

# CONGRESS CAN COUNTER FOREIGN CORRUPTION AND STRENGTHEN RULE OF LAW BY PASSING THE CROOK ACT

## SUMMARY

Foreign corruption and the deterioration of rules-based foreign governments threaten U.S. national security, undermine U.S. foreign policy, serve the interests of authoritarian governments, invite human rights abuses and economic instability, increase refugee populations, and damage the competitiveness of U.S. businesses.

While the U.S. plays a leading role in anticorruption efforts around the world, too frequently a lack of intragovernmental coordination, targeted resources, and trained anticorruption personnel puts at risk the hard work of exposing corrupt actors and bringing them to justice.

As the U.S. learned after 9/11, proactively addressing threats to U.S. interests demands state-of-the-art personnel infrastructure and training, dedicated new resources, and intragovernmental coordination on a whole-of-government scale.

## HOW FOREIGN CORRUPTION THREATENS U.S. INTERESTS



The presidents of **Chad** and **Uganda** were offered bribes of **\$2 million** and **\$500,000**, respectively, by the chief executive of a Chinese energy conglomerate [closely aligned with the Chinese government](#) in exchange for opening the countries' oil and gas markets to Chinese businesses. [Through such wide-ranging corruption schemes](#) that exploit developing nations, China is able to "weaponiz[e] corruption to advance its national interests." Prominent advocates and politicians in both countries have [called on](#) the U.S. to help promote civic rights and accountability in government, and targeted support for strengthening anticorruption legal and institutional frameworks and for effectively pursuing cases of grand corruption, respectively, could help ensure more robust civic spaces and competitive business climates.

In **Lebanon**, strong evidence exists that corruption [contributed to](#) the explosion that rocked the Port of Beirut in August 2020. While some public officials and politicians have been investigated and a handful of new anticorruption laws adopted as a result of the accident, there remains a [compelling need](#) to encourage the effective implementation and enforcement of these new laws. Perhaps most important is the successful establishment of the new National Anti-Corruption Commission which is critical to the functioning of these laws and the successful operation of which could help bring additional stability to the region.



In **Guatemala**, corrupt alliances between organized crime and local institutions continue to [drive migrants north](#) in hopes of escaping violence and poverty. Historic international efforts to strengthen Guatemalan institutions previously helped root out deep-seated corruption in the national capital area, and could similarly [ameliorate the root causes](#) of migration in Guatemala's border regions.

In **Myanmar**, a military regime of corrupt, ["rapacious kleptomaniacs"](#) recently wrested power from the popularly elected government, denying the result of a fair election. New support for civil society, independent media, and democratic governance initiatives, along with technical assistance and trainings for institutional development, could bring timely democracy-building efforts to an emerging strategic partner.

In **Belarus**, the elections of authoritarian, populist-style leaders under [deeply disturbing](#) circumstances have raised serious concerns about the future of democratic transition at the borders of the European Union. Support in the form of technical assistance, training, and advocacy tools for fortifying democratic institutions could provide critical, timely support.



# HOW WOULD THE CROOK ACT COUNTER FOREIGN CORRUPTION?

The legislation would create an **“Anticorruption Action Fund”** within the U.S. Treasury to help combat kleptocracy and bolster democratic institutions when they’re most vulnerable.

- + Money for the Fund would come from a new penalty on the most egregious violators of the U.S. Foreign Corrupt Practices Act (FCPA): For every FCPA case where criminal fines and penalties exceed \$50 million, CROOK would impose a \$5 million “prevention payment” that would go to the Fund. Over the last two years, this would have resulted in at least \$30 million in new anticorruption dollars.
- + Money from the Fund can be used to strengthen foreign countries’ capacities to prevent and fight corruption, develop their democratic and rule of law-based institutions, fortify their anticorruption legal and regulatory frameworks, and support other, existing U.S. foreign assistance or diplomatic efforts against corruption.

The legislation would also help bring about a proactive, coordinated, whole-of-government approach to combating foreign corruption by

- + Creating an **Anticorruption Task Force** comprised of representatives from departments and agencies that work on anticorruption (e.g., DOJ, State, USAID, Defense). Among other responsibilities, the Task Force would evaluate the effectiveness of U.S. programs that help foreign countries fight corruption;
- + Requiring the Secretary of State to manage a **whole-of-government effort** to improve coordination among departments, agencies, and donor organizations that work to promote good governance or combat corruption in foreign countries;
- + Designating and training **anticorruption points of contact** at every U.S. embassy who would coordinate an interagency approach within U.S. embassies to combat corruption, and make recommendations regarding the use of Fund and other anticorruption foreign assistance funding in their respective countries.

Through these mechanisms, the CROOK Act aims to empower foreign countries to create more transparent, just, and accountable democratic institutions, including a free press and a robust civic space, to support a viable business climate, and to use the long diplomatic reach of the U.S. to stop corruption wherever it lives.