRP creates a platform where any media can practice collaborative cross-border reporting in a resource-rich, coordinated environment with their growing network of investigative journalists and civil society activists. This has led to more actionable intelligence that law enforcement has used to conduct their kleptocracy cases. OCCRP’s database has produced several leads and intel dossiers that have enabled law enforcement agencies to successfully investigate and prosecute corrupt officials, and to “follow the money” around the world.

It takes a network to fight a network: Through trawling public records, corporate registries, and offshore leaks (e.g., Panama and Paradise Papers), [OCCRP’s Aleph](#) database and asset tracker are able to optimally share information within the global anti-corruption community. This allows them to map and link hub-and-spoke network operations of kleptocratic regimes and pinpoint stolen assets and beneficial owners of luxury assets such as real estate, planes, yachts that corrupt officials and their enablers have painstakingly tried to hide.

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OCCRP's Aleph database has about 3-4 billion entities (names, companies, addresses, etc.) related to organized crime and corruption. This empowers organizations to track these criminal networks across boundaries. OCCRP training and manuals help journalists in their localities develop skills, expertise, and resources including tips and tools to search for documents and data, freedom-of-information-request procedures for their countries as well as methods for accessing company and land registries, public procurement websites, court records, and lists of politically exposed persons.

On challenges and future progress, Sullivan stressed that resources are always critical to help the network of investigative journalists to do their important work. The Summit for Democracy can help in this regard. It is essential for participating governments to keep their pledges and commitment to fund deliverables and projects such as the Global Anti-Corruption Consortium (GACC) to sustain, and expand, the work of investigative journalists and civil society organizations in fighting corruption and kleptocracy internationally. OCCRP did an independent assessment and analysis and found that GACC has been five times more impactful than journalism or activism by itself. It does this by providing timely, actionable data to law enforcement or regulators that identifies stolen assets. Other S4D countries need to step up to the plate and work alongside the United States to seize stolen assets.

Sullivan also reinforced the dangers of lawfare and how frivolous lawsuits are being brought against OCCRP and other civil society organizations related to their anti-corruption work. Enablers are legally harassing and putting pressures on investigative journalists as was shared by Dr. Shelley earlier in the discussion to either self-censor, drop their investigations, delegitimize the truth, or as a way for law firms to whitewash their kleptocrat-clients' reputations (reputation enhancement).

OCCRP's Reporters Shield program is aimed to confront the growing threat of lawsuits by providing an insurance-like system that provides lawyers to defend the media in "strategic lawsuits against public participation" or SLAPPs, and other legal attacks intended to intimidate and silence independent media around the world. Reporters Shield is being conducted in partnership with the Cyrus Vance Center of the New York City Bar, AIG insurance and funded by USAID and other partners.

B. Judicial Action, Information-Sharing and Prosecutions

In Session 2, Moderator **Jonathan J. Rusch**, Director, U.S. and International Anti-Corruption Law Program and Adjunct Professor, Washington College of Law American University; and former Federal Prosecutor, Fraud Section, Criminal Division, U.S.

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Department of Justice, helped frame the discussion for panelists in a way that builds and links the earlier insights on the importance of working across borders to investigate and prosecute kleptocrats, follow the money, and seize and repatriate stolen assets. Information-sharing cooperation between countries and law enforcement agencies is essential to ensure more sustained progress in the global fight against kleptocracy. So too is the cooperative dynamics between the public and private sectors on what else can be done in enhancing the ability to pursue kleptocrats and their illicit wealth.

Mary Butler, Chief of the International Unit of the U.S. Department of Justice’s Money Laundering and Asset Recovery Section shared how DOJ continues to investigate and prosecute financial crimes such as kleptocrats and high-level corrupt officials, and those who bribe foreign officials under the FCPA, financial fraud, and work on the confiscation and recovery of stolen assets for repatriation.

DOJ’s KleptoCapture Task Force and Kleptocracy Asset Recovery Initiative are pillars of the U.S. efforts on cooperation with other governments, and serve as a road map on ways to collaborate better and more effectively. The [Task Force KleptoCapture](#), which has brought a sea change in international cooperation, is an interagency law enforcement task force dedicated to enforcing the “sweeping sanctions, export restrictions, and economic countermeasures that the United States has imposed, along with allies and partners, in response to Russia’s unprovoked military invasion of Ukraine.”

The KleptoCapture and the multinational task force, REPO — the Russian Elites, Proxies, and Oligarchs Task Force — have collectively frozen hundreds of billions of dollars in Russian state assets and tens of billions of dollars belonging to Kremlin-linked elites. Earlier this month, U.S. Attorney General Merrick Garland [announced](#) the first transfer of forfeited assets from sanctions against a Russia oligarch during an appearance with Ukrainian Prosecutor General Andriy Kostin at the Justice Department. The funds, according to Garland, will go toward aiding Ukraine.

DOJ’s Kleptocracy Team is responsible for implementing the Department’s [Kleptocracy Asset Recovery Initiative](#) through investigations of predicate crimes of money laundering, bribery, financial fraud, embezzlement, kleptocracy prosecutions, and litigation to recover the proceeds of foreign official corruption. The Asset Recovery Initiative focuses on stolen assets in the U.S. or when kleptocratic funds are channeled through the U.S. financial system.

