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Step up to tackle corruption: Forthcoming study to assess G7 readiness to freeze and seize Russian assets

Dear G7 Finance Ministers,

Following your meetings this week and as you continue to consider strategies to deter Russian aggression against Ukraine, Transparency International urges you to strengthen your individual and collective efforts to track, seize and confiscate Russian elites' illicit assets that they have hidden across your jurisdictions.

In April, you noted that the G7 was targeting the assets of the Russian elites under the recent Ukraine-related sanctions as part of the REPO Task Force. And while high-profile yacht seizures have been making headlines, these are of course only a small fraction of kleptocrats' illicit wealth stashed abroad.

Transparency International is concerned that kleptocrats continue to exploit weak defences against dirty money in your countries. Even early successes were hampered by layers of secrecy and obstacles to international cooperation. We urge you to provide the public with a detailed update on your joint efforts and develop a clear action plan to overcome the identified obstacles.

Many of the barriers have been known to the G7 for a long time. In 2004, the then G8 outlined hurdles in the tracing of criminal assets and ways to overcome them.¹ Recommendations included examining national laws, establishing dedicated authorities and adequately resourcing them.

Transparency International's forthcoming study – entitled *Up to the task? The state of play in countries committed to freezing and seizing Russian dirty money* – finds that almost 20 years later, G7 members continue to face the same challenges as before:

- Serious transparency gaps that allowed shady actors to secretly store assets in the first place now undercut your efforts to find them. From investment in shares and private equity to real estate and luxury goods, asset ownership remains opaque in most countries.
- National frameworks have significant shortcomings when it comes to extending and implementing anti-money laundering rules to non-financial gatekeepers.
- Financial intelligence units have insufficient resources to effectively analyse suspicious activities and produce high-quality intelligence reports.

¹ G8 (June 2004), *Best practice principles on tracing, freezing and confiscation of assets*. Accessible via the United States Department of Justice:
https://www.justice.gov/sites/default/files/ag/legacy/2004/06/03/G8_Best_Practices_on_Tracing.pdf

- As things stand, most G7 members will face significant legal challenges when attempting to confiscate and return these assets to the victims of corruption.

The comparative study will be released on 24 May, including recommendations to address key vulnerabilities. The report covers all G7 countries except for Japan, owing to constraints in publicly available information. Notably, every country we assessed had transparency gaps, especially around the resources available to the law enforcement agencies.

The success of the multilateral efforts to hold Russian elites accountable and to put an end to the advanced economies' complicity in cross-border corruption and kleptocracy depends on the G7 stepping up now. Transparency International's public petition – which has been signed by more than 117 thousand people from around the world – shows that the public stands with us in this call.²

Thank you for your attention,



Daniel Eriksson

Chief Executive Officer
Transparency International

² Transparency International's petition on Change.org, *After Ukraine, no more safe haven for Russia's super-rich in the West*. Available at: <https://www.change.org/stopkleptocrats>