

Fact Sheet

Bureau for International Narcotics and Law Enforcement Affairs

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U.S. Strategy to Internationalize Efforts Against Kleptocracy: Combating High-Level Public Corruption, Denying Safe Haven, and Recovering Assets

"Corrupt practices undermine government institutions, impede economic and social development, and cast shadows of lawlessness that erode the public trust." --President George W. Bush, Message to Global Forum IV, June 2005

Corruption threatens important American interests globally, including security and stability, the rule of law and core democratic values, prosperity, and a level playing field for lawful business activities. Corrupt practices contribute to the spread of organized crime and terrorism, undermine public trust in government, and destabilize entire communities and economies.

High-level, large-scale corruption by public officials, also referred to as **kleptocracy**, is a particular threat to developing nations. Corruption at all levels undermines sound public financial management and accountability, deters foreign investment in many countries, stifles economic growth and sustainable development, distorts prices, and undermines legal and judicial systems. Large-scale corruption involving senior officials in executive, judicial, legislative, or other official positions in government can have a devastating effect on democracy, the rule of law, and economic development. Those who contribute to such corruption by paying, or promising to pay, bribes, or by giving other undue advantages, to foreign public officials undermine good governance and alter fair competition.

The United States has long led by example in the fight against corruption. Through enactment in 1977 of the Foreign Corrupt Practices Act (FCPA), the United States became the first country to criminally penalize its nationals and companies that bribe foreign public officials in commercial transactions. In this tradition, by announcing Presidential Proclamation 7750 in January 2004, the United States committed to deny safe haven to egregiously corrupt officials and other public figures by preventing them from entering the United States. We continue the vigorous enforcement of the FCPA, actively investigating and prosecuting those who pay or promise to pay bribes to foreign public officials. We are also party to the Organization for Economic Cooperation and Development's (OECD) Anti-Bribery Convention and continue to urge our international partners to ensure it is fully enforced.

Through diplomatic efforts and multilateral fora, the United States continues to strengthen political will globally to prevent and combat kleptocracy. The United Nations Convention Against Corruption (UNCAC), which entered into force in December 2005, provides a framework for international cooperation against corruption, including prevention and law enforcement measures. The United States Government participated in the negotiation of the UNCAC and in drafting the U.N. legislative guide materials for implementing the UNCAC. We have signed the UNCAC and transmitted it to the Senate for advice and consent to ratification. The United States is working with international partners to promote implementation and enforcement of the UNCAC and to design an effective multilateral follow-up mechanism to monitor its implementation.

Using the UNCAC as an overarching global framework against corruption, we encourage governments to also work through regional instruments and multilateral fora including the Group of Eight (G-8), the Asia-Pacific Economic Cooperation (APEC) Forum, Council of Europe, and the Organization of American States, and through several G-8 regional partnerships in the Middle East (Good Governance for Development in Arab States) and Africa (African Partnership). Our foreign assistance also places high priority on working with partner countries to strengthen critical transparency and administrative, regulatory, rule of law, and law enforcement systems to fight corruption.

This strategy against kleptocracy serves to promote many of the objectives set forth in the March 2006 National Security Strategy by focusing international attention on confronting large-scale corruption by senior-level public officials. This strategy represents a focused element of the fight against corruption and the promotion of transparency and responsible governance, building on previous work, such as the G-8 Transparency Initiative and the President's Proclamation to Deny Entry to Corrupt Officials, their Assets, and Those Who Corrupt Them. It complements the fundamental underpinnings of other key international initiatives, such as the Millennium Challenge Account, which encourages honest, responsible government by rewarding those that govern justly, invest in their people, and foster economic freedom. In addition, this strategy furthers the national security goal to create a more transparent, accountable, and secure international financial system, in part by safeguarding it against abuse by criminals, terrorists, money launderers, and corrupt political leaders. These same safeguards are essential underpinnings in our efforts to combat terrorist financing and money laundering by creating systemic barriers to prevent tainted capital from entering the legitimate financial system. Finally, this strategy seeks to change the international landscape so that it is wholly unacceptable for senior public officials to engage in large scale corruption and the pilfering of public funds.

Targeting the Proceeds of Grand Corruption

A critical element in our fight against grand corruption is our effort to deny kleptocrats access to fruits of their corruption. The United States has a wide range of mechanisms to prevent, detect, and prosecute grand corruption, and trace and recover the proceeds of such corruption. We employ the full range of our authorities and tools in a comprehensive, strategic way to target assets misappropriated by current and former senior foreign government or political officials, their close associates and immediate family members, or other politically exposed persons (PEPs).