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There remain numerous challenges related to investigating and prosecuting kleptocrats and enablers including the recovery of stolen assets or specific properties (*in rem*). Non-conviction-based forfeiture (NCB) was highlighted as a powerful tool for law enforcement and the courts to use to recover the proceeds and instrumentalities of corruption, and to seize stolen assets of kleptocrats and criminal enablers including in cases where there has been no conviction related to the criminal conduct. In these cases, the “defendant” is an asset traced to specific crimes. Importantly, NCB can be used for asset recovery of ill-gotten gains when kleptocrats have fled the country or have immunities in their country from investigation or prosecution, or in some cases, where the statute of limitations has expired. The United Nations Convention Against Corruption (UNCAC) and the Financial Action Task Force (FATF), and other international conventions, also encourage the use of NCB as an alternative mechanism to confiscate stolen assets.

Recently, DOJ also announced repatriation of the forfeited funds of past Nigerian kleptocracy which will be returned by the United States – through its Kleptocracy Asset Recovery Initiative. To date, DOJ has seized about \$2 billion under its non-conviction asset forfeiture authorities related to 12 countries, and returned about \$1.6 billion transparently, and with assurances that such repatriated funds are used for the benefit of local communities. DOJ works to promote transparency and ensure there are procedures that follow the rule of law so that repatriated assets are known to help harmed communities and properly used for their economic development benefit.

Butler reinforced the points made by earlier speakers that it is often dangerous to conduct investigations in countries where kleptocrats remain in power, where there is no political will to fight corruption, and where cooperation remains difficult. However, in some cases, predicates to money laundering enable DOJ and other jurisdictions to go after stolen assets if such funds have entered the U.S. banking or global financial system. Enablers also present some law enforcement challenges since it is difficult at times to overcome legal hurdles related to attorney-client privileges.

The confluence of stricter AML requirements, regulations, and recommendations on Western financial institutions with stronger anti-corruption crackdowns by the U.S. and other countries is having a positive effect and making it more difficult to launder kleptocrats’ dirty money. Implementation and enforcement of new beneficial ownership laws in the U.S. and other countries also help to prosecute the fight against kleptocracy. Investigative reporting of stolen assets also helps to begin new criminal investigations.

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Innovative partnerships and initiatives such as the [Global Operational Network of Anti-Corruption Law Enforcement Authorities \(Globe Network\)](#), Asset Recovery Inter-Agency Networks, the [Stolen Asset Recovery Initiative](#), supported by the United Nations Office on Drugs and Crime (UNODC) and the World Bank, support international efforts to end safe havens for corrupt funds and provide platforms for information exchange between frontline anti-corruption law enforcement practitioners across the globe. They also provide knowledge, expertise, resources and tools needed to track, investigate, and prosecute cases of cross-border corruption.

The [Kleptocracy Asset Recovery Rewards Program](#) can spur more leads on combating kleptocracy and foreign government corruption and help U.S. efforts to identify and recover stolen assets, forfeit proceeds of corruption, and, where appropriate and feasible, return those stolen assets or proceeds to the country harmed by the acts of corruption. The Program rewards individuals who provide material information that leads to the seizure, forfeiture, or repatriation of stolen assets linked to foreign government corruption.

U.S. Department of the Treasury's new regulations and rules of conduct related to enablers can help law enforcement agencies in their kleptocracy, corruption, and money laundering investigations and prosecutions.

Jeffrey Coleman, Supervisory Special Agent, FBI assigned to the [International Anti-Corruption Coordination Centre \(IACCC\)](#) provided an overview on how the FBI works closely with other U.S. law enforcement agencies and DOJ prosecutors to investigate corruption and kleptocracy. The FBI also works with multiple law enforcement partners around the world as part of the IACCC.

Established in 2017 to deal with growing transnational corruption scandals and cross-border investigations, the IACCC provides information, assistance, and other support to agencies investigating public corruption offenses. IACCC core participants include Australia, Canada, New Zealand, Singapore, and the United Kingdom. In 2020, IACCC added the following associate members from small financial centers: Cayman Islands Anti-Corruption Commission, Gibraltar Financial Intelligence Unit, Guernsey Financial Intelligence Unit, Isle of Man Financial Intelligence Unit, Jersey Financial Intelligence Unit, Mauritius Independent Commission Against Corruption, Seychelles Anti-Corruption Commission, and Turks and Caicos Islands Integrity Commission. Malta may join in 2023. In the future, IACCC members hope to deploy experts to more countries requesting technical assistance.

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Based in London, the IACCC assists law enforcement agencies with practical actions, intelligence-sharing, and advice to advance grand corruption investigations and track stolen kleptocratic assets; collects and disseminates information of grand corruption to law enforcement agencies of the affected states; coordinates the global law enforcement response to allegations of grand corruption; and collaborates with law enforcement agencies to create a constructive, cooperative and agreed-upon approach to allegations of grand corruption and complicit enablers. In the early years, requesting countries were not acting on the shared intelligence to initiate investigations. This led to IACCC providing technical capacities related, for example, to financial tracing or digital forensics, tailored training, and confidence-building measures that would spur more judicial action to combat corruption and related asset recovery. The IACCC also worked with countries to strengthen the drafting of MLATs to facilitate formal exchanges of evidence and information in criminal matters.

In the 5 years since it was established, the IACCC has identified an additional \$1.4 billion in stolen assets that were unknown by requesting countries, of which \$600 million has been restrained already. In the recent IACCC support to Angola, they helped to identify and freeze \$5 billion in stolen assets, much of which is currently in the process of being repatriated back to the country.

The IACCC is also working in support of the Summit of Democracy on anti-corruption case cooperation.

Tess Davis, Executive Director, [The Antiquities Coalition](#), spoke about efforts to combat illicit trade in cultural artifacts which helps to finance autocracies, organized crime, terrorism, and violent extremism around the world. The Antiquities Coalition brings together multi-stakeholders and a wide range of experts to counter cultural racketeering and safeguard world cultural heritage.

