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Building the Political and Institutional Will to Combat the Laundering of Corrupt Money

Hon. Roy Cullen, GOPAC

Progress in the fight against corruption and money laundering is slow and sometimes seems non-existent. The measurement of corruption in an absolute sense is difficult and almost impossible, even when done by skilled organizations like Transparency International. However, the International Monetary Fund in 1998



placed the value of money laundering, including the money laundering of corrupt funds, at between US\$800 Million – 2 Billion annually. Transparency International (TI) not too long ago identified the top ten most corrupt contemporary political leaders, including Suharto of Indonesia, Abacha from Nigeria, Sese Seko from Zaire, Duvalier from Haiti, and Marcos from the Philippines. Collectively, according to TI, about US\$45 Billion was embezzled by these top ten - an amount, which could have been used to develop schools and hospitals, buy vaccines and help alleviate poverty in those countries.

The Global Organization of Parliamentarians against Corruption (GOPAC) is an international network of parliamentarians dedicated to good governance, and to combating corruption and money laundering throughout the world. GOPAC's approach to building integrity in governance is to bring together the political will and expertise to empower parliamentarians in all countries. GOPAC is currently chaired by Dr. Naser Al-Sane from Kuwait who works in close contact with GOPAC's global secretariat based in Ottawa, Canada. GOPAC is leading the fight against corruption and money laundering on parallel tracks, since regimes that lack systems of accountability and transparency often foster the laundering of corrupt money offshore and domestically.

Recognizing the clear relationship between money laundering and

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corruption, the GOPAC anti money laundering task force (AML GTF) is committed to promote the effective implementation of the United Nations Convention against Corruption (UNCAC) and in particular those articles that address the money laundering/corruption nexus (articles 14, 23, 52, 54, 57 and 58) through the work of GOPAC's AML GTF.

Major Exacerbating Factors in the Fight against the Laundering the Corrupt Money, and the Recovery and Repatriation of Stolen Assets:

- The executive branch of governments may not be motivated to enact anti-money laundering (AML) legislation, and establish financial intelligence units (FIU), if the president/prime minister and ministers themselves are involved in corruption. Grand corruption and money laundering are perpetrated often by the executive branch of governments because they have the majority of the levers of power. The heads of a country and/or government, cabinet ministers, as well as senior officials are the prime targets for those who bribe and launder corrupt money.
- Global anti-money laundering initiatives today focus chiefly on the laundering of drug money, prevention of terrorism financing, and tax evasion. While such a focus is justified, the laundering of corrupt money needs to receive far more attention from the AML stakeholders, since corruption is one of the major factors preventing economies from moving towards financial stability and prosperity resulting in a vicious cycle of crime and poverty.
- Launderers of corrupt money seek out the

regimes with the weakest anti money laundering systems.

- FIUs may not be always adequately financed and mandated notwithstanding enabling legislation.
- Getting the protocols right to deal with *Politically Exposed Persons* (PEPs) is more than just defining what PEPs are and monitoring their transactions; it should go beyond this. The independent assessment of suspicious transactions initiated by PEPs should be conducted on a routine basis.
- Despite *Know Your Customer* (KYC) efforts, financial institutions are inherently in a conflict of interest situation when corrupt leader seeks to make personal deposits in their banks.
- In asset recovery initiatives, politicians may embark on partisan 'witch hunts' under the guise of recovering corrupt assets.
- Jurisdictions may not cooperate with those who are attempting to recover corrupt assets, regarding it as international interference.

Moving Forward

Parliamentarians play a key role in the budgetary approval process and can use this power more effectively to make governments more accountable and more transparent in their dealings. In the area of oversight, parliament, through an independent auditor or Public Accounts Committee, can and should be proactive in holding governments to account. Collaboration between the public and private sectors, consensus building within parliament, as well as engagement

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of citizens and civil society in matters of public policy are essential to ensure parliamentarians play a role in helping deliver democracy. Parliaments connect people to the government by giving them a place where their needs can be articulated; by giving them a say in shaping the rules that govern them; by providing them with recourse when governmental power is abused; and by contributing to the procedures and values that sustain a democratic culture.

Civil society has a vital role in demanding transparency of the judicial and executive branches, protesting against corrupt acts by government leaders and parliamentarians and by enforcing accountability and holding to account political structures, elected and administrative. Parliamentarians are able to build consensus and coalitions with civil society, national and international, media and academics and play a major part in preventing corruption and money laundering.

In the fight against money laundering, GOPAC

builds partnerships with like-minded organizations such as the United Nations Office on Drugs and Crime, the World Bank, the International Monetary Fund, the Egmont Group and the Financial Action Task Force. There are policy prescriptions that require a collective consideration in order for them to become more effective and sustainable. GOPAC is also planning to strengthen its cooperation with banks and various FIUs on 'know your customer' initiatives, as well as participate in joint training activities to educate parliamentarians on money laundering and help them actively engage in the fight against this problem. Moreover, GOPAC and its members play a role in better educating the public worldwide on the cost and the impact of bribery and corruption on their lives.

