

New Report Finds Significant Obstacles to Uncovering Assets of Sanctioned Russian Oligarchs

A statement from Transparency International U.S.
May 24, 2022

Transparency International (TI) today released ***Up to the Task? The State of Play in Countries Committed to Freezing and Seizing Russian Dirty Money***, a new report revealing the enforcement challenges facing the Russian Elites, Proxies, and Oligarchs (REPO) Task Force established in March 2022. Concerningly, TI's findings highlight loopholes and blind spots in the United States' enforcement efforts, which weaken global efforts to hold kleptocrats accountable to international sanctions.

"The search for dirty Russian money is laudable but the findings of this report show we are ill-equipped to fully do so. In the U.S., loopholes in our laws allow professional "gatekeepers" to our financial system—lawyers, accountants, investment advisers, and others— to be exploited by corrupt and other criminal actors aiming to secretly move money through our economy," said Transparency International U.S. Executive Director Gary Kalman. "To make matters worse, for years we have underfunded the frontline agency charged with gathering the information to follow this dirty money. Now, in response to a crisis, Congress is playing catch up. While some much-needed additional funds have been given, more needs to be done."

Anonymous shell companies are one of the main methods kleptocrats use to secretly move their money across the globe. In the report, TI notes that the United States lags behind its REPO partner nations in taking action to end the exploitation of anonymous shell companies by oligarchs and corrupt state officials. Although Congress passed a law to effectively abolish anonymous shell companies back in January of 2021, U.S. regulators have yet to finalize regulations that will implement the law.

Additionally, the report notes that Congress has only just begun to recognize the dangers of underfunding the Financial Crimes Enforcement Network (FinCEN), the U.S. agency charged with gathering and analyzing financial data to track those who launder proceeds of corrupt and other criminal activities. In particular, researchers found large resource disparities between FinCEN and the financial intelligence agencies of other countries. None of the REPO-participating countries were found to have implemented comprehensive laws to identify illicit funds in their economies. All the participating countries fell short of

commitments they made at previous summits, conferences and meetings to close the legal and regulatory gaps, some dating back to 2004.

“The speed with which countries came together to form this task force demonstrates that they now understand the need for comprehensive rules, adequate funding, and robust enforcement of anti-money laundering laws. And the dangers of ignoring them,” said Kalman. “Let’s hope the U.S. and all the REPO participants move quickly to address these problems, not only for the current crisis, but longer term as well.”

Related Resources

- Read the [full report](#);
- Read the [TI Secretariat statement](#)

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