Davis underscored public-private partnerships and how the Coalition joins governments (G20, ASEAN), law enforcement agencies (FBI, Homeland Security Investigations (HSI), DOJ prosecutors, INTERPOL) the private sector, and civil society (investigative journalists) to address the pillaging of cultural artifacts from archaeological and sacred sites during conflicts or other crisis, while also strengthening markets and trade practices.

The U.S. is the biggest illicit market of the \$50 billion illegal trade of antiquities, constituting roughly 42-45 percent of such black-market trade. It is this scale of looting and trafficking that is also attractive to criminals and kleptocrats to launder their illicitly-

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acquired assets. This is especially true in the global art market, which many opine is one of the most unregulated markets in the world. Taken together, the lucrative nature of the trade, secrecy, the unique inherent value of art, and the lack of transparency and regulation create a perfect storm for a wide range of crimes – including illicit trafficking, smuggling, money laundering, fraud, tax evasion, forgery, counterfeiting, terrorist financing, sanctions evasion, etc.

The [Antiquities Coalition Financial Crimes Task Force](#) develops recommendations to protect the American art market from such crime convergence and illicit vectors, and to close existing legal and oversight loopholes that are exploited by money launderers, artifact traffickers, drug smugglers, kleptocrats, oligarchs, terrorists, and many other criminals. On September 24, 2020, the Task Force published their first joint report, *Reframing U.S. Policy on the Art Market: Recommendations for Combating Financial Crimes*.

Davis shared that since Russia invaded Ukraine in 2014 and 2022, the U.S. Congress and law enforcement agencies have learned more about how some Russian oligarchs – such as Boris and Arkady Rotenberg – have evaded sanctions through shell companies, money laundering, and the purchasing of expensive art works in the U.S.’s unregulated art market and auction houses. In February 2023, the U.S. Attorney’s Office for the Southern District of New York and the KleptoCapture Task Force subpoenaed records from art auction houses in New York City to investigate further abuses by sanctioned Russian oligarchs and other criminals to launder their dirty money.

Recognizing that art transactions were being used to evade sanctions and for money laundering purposes (e.g., Russian oligarchs), the National Defense Authorization Act for Fiscal Year 2021 (NDAA) removed antiquity dealers from exemptions under the Bank Secrecy Act (BSA) and AML laws, and now extends BSA report requirements and AML obligations.

Another one of most significant provisions of the NDAA was the Corporate Transparency Act (CTA), which is designed to address the abuse of anonymous shell companies for purposes of money laundering. The BSA reinforces good business practices such as customer due diligence, record-keeping, and anonymously reporting suspicious activities which are aligned with the art market’s own recommendations and best practices.

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While art and antiquity dealers are making progress detecting and fighting corruption and money laundering, other enablers across professional service-based industries also need to take the national security and law enforcement threats more seriously.

Jennifer Lewis, Deputy Executive Director, Anticorruption Task Force, USAID, shared insights on the vision and leadership of USAID Administrator Samantha Power on global anti-corruption strategies, safeguarding democracy, and advancing transparency and accountability programs that support investigative journalists, anti-corruption change agents, rule-of-law civil society activists, and innovation networks. Lewis also provided information on USAID's Anti-Corruption Task Force, new USAID Anti-Corruption Policy, and Dekleptification Guide, a new handbook for uprooting entrenched corruption and seizing windows of opportunity to dismantle kleptocracy.

USAID [Anti-Corruption Policy](#) signals a strong commitment to strategically constrain new opportunities for corruption; raise the costs for corruption; and incentivize integrity. Specifically, USAID's action plan for institutionalizing anti-corruption efforts entails programming across six lines of effort:

1. *expanding USAID's efforts to address contemporary corruption threats* to keep pace with the drivers, enablers, and manifestations of corruption today, especially transnational corruption;
2. *exercising holistic and responsive leadership* to marshal USAID's range of capabilities during pivotal moments for anti-corruption reform and backsliding;
3. *countering corruption across sectors* to thwart corruption that impedes development progress and tackle corruption from multiple angles;
4. *forging new partnerships and coalitions* to spur and sustain anti-corruption progress;
5. *institutionalizing anti-corruption as a priority* across the U.S. Government and USAID's strategy, policy, and planning processes and frameworks; and
6. *safeguarding development and humanitarian assistance from corruption risk* to preserve public resources for development, protect foreign assistance from diversion, and avoid unintended negative consequences of international aid.

The [Dekleptification Guide](#) helps USAID strengthen international anti-corruption cooperation working in countries trapped in severe corruption, particularly those whose courageous citizens open reform windows. The Guide brings together lessons learned based on groundbreaking reform movements around the world, from Ukraine to Malaysia, from South Africa to the Dominican Republic. It highlights the work of the heroes of

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dekleptification: engaged citizens who risk it all to open windows of opportunity, make government work for the people, and lead their country toward a post-kleptocratic future.

The Guide also sets the agenda for how assistance providers can partner with these frontline leaders, scholars, and donors to seize political openings for enduring democratic progress. It brings together the overlapping perspectives from the fields of anti-corruption, development, and national security – all of which are needed to fight back against kleptocracy, particularly when it crosses borders and is weaponized by authoritarian regimes.

C. Defending the Defenders and Collective Action

The fight against kleptocracy requires a multistakeholder approach that includes members of civil society at the local, national, and international levels. Experts from a variety of sectors discussed how repression and protection of those at the front lines of addressing kleptocracy and corruption.

The discussion provided cases and practical recommendations for engaging and collaborating with civil society and human rights defenders for this year's Summit and beyond. Panelists emphasized the need to address the underlying corruption facilitating the repression, surveillance, and intimidation of democracy defenders, investigative journalists, and whistleblowers.

