“Anti-Corruption’s Cutting Edge: New Directions in Beneficial Ownership Transparency”

As prepared for delivery

Good morning, and thank you to the Brookings Institution and Ambassador Eisen for the invitation. It’s a pleasure to be here with you today to discuss our priorities and work to counter corruption.

I’m here today to continue a series of discussions we started late last year at the Summit for Democracy. Then, the Department of the Treasury’s senior leadership made clear that anti-corruption work is a priority for our department. In a conversation with finance ministers from around the world, Secretary Yellen declared corruption a “common adversary” of democracies. Our Deputy Secretary, Wally Adeyemo, gave a speech here at the Brookings Institution to outline our anti-corruption priorities, including promoting transparency and anti-corruption enforcement, and deepening our partnerships in service of this work. Today, I’d like to underscore those commitments and share with you what we’ve been up to in the intervening nine months.

Since then, the Treasury Department has been focused on three areas of work in the efforts to counter corruption, alongside colleagues in our government. They are 1) analyzing the risks associated with this pernicious threat; 2) putting in place the right legal framework to prevent corruption from lurking—or operating with impunity—in our financial system; and 3) implementing targeted measures, such as sanctions, to expose and hold accountable corrupt individuals, and their facilitators.

Corruption is corrosive both to our institutions and to the trust they depend on, undermining the foundations of a strong society. This is one of the reasons that President Biden, less than five months into his presidency, identified corruption as a national security threat. Corruption is a problem when it happens here in our country, when gaps in our law allow for it to occur,
and when our legal regime permits the proceeds of corruption, wherever they are generated, to be stashed and laundered in our financial system. It is also a problem for Americans when other jurisdictions are besieged by corruption, making it more difficult for us to solve common problems and for us all to enjoy the peace and security that goes along with a fair and participatory society.

First, the office I lead works diligently to analyze corruption risks—this is the fundamental work of understanding the problem and its severity, and a precondition to taking concerted action. In our 2022 Money Laundering Risk Assessment, our team described the persistent themes of corrupt individuals engaging in fraud, embezzlement, bribery, extortion, and the misuse of companies and other legal entities. They also examined concerns around all-cash purchases of real estate, as well as the financial facilitators—sometimes known as gatekeepers—that move this dirty money along. This rigorous and empirical work, conducted with our colleagues in the Department of Justice and our Intelligence Community, describes the ways in which corruption creeps through our financial system and degrades the integrity of our economy, and the trust we have in our institutions and in our political system. This work has sounded an alarm and enhanced the urgency we all feel to take action. It built on the Biden Administration’s release first-ever United States Strategy on Countering Corruption.

The second line of Treasury’s efforts involves regulatory work to enhance our financial system’s resiliency to the threats of corruption. This is the work of mitigating vulnerabilities—like anonymous companies and large cash purchases—and tackling risks head-on, including the low levels of accountability and disclosure required for the kinds of individuals who are highest risk for engaging in, or succumbing to, corrupt activity. This runs the gamut from municipal officials in the United States taking bribes in exchange for procurement contracts to corrupt foreign officials or their families investing millions of dollars in U.S. real estate.

This work to strengthen financial defenses against corruption includes the Treasury Department’s Financial Crimes Enforcement Network (FinCEN) working to establish a beneficial ownership and to set disclosure rules for large, all-cash residential real estate purchases. These are game-changing actions and the most important anti-money laundering reforms of our generation.

The work also includes Treasury’s efforts to strengthen global beneficial ownership standards at the intergovernmental Financial Action Task Force (FATF). We have worked to require all countries to collect information on the companies formed in or with meaningful business ties to jurisdictions and to ensure their law enforcement authorities have access to this
information. We have also striven to require countries to know the ultimate owners of companies bidding for public contracts. And we have strengthened the mandate of the Financial Action Task Force to counter corruption—to focus the body’s efforts on the effective implementation of the UN Convention on Corruption, on the misuse of citizenship-by-investment programs by corrupt individuals and their families, and on financial gatekeepers that get rich helping senior officials steal from their citizens.

When the Financial Action Task Force takes a strong stance on corruption, it raises expectations and standards globally, with the powerful effect of closing off avenues for dirty money to avoid detection, moving to lax jurisdictions. The work of my office and our colleagues around the U.S. government to support partners abroad in shoring up their legal regimes can be complicated and bespoke, but it is fundamentally important to deny kleptocrats and corrupt officials the ability to hide in the financial system, consolidating their political power and influence.

The third area of our work is exposing corrupt officials, the facilitators who do their dirty work, and the institutions they have brought to ruin with laundered money, kickbacks, and fraud. Some of this work becomes public, such as sanctions designations or arrests and prosecutions that rely on suspicious financial activity reports collected by FinCEN. Sometimes it’s not public, or not clearly linked to the work of the Treasury Department or the U.S. government—such as when our foreign partners draw on suspicious activity reports filed in the United States, or when they receive declassified U.S. intelligence that points them toward criminal activity they can shut down with their own law enforcement actions.

I want to close by calling out an effort the U.S. Treasury Department is deeply involved in right now. This is an effort in which I believe we here are all deeply invested, to shine a light on a specific set of corrupt actors and strike at the conditions and enablers that sustain them. I am referring to our sanctions and law enforcement efforts to impede the corrupt and kleptocratic actors who help to sustain and benefit from President Putin’s rule and his war machine. These efforts by the United States and our partners have powerfully energized national governments to act against corruption. By way of example, as of earlier this summer, a coalition of G7 and other allies had frozen more than $30 billion in assets, and had also seized yachts, jets, real estate, and other real property. We have also made renewed efforts to work with partner jurisdictions to close the loopholes that permit abuse by kleptocrats and criminals, such “golden passport” programs.
Dirty money has been the lifeblood of autocracy for much longer than the months of Putin’s war, but the response of so many countries now to prevent the proceeds of Russia’s corruption from percolating through the global financial system is not just an exercise of good governance and financial transparency. It is a defense of our national security and the security and stability of our partners. It is also a means to methodically, designation by designation—asset seizure by asset seizure—diminish Russia’s ability to engage in the illicit financial activity that gives strength to a brutal regime’s horrific war.

Over the months to come, and ahead of the next Summit for Democracies, the U.S. Treasury Department will continue the defensive and offensive work of countering corruption. We will advance the rules that will make our financial system more resilient and bring forward new analysis on vulnerabilities to corruption in our economy. We will also support further work at the Financial Action Task Force on strengthening implementation of UN Convention on Corruption and combating the misuse of citizenship-by-investment programs. And we will work closely with international partners on the essential financial reforms—from money laundering detection, to beneficial ownership information collection, to effective asset seizure regimes—that will make all of us, our economies, and our governance systems safer and more secure.

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