The challenge before us, as President Barak Obama recently said, is that "Change will not come if we wait for some other person or some other time. We are the ones we've been waiting for. We are the change that we seek".

Attention GOPAC Members,

We would like to invite you to share your country or region experience in fighting money laundering: success stories, current projects, best practices, legislative initiatives as well as obstacles that impede improving the AML regime – anything that you think might advance awareness of the problem and help find effective solutions on a national, regional, and global level.

We would also like to invite members that are interested in assuming a more active role in the AML GTF to contact us to discuss their possible involvement.

Please write to Irina Koulatchenko, Secretary of the GOPAC anti money laundering task force, at koulatchenko.irina@gopacnetwork.org

Conference on Formulating Strategies for Strengthening Mechanisms to Combat Corruption Related to Money Laundering

From October 21-23, 2009 the Office of the National Anti-Corruption Commission of the Kingdom of Thailand, together with the Asia Pacific Economic Cooperation Group (APEC), hosted a Capacity Building Conference in Bangkok on Formulating Strategies for Strengthening Inter-Agency Mechanisms to Combat Corruption Related to Money Laundering. The primary objective of this event was to focus on identifying strategies that would allow agencies that work on anti-corruption and AML issues to develop a more effective and efficient approach in addressing the corruption/money laundering connection and further enhance and strengthen the fight against it. The conference gathered recognized experts in the field from international organizations, national governmental agencies, academia and civil society. This event was conducted in an interactive fashion, using a “learning by doing” approach, and comprised, besides opening and closing plenary sessions, a series of workshops and mentored sessions for small groups.

Hon. Roy Cullen, in his capacity of the AML GTF leader, was invited to deliver a keynote address

and run one of the workshops for the conference attendees. In his speech, entitled *Building the Political and Institutional will to Combat the Laundering of Corrupt Money*, Mr. Cullen emphasized the integral role parliamentarians play in the fight against money laundering and underlined that building the political and institutional will to combat the laundering of corrupt money was one of the key factors necessary for this fight to succeed. In the workshop Mr. Cullen concentrated on the international mechanisms required for improving global and regional AML regimes. In particular, participants discussed the idea of an international convention against money laundering and the potential advantages and disadvantages of such a move.

Overall, the conference was a great success. It provided an opportunity for many stakeholders to discuss the strategies necessary to ameliorate and strengthen mechanisms to combat global corruption and money laundering.

For more information on this event please visit our [website](http://www.gopacnetwork.org) or contact Irina Koulatchenko at koulatchenko.irina@gopacnetwork.org

ANTI-MONEY LAUNDERING INITIATIVE - GLOBAL TASK FORCE (AML GTF)

GOPAC established a task force of parliamentarians - headed by Hon. Roy Cullen, the former Member of Parliament for Etobicoke North (Toronto), Canada. The task force also includes Hon. Given Lubinda of Zambia and Mary K. King, former Senator from Trinidad and Tobago. The AML GTF works with anti-money laundering experts and organizations to develop a complementary approach to combating money laundering, and in particular the laundering of corrupt money, and promote the use of practical tools and techniques to limit or arrest such activity.

For more information please check www.gopacnetwork.org

17th Egmont Group Plenary

In May of 2009 Hon. Roy Cullen, team leader of the GOPAC anti-money laundering task force was invited to participate in the 17th Plenary of the Egmont Group that took place in Doha, Qatar. The Egmont Group is a global network of financial intelligence units (FIU), which currently comprises 116 FIUs from around the world. Financial intelligence units are responsible for following the money trail to counter money laundering.

The Egmont Group plenary representatives from FIU's, expert organizations, national representatives from civil governmental agencies against money laundering and assets. The goal of GOPAC is Group to enhance the vital strengthening international exchange of information in the laundering of corrupt money.



brought together many international agencies, and society and non-focused on the fight the recovery of stolen to work with the Egmont role of FIUs in cooperation and the fight against the

During the plenary Mr. Cullen had an opportunity to deliver a presentation to the Training Working Group Committee, which allowed him to engage in a constructive dialogue with the members of the Egmont Group. In his presentation Mr. Cullen addressed the inextricable connection between corruption and money laundering. He highlighted the role of legislative institutions in the fight against those scourges, and outlined GOPAC's efforts in providing the opportunities for parliamentarians to be actively involved in anti-corruption and anti money laundering initiatives. Parliamentarians play a vital role in combating money laundering through their influence on legislation, by vigorous oversight of government activity and support of parliamentary auditors, and perhaps most effectively through personal leadership. Mr. Cullen stressed the need for parliamentarians to more actively encourage global cooperation and the reduction of barriers impeding the successful creation of effective Anti-Money Laundering regimes.

The plenary clearly demonstrated that GOPAC and the Egmont Group have common objectives and shared values and can collaborate on joint programs on a forward agenda.

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We hope you enjoyed this Issue. We welcome your questions, comments and suggestions! Please email them to Irina Koulatchenko at koulatchenko.irina@gopacnetwork.org

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