Investigative journalists and other defenders of democracy are threatened each day as civic spaces are shrinking around the world. This results in negative consequences for the individuals involved as well as broader society through the stifling of the voices calling out the corruption and kleptocracy in their communities.

There is a need to fundamentally shift the approach to understanding and addressing anti-corruption, which involves acknowledging of three key aspects of kleptocracy and illicit trade. First, corruption is a political, not just a personal issue. Kleptocrats seek not just financial gain but also increased political power, a motivation civil society understands well. Next, that corruption is an all of society issue, that it undermines all sectors and levels of society from maternal health to education, which really requires significant collective action to address. And finally, corruption is transnational, knows no borders, and is now enabled by technological connected. All of these developments require new and innovative policies and practices to address kleptocracy in a globalized world.

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There is a need to counteract the laws, policies, and practices that criminalize those shedding light on corruption and illicit finance and to punish these abuses beyond the national level. Other key recommendations include the need for legislators to develop laws protecting whistleblowers and include periodic review to update these laws, increased transparency and reporting of cases, and the importance of including civil society at all levels of analysis in decision-making as some countries.

Panelists also addressed a distinct need to provide support and raise awareness of the impact of repression of defenders of democracy. Individuals are forced to flee their homes. Even then, threats are often placed against them and their families. To address these and other issues, additional recommendations include increased emergency assistance funds for those at risk, legislative advocacy, and the promotion of public education that can address the bias, discrimination, and lack of awareness of rights for defenders of democracy.

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Countering kleptocracy requires strengthening cooperation and collaboration across sectors and borders. The shrinking of civic space around the world threatens democracy and puts activists and defenders of democracy at risk. All countries must take kleptocracy seriously. Governments must acknowledge and eradicate the loopholes that allow for and facilitate corrupt practices.

Dr. Layla Hashemi, Co-Chair, S4D WG Kleptocracy

IV. Recommendations and Actions

In mobilizing our collective energies with focused actions against the challenges posed by kleptocracy, it is essential that we strengthen actionable diplomacy, information-sharing and cross-border cooperation on investigations, prosecutions, and asset recovery against kleptocrats and their enablers to disrupt their criminality in a manner that restores public trust and integrity, safeguards democracy, and gives hope to communities.

As some of the recommended actions below underscore, the United States and S4D communities must elevate enhanced law enforcement efforts and judicial action across borders to protect democracies from the destabilizing policies and violent exploitative practices of today's kleptocrats and their enablers. This includes disrupting their corruptive influence and economic wherewithal in strategic markets and across the digital world that are undermining rules-based world order, transparency-based trading systems, and our collective security interests. Through a whole of society approach, we can break the corruptive and economic power of kleptocrats and their enablers, sever their access to global banking systems, dismantle sanctuaries of impunity, and target financial safe havens to confiscate their illicit wealth and stolen assets.

Committed partners must also protect the active voice and vibrancy of civil society and our democratic institutions including the vital role of investigative journalists, whistleblowers, anti-corruption fighters, and activist-defenders of democracy.

In short, sustaining the light of democracy and breaking the cycle of impunity require collective action across sectors and borders in a whole of society approach.

Key Recommendations and Actions from S4D WG Dialogue Follow:

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A. GENERAL RECOMMENDATIONS AND CONSIDERATIONS¹⁶

- Leverage diplomatic channels to **strengthen the political will** against kleptocracy including putting pressure on governments that provide safe havens to kleptocrats, offshore assets, and protections against extraditions and asset confiscations; constructively engage governments to elevate fight against corruption.
- Call on S4D countries to **effectively implement** the United Nations Convention against Corruption (UNCAC); the United Nations Convention against Transnational Organized Crime (UNTOC), the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; the Financial Action Task Force (FATF) Recommendations on combating money laundering, the financing of terrorism and proliferation; and other relevant international instruments and frameworks that advances international cooperation to combat kleptocracy and illicit finance.
- Encourage effective implementation of anti-Kleptocracy, anti-corruption, and anti-money laundering laws, policies, and preventive measures as part of the **national commitments in the Summit for Democracy initiative**, and the national economic development strategies related to the Sustainable Development Goals (SDGs).
- Establish an **International Anti-Corruption Court** to end the culture of impunity and as a venue for kleptocrats to stand for criminal proceedings and prosecutions, to overcome immunity challenges – and the failure to enforce existing laws related to serious crimes of grand corruption, embezzlement of national funds, misappropriation of public property, money laundering/threat finance, and obstruction of justice – and, where corrupt officials control and fund the police, prosecutors, and courts in their countries or enabling safe havens.
- Examine links between corruption and other predicates of money laundering through a **crime convergence prism** to close additional governance gaps, and legal and oversight loopholes that are exploited by corrupt officials, criminals, enablers, terrorists, and other threat networks to launder their ill-gotten gains/dirty money and evade sanctions and prosecutions.

¹⁶ Note: U.S. Government participation in this event should not be interpreted as an endorsement of the recommendations contained in this report.