The United States is also engaged internationally to protect financial systems from abuse by those who would launder the proceeds of foreign official corruption and to identify, trace, freeze, recover, and dispose of such illicitly acquired assets. We continue to take and promote measures to press our international partners to deny entry to corrupt foreign officials; increase transparency in budgeting, concession-letting, and procurement; improve governance and accountability in developing and transitional nations; investigate and prosecute their nationals and companies that bribe or promise to bribe foreign public and political party officials; and strengthen anti-bribery and accountability disciplines on export credits and official development assistance.

The United States Government has a range of tools and mechanisms, including regulatory, administrative, and law enforcement abilities, available to target the proceeds of grand corruption. We are also involved in a number of international efforts to promote anticorruption and combat kleptocracy. Our efforts are in accordance with our strategic objectives:

1. **Preventing and detecting grand corruption** through promoting transparency; ensuring the criminalization, investigation, and prosecution of bribery of public officials; and ensuring appropriate administrative and regulatory measures to deny access to our financial system.
2. **Tracing and recovering proceeds of corruption** through law enforcement, investigative, and prosecutorial authorities; and asset freezing and seizing authorities.
3. **Transferring assets and ensuring responsible use** through appropriate legal frameworks and developing mechanisms for monitoring use.
4. **Strengthening international will and ability** to combat grand corruption, coordinate responses, and implement and enforce international standards. Bilaterally and multilaterally, through diplomatic engagement and technical assistance, we are working to develop and enhance international and domestic legal regimes and promote preventive systems of democratic, transparent, and accountable governance.

The Way Forward

We are committed to building legal frameworks and a global financial system that prevent kleptocracies and deny safe haven to corrupt officials, those who corrupt them, and their proceeds. To further these strategic objectives, we will undertake to:

Launch Coalition of International Financial Centers Exploited by Kleptocrats. The United States Government will continue to work with international partners, including through the Financial Action Task Force (FATF), G-8, and Egmont Group, to enumerate best practices for identifying, tracing, freezing, and recovering assets illicitly acquired through grand corruption. Additionally, the United States Government will partner with other international financial centers, including key jurisdictions where illicit funds transit and/or are hidden, to establish and promote best practices to deny entry to proceeds of corruption, facilitate sharing of suspicious financial information, and encourage and develop public/private partnerships.

Vigorously Prosecute Foreign Corruption Offenses and Forfeit Illicitly Acquired Assets. The United States Government will seek to expand its capacity to investigate and prosecute criminal violations associated with foreign official corruption and related money laundering, as well as to forfeit the proceeds of such crimes.

Deny Physical Safe Haven. The United States will work closely with its international partners to identify kleptocrats and those who corrupt and deny them entry and safe haven. Efforts will include sharing information on identified corrupt officials (including through Financial Intelligence Unit (FIU), law enforcement, and diplomatic channels) and the denial of visas.

Strengthen Multilateral Action Against the Bribery of Kleptocrats. The United States, through bilateral and multilateral engagement, will press partners to take more vigorous efforts to investigate and prosecute those who pay or promise to pay bribes to public officials; to strengthen multilateral and national disciplines to prevent the bribery of foreign public officials in transactions supported by official export credits or insurance, and in development assistance procurement; and to introduce measures to prevent the bribery of foreign political parties, party officials, and candidates for office.

Facilitate and Reinforce Responsible Repatriation and Use. We will also work with our partners, including relevant international development institutions, to develop and promote mechanisms consistent with the UNCAC that support effective disposition and administration of recovered assets for the benefit of the citizens of countries victimized by grand corruption.

Target and Internationalize Enhanced Capacity. The United States will target technical assistance and focus international attention on building expertise to detect, prosecute, and recover the proceeds of grand corruption, as well as on helping countries build strong systems to prevent exploitation and promote responsible and accountable leadership. In addition to supporting global implementation and enforcement of the UNCAC, we will work internationally to:

- Support and facilitate development and implementation of legal and law enforcement tools necessary to prevent, detect, investigate, and prosecute corrupt public officials and those who bribe them;
- Support and facilitate development of legal and law enforcement tools necessary to recover the proceeds of grand corruption and provide international mutual legal assistance in foreign corruption matters;
- Develop and promote financial and regulatory frameworks to enhance financial systems' capacity to detect and deny safe haven to the proceeds of grand corruption;
- Advance comprehensive efforts to develop legal and regulatory infrastructures and mechanisms to promote transparency and accountability;
- Promote best practices, including model statutes or regulations, to deny safe haven through visa denial or revocation; and
- Develop, implement, and enforce enhanced anti-bribery and accountability disciplines for official development assistance funding and official export credits so such public funds do not inadvertently support corrupt transactions.

Coordinate on Related, Cross-Cutting Threats. The United States Government will coordinate with other committed partners to identify typologies to describe the intersection of public corruption, transnational criminal enterprises, terrorism, and other threats to security.