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- Build on S4D WG Dialogue on Countering Kleptocracy and Illicit Finance to examine the evolution of **state capture** and when kleptocrats turn into autocrats.
 - Where embezzlement, misappropriation of national wealth, and the pillaging of natural resources help to finance repression, autocracy, authoritarianism, and buy the loyalty of security forces;
 - when corruption is exploited to capture political systems by restricting the voice of society and information, neutering law enforcement and regulatory frameworks; and
 - closing the impunity gap for war crimes and abuses of power that further endanger peace and security, democracy, the rule of law, human rights, and economic equality and shared prosperity.
- Encourage the U.S. Congress to pass the **Establishing New Authorities for Business Laundering and Enabling Risks to Security (ENABLERS) Act** to close dangerous loopholes in the U.S. anti-money laundering framework by empowering Treasury to require those that form companies, administer trusts, or manage money for a third party – such as accountants, lawyers, investment advisors, and other non-bank financial service providers that act as gatekeepers to the U.S. financial system – to adopt basic anti-money laundering protocols under the Bank Secrecy Act (BSA).
 - Encourage S4D partners to similarly adopt effective laws and policies to identify suspicious wealth, and to combat enablers that facilitate kleptocracy and cross-border flows of dirty money including through trade-based money laundering.
 - Expand the definition of “enablers” to include expert witnesses who often will engage in reputational embellishment of kleptocrats in court proceedings.
- Develop laws to tackle **beneficial ownership secrecy** and assure their effective implementation to collect and share information with transparency to prevent the misuse of companies, trusts, and other corporate vehicles, and to prevent the laundering of corruption and criminally acquired assets and proceeds.

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- Ensure that competent authorities (including law enforcement and prosecutorial authorities, supervisory authorities, tax authorities and financial intelligence units) or central registries of beneficial ownership have timely access to adequate, accurate and current information regarding the beneficial ownership of legal persons.
- **Increase funding, resources, capacities, and training** in governments to ensure that enforcement of anti-money laundering and anti-corruption policies becomes far more effective and strengthen international cooperation frameworks.
- Support **public-private partnerships** with all relevant stakeholders to participate in preventing and reporting acts of kleptocracy, embezzlement, financial fraud, stolen assets, and other criminal activities by public officials.
 - Find ways to **unblock reporting online** when governments hinder efforts to expose corruption within and outside their borders.

B. STRENGTHENING COOPERATION TO INVESTIGATE KLEPTOCRACIES AND SEIZING ASSETS

- Encourage governments to establish kleptocracy investigative units or task forces to combat grand corruption, crack down on money laundering, and confiscate stolen assets.
- Strengthen existing public integrity systems to identify public sector areas particularly vulnerable to corruption and state capture efforts where kleptocrats deliberately weaken law enforcement capacity to increase impunity.
- **Deny visas to kleptocrats, money launderers, and professional enablers** – and their families – who assault democratic values and the rule of law, undermine the integrity of the global financial system, and threaten the collective security of democracies through their complicity and criminality in facilitating money laundering and grand corruption.
 - **Target reputation-laundering and embellishment** by kleptocrats and their families who aim to whitewash their corruption and illicit wealth through donations to charitable organizations to buy legitimacy.

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- Support and train trusted and committed partners internationally on using non-conviction-based asset forfeiture, mutual legal assistance, and other tools that help strengthen cross-border cooperation on fighting corruption and repatriation of stolen assets.
- Encourage the U.S. State Department and USAID to develop a public diplomacy resource related to **Kleptocracy “Red Flags”** for detecting kleptocracy and associated money laundering [similar to The Financial Crimes Enforcement Network (**FinCEN**)] and to include key focal points across inter-governmental community to strengthen cross-border cooperation in key diplomatic fora including the United Nations, Crime Commission, G7, G20, OECD, APEC, ASEAN, OAS, and other regional and multilateral organizations.
- Increase financial resources to law enforcement agencies responsible for investigating and prosecuting kleptocracy, money laundering, and financial crimes.
 - In addition to calling on Western governments to place the necessary financial, human, and technical resources behind law enforcement, all countries should increase resources for law enforcement.
 - These resources should be invested in investigators, prosecutors, and judges to conduct complex money laundering cases.
 - It takes a whole of society approach to fight criminal networks: Promote national initiatives to support public-private partnership in fighting kleptocracy, illicit finance, and related serious crimes.
- Recognize **the critical role of Investigative reporters** and other defenders of democracy in exposing corruption and identifying assets that help law enforcement conduct investigations and provide them with more financial support and protections against retaliatory lawsuits (lawfare).
- Continue to support and fund the **Global Anti-Corruption Consortium (GACC)**, investigative journalism, independent media centers, and **Reports Shield Program**.

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- The actions of kleptocrats are increasingly becoming complex. To meet this challenge, organizations both public and private need to make available information about advanced tools and techniques for investigating.
 - This could include manuals and case studies.
 - More information needs to be supplied on the use of open source materials and information, registries, and other new techniques.

C. JUDICIAL ACTION, INFORMATION-SHARING, AND PROSECUTIONS

- Conduct discussions with the Egmont Group and its member Financial Intelligence Units (FIUs) to explore and facilitate greater financial intelligence sharing between FIUs and law enforcement agencies with reference to kleptocrats and kleptocratic regimes, including identifying and seeking to remedy impediments to such intelligence sharing.
- Open discussions with UNODC and UNODC signatory nations about identifying those nations that have not yet implemented key UNCAC provisions applicable to kleptocracies (e.g., Articles 18 (Trading in influence) and 19 (Abuse of functions) and urging those nations to do so.
- Conduct additional discussions between law enforcement agencies and non-governmental organizations dedicated to anti-corruption action on possible further collaborations between law enforcement, NGOs, and academia to identify and share information on kleptocrats' stolen and laundered assets, and nurture anti-corruption with international partners.
- Utilize IACCC, as appropriate, to help committed S4D countries that are interested to make progress on grand corruption investigations, finance tracing and tracking stolen assets, and facilitating cooperative frameworks for information exchanges related to criminal matters.

D. DEFENDING THE DEFENDERS AND COLLECTIVE ACTION

A recommendation for all stakeholders is to educate the public that freedom of the press and space for civil society are important because they play a vital role in monitoring the actions of government at all levels that ensure critical accountability and transparency in a democracy. Investigative journalists, whistleblowers and civil society organizations expose corruption and unethical behavior—and they hold leaders and institutions accountable anywhere in the world.

Unfortunately, a growing number of kleptocracies, autocracies, and authoritarian governments continue to engage in overt and deliberate efforts to discredit the work of journalists, civil society, whistleblowers, and worse.

Around the world, front line defenders of democracy and messengers of truth often face surveillance, violence, intimidation, harassment, or are exiled or murdered for bringing light on high-level corruption or serious crimes within their countries.

For example, the Committee to Protect Journalists, and other NGOs, report yearly on the scores of murders or assassinations of journalists related directly to their political corruption or high crime investigations.¹⁷ In many cases, the perpetrators of such violence are never prosecuted.

Inclusiveness of Civil Society

- Include civil society in decision making and Increase collaboration across civil society and other sectors.
- Address and increase awareness of the need for safe refuge for threatened journalists and defenders of democracy. Understand the human costs of evidence and investigations involving anti-corruption and anti-kleptocracy cases.
- Develop comprehensive interdisciplinary global laws that address the issue at an international level. The current absence of these laws limits efforts of local and national law enforcement, especially in a globalized world.
- Increase transparency and reporting on whistleblower cases.

¹⁷ Committee to Protect Journalists, “Deadly year for journalists as killings rose sharply in 2022”, January 24, 2023, can be accessed: : <https://cpj.org/reports/2023/01/deadly-year-for-journalists-as-killings-rose-sharply-in-2022/>.

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- Promote public education and technical assistance for public and private sector.

Protecting Journalists

- It is important to provide a safe refuge for journalists: This may mean creating a mechanism for emergency visas for at risk journalists to extract them from the country. It would also mean working closely with national or local civil society organizations to identify journalists in need of support. Several countries such as Canada and the Czech Republic have made advances in this area, but more work is needed.
- Targeted sanctions can be used to respond to human rights violations by freezing individuals' assets and banning their entry into certain countries. They can be imposed unilaterally by governments, or by a small group of governments acting together.
 - Sanctions also help signal a state's disapproval of misconduct and constitute a form of accountability. They may help to maintain pressure on the responsible actors, to deter them from continuing their abusive behavior and to discourage others from committing human rights abuses.
 - Countries should introduce or amend existing sanctions regimes so that they are global in scope and responsive to serious human rights abuses.
- Governments should also strengthen privacy laws to prevent unwanted digital surveillance of journalists, activists, and human rights defenders.
- Donor agencies should fund programs that support, investigative journalism, space for civil society, and whistleblower protection including:
 - (1) Emergency assistance funds for at-risk activists;
 - (2) Legislative advocacy;
 - (3) Public education to address bias, discrimination, and lack of awareness of rights and risks; and
 - (4) technical assistance to the public.

Supporting Whistleblower Rights

Recommendations for Governments

- Legislators should pass best practice whistleblower protection laws that remove economic barriers and include periodic review. Emergency spending laws should include whistleblower protection.
- Governments should publish case decisions online and report consolidated national information about the impact of whistleblower laws and the benefit to society.
 - Civil society and the public should be included in the process.
- Legislators or agencies with authority over appropriations should ensure that enforcement agencies are fully staffed and funded.
- Governments' grants and contracts should require recipients to have whistleblower policies and make reporting channels visible to all workers.

Recommendations for other stakeholders

- Businesses should create a strong whistleblower protection policy that provides clear, conflict-free reporting channels.
- Managers and leaders should use their voice to promote a positive “tone at the top” that supports whistleblowers and recognizes their contributions.
- Law Schools and Bar Associations etc. should offer courses on whistleblower law to students and lawyers.
- Civil society organizations should: (1) Help advocate for whistleblower laws; (2) Educate the public about the risks and gaps in protection; and (3) Provide public information on the essential role that whistleblowers play in exposing corruption.

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ANNEX I.

FINAL PROGRAM

S4D Working Group on Kleptocracy and Illicit Finance Dialogue 2023
9 February 2023
8:45am - Noon
(Venue: Global On-Line ZOOM)
Online Recording: <https://youtu.be/wstdG8uVZLg>

Dialogue II: Investigating and Prosecuting Kleptocrats and Complicit Enablers

Co-Hosted: TraCCC-AITI, Brookings Institution, Coalition for Integrity

Opening Keynote Session:

- **Brendan T Boundy**, U.S. Deputy Coordinator for Global Anti-Corruption, Department of State
- **Ambassador Norm Eisen** (Ret.), Co-Chair, S4D Democracy Cohort for Financial Transparency and Integrity, Brookings Institution
- **Dr. Louise I Shelley**, Director, Terrorism, Transnational Crime and Corruption Center (TraCCC), George Mason University

Chair: **David M. Luna**, Co-Director, Anti-Illicit Trade Institute (AITI), TraCCC, GMU

Session 1: Strengthening Cooperation to Investigate Kleptocracies and Seizing Assets

Moderator: **Jim Wright**, AML Instructor; Former Financial Advisor, U.S. Treasury OTA

Panelists:

- **Debra LaPrevotte**, Senior Investigator, The Sentry; Former Supervisory Special Agent, Federal Bureau of Investigation (FBI), DOJ
- **David Lewis**, Former Executive Secretary, Financial Action Task Force (FATF), Managing Director, Global Head of AML Advisory, Forensic Investigations and Intelligence, Kroll
- **Drew Sullivan**, Co-Founder and Publisher, Organized Crime and Corruption Report Project (OCCRP)

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Session 2: Judicial Action, Information-Sharing and Prosecutions

Moderator: **Jonathan J. Rusch**, Director, U.S. and International Anti-Corruption Law Program and Adjunct Professor, Washington College of Law American University; Former Federal Prosecutor, Fraud Section, Criminal Division, U.S. Department of Justice

Panelists:

- **Mary Butler**, Chief of the International Unit of the DOJ Money Laundering and Asset Recovery Section, U.S. Department of Justice
- **Jeffrey Coleman**, Supervisory Special Agent, FBI (assigned to the International Anti-Corruption Coordination Centre)
- **Tess Davis**, Executive Director, Antiquities Coalition

Session 3: Defending the Defenders and Collective Action

Moderator: **Shruti Shah**, President & CEO, Coalition for Integrity

Panelists:

- **Jen Lewis**, Deputy Executive Director, Anticorruption Task Force, USAID
- **Samantha Feinstein**, Staff Attorney and the Director of the International Program, Government Accountability Project
- **Gypsy Guillén Kaiser**, Advocacy and Communications Director, Committee to Protect Journalists
- **Khadija Sharife**, Senior Investigator, OCCRP

Discussion and Closing Session

Chair: **Dr. Layla Hashemi**, Researcher, TraCCC-GMU

- Strategic Observation and Intervention by **Frank Vogl**, Board Chair, Partnership for Transparency Fund (PTF)

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ANNEX II.

STATEMENTS AND PRESENTATIONS PROVIDED

Opening Statement of Co-Chair, S4D WG Dialogue II

David M. Luna
Co-Director, Anti-Illicit Trade Institute (AITI)
Terrorism, Transnational Crime and Corruption Center (TraCCC)
Schar School of Policy and Government
George Mason University

Good morning everyone.

Thank you for joining us for today's S4D Working Group (WG) Dialogue on Kleptocracy and Illicit Finance with our focus on "Investigating and Prosecuting Kleptocrats and Complicit Enablers".

My name is David Luna and I am the co-director of the Anti-Illicit Trade Institute (AITI) under the auspices of the Terrorism, Transnational Crime and Corruption Center (TraCCC), at George Mason University, and honored to be co-chairing this dialogue with my colleague, Dr. Layla Hashemi at TraCCC.

The aims of our S4D WG's civil society-driven efforts are to fight corruption and money laundering, to defend democracy against authoritarianism, confront hubs of illicit trade, and safeguard human rights and security.

In December 2021, the United States hosted the first Summit for Democracy. In March 2023, the U.S. will co-host the second, with the governments of Costa Rica, the Netherlands, Republic of Korea, and Republic of Zambia.

The S4D WG organized our 1st Dialogue in December 2022, and has been closely coordinating with the S4D Financial Transparency and Integrity Cohort and with other S4D Democracy Cohorts working on Anti-Corruption in the lead up to the second Summit.

Today, we are honored to have with us an outstanding roster of distinguished speakers, moderators, and panelists for today's event.

I would also like to thank our partners, the Brookings Institution and the Coalition for Integrity (C4I) for their leadership on these important issues and for their collaboration on

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this dialogue, our WG members, and the U.S. Government for their support including the U.S. Department of State, U.S. Agency for International Development (USAID), U.S. Department of Justice, the Federal Bureau of Investigation (FBI), and finally our collective action partners across sectors and communities.

Make no mistake: Democracy is under siege.

As a threat multiplier, and as research has demonstrably shown, there is a strong inverse relationship between kleptocracy and democracy and equality, especially as kleptocrats pillage their countries, crippling development, and moving and laundering billions of dollars of their illicit wealth to offshore havens every year.

Such corruption thus threatens not only our common security, but also economic equity, global anti-poverty efforts, and democracy itself.

In fact, kleptocracy and illicit finance are such pervasive threats that in addition to undermining democracy, they corrode the rule of law, fuel impunity, imperil effective implementation of national sustainability and economic development strategies (including the Sustainable Development Goals), contribute to human rights abuses, and enflame violent conflicts.

Thus, to counter kleptocracy, it is essential that we strengthen information-sharing and cross-border cooperation on investigations, prosecutions, and asset recovery against kleptocrats and their enablers to collectively, and effectively, disrupt their criminality in a manner that restores public trust and integrity, hope to communities, while protecting the active voice of civil society and our democratic institutions.

But we must also work through some difficult questions, and be honest with our efforts to date:

- Are we making progress?
- If not? Why not?
- What remain some of the challenges for cross-border cooperation? What is possible? What is not possible?
- Within realities and limitations, what can we do more together to have greater results, impact?

Over the next several sessions this morning, our discussion will further illuminate how partners across governments, the private sector, and civil society can collaborate to bring kleptocrats to justice and seize their ill-gotten money.

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And discuss also how we can advance protections for those on the front lines of fighting corruption by defending the defenders including investigative journalists, whistleblowers, and other anti-corruption champions.

In short, sustaining the light of democracy and breaking the cycle of impunity require collective action.

I am now honored to introduce our keynote speakers. First is:

Mr. **BRENDAN BOUNDY** who serves as Deputy and Regional Policy Lead for the U.S. Department of State's Coordinator on Global Anti-Corruption (CGAC). Secretary Blinken created the Coordinator position in December 2021 to integrate and elevate anti-corruption efforts across the Department. As Deputy to Coordinator Richard Nephew, Mr. Boundy engages with colleagues throughout the Department and U.S. interagency to implement the U.S. Strategy on Countering Corruption. Prior to his current role, Mr. Boundy supported justice sector reform in Afghanistan and served as a policy advisor on Georgia and Ukraine.

Welcome Mr. Boundy, the floor is yours.

Our Next Key Speaker is **Ambassador (ret.) Norman Eisen**.

AMBASSADOR EISEN is a senior fellow in Governance Studies at the Brookings Institution, where he chairs the institution's signature anti-corruption program, [Leveraging Transparency to Reduce Corruption](#), and is the founder and lead editor of the [Brookings Sanctions Tracker](#). While working at the White House, the press dubbed him "Mr. No" and the "Ethics Czar" for his tough anti-corruption approach, and today, Eisen represents Brookings as the civil society co-chair of the Financial Transparency and Integrity cohort for the Biden administration's second Summit for Democracy.

Last but not least is **Dr. Louise Shelley** who has been brilliant in her research over the years on transnational security threats including writing about the harms posed by kleptocrats, criminal networks and their enablers as documented in her last book, "**Dark Commerce: How a New Illicit Economy Is Threatening Our Future**". Dr. Shelley is the director of the Terrorism, Transnational Crime and Corruption Center (TraCCC), and the Omer and Nancy Hirst Endowed Chair at the Schar School of Policy and Government, George Mason University.

[Closing Plenary]

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Mr. **Frank Vogl**, is the Board Chair, Partnership for Transparency Fund (PTF), and Co-Founder of Transparency International (TI). Mr. Vogl is a giant in the field of anticorruption and a pioneer in elevating the important voice of civil society in securing democracy, and in ensuring that the international community protects anti-corruption champions around the world.

Dr. **Layla M. Hashemi** is a researcher and data analyst at the Terrorism, Transnational Crime and Corruption Center (TraCCC) focusing on international supply chains, cybercrime, corruption, and illicit trade. On the NSF project Disrupting Operations of Illicit Supply Networks (D-ISN), she analyzed the supply chains of counterfeit PPE, fentanyl, and pharmaceuticals. She is currently working on anti-counterfeiting measures and brand/IP protection and tracking illicit supply chains through public-private partnerships and the use of advanced data analytics at TraCCC.

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Closing Remarks of Co-Chair, S4D WG Dialogue II

Dr. Layla M. Hashemi
Postdoctoral Research Fellow
Terrorism, Transnational Crime and Corruption Center (TraCCC)
Schar School of Policy and Government
George Mason University

As we continue a new year, we are still plagued by kleptocracy and corruption worldwide. We established this working group and these annual dialogues to ensure that the issues of kleptocracy and illicit trade were not only addressed but placed front and center at the Summit for Democracy.

Countering kleptocracy requires strengthening cooperation and collaboration across sectors and borders. It also requires the use of multidisciplinary and innovative approaches, which we pride ourselves in applying in our research at TraCCC and AITI.

While it often takes place internationally, the fight against kleptocracy also requires countries to look inward and reflect upon their own national and local policies and environments. The shrinking of civic space around the world threatens democracy and puts activists and defenders at risk.

All countries must take kleptocracy seriously. Governments must acknowledge and eradicate the loopholes that allow for and facilitate corrupt practices. As a working group, we recognize that paying attention to the negation of democratic values such as kleptocracy, corruption and illicit trade are just as, if not more, important as promoting democratization.

Like our last dialogue, we will be following up today's sessions with a follow up report that summarizes the concrete solutions offered by our expert speakers to bring about effective policy solutions and substantive change.

On behalf of David, myself, and all our co-sponsors, I would like to thank you for joining us for this second Kleptocracy Working Group Dialogue. Our network has grown rapidly since our first dialogue in December 2021, which shows us how many of us are passionate about tackling this issue.

We look forward to the work ahead and hope you have a wonderful rest of the day.

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Closing Remarks: Frank Vogl, Board Chair, Partnership for Transparency Fund (PTF),
9 February 2023

The value of our meeting today, above all, is that it has brought together so many people from very different backgrounds into a coalition against corruption – thank you.

David Luna started today by stressing that “democracy is under siege” – and that corruption is a significant contributor. My friends, we have a Corruption Action Deficit.

The rhetoric of leaders of democratic governments against corruption and human rights abuses is often inspiring, but the follow up is too often disappointing. Activists need to be relentless in calling for real actions.

Brendan Boundy started today with a clear statement of support for civil society in anti-corruption work and I congratulate Jen Lewis and USAID for all they are doing here. But why do we never mention the World Bank?

For example, as a PTF study points out,¹ the World Bank’s aid window, IDA, is committing \$93 billion over three years without including any support for civil society – I do not mean rhetorical support, I mean money.

Norman Eisen stressed the enablers – why are we doing so badly in this area – why the Corruption Action Deficit? Fundamentally, Western governments are not putting the necessary resources behind enforcement. So, let the Summit be characterized by clear enforcement commitments.

Let me add here – Professor Shelley stressed the issues of reputation laundering. I believe USAID’s commitment to support investigative journalists is vital, as so well underscored today by Gypsy.

The Summit governments need to be active across the world in their support of media, investigating and exposing the corrupt. The panel on investigators today made it so clear today why this has to be a Summit priority.

Let me just be specific about enforcement. The OECD Anti-Bribery Convention – investigations and prosecutions last year were the lowest in a dozen years.

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The UNCAC is not being enforced. FINCEN is a tiny peashooter confronting a huge, sophisticated army of crooks. As David Lewis flagged work on beneficial ownership we need to ask – but will the new measures really work?

Finally, why is the Summit so important? It is not only because democracy alone provides freedom and the protection of all against abuse and exploitation.

You know when some of us established Transparency International and signed its charter exactly 30 years ago,² our prime focus was on reducing poverty.

The world's poor are the hardest hit victims of corruption. The Summit has a moral, practical and political obligation to lift the burdens of abuse from the shoulders of the hardest hit victims.

Thank you.

¹ “Enhancing Citizen-Driven Delivery and Accountability in IDA Operations”.

² The TI Charter was signed at a meeting in The Hague in February, 1993.