Corruption Cases Involving Vast Quantities of Assets

General Findings on Cases of Corruption Involving Vast Quantities of Assets and PEPs

UNODC Expert Group Meeting
Lima, Peru
03 December 2018
Reminder: “VQA” Case Compendium

• Looked at over 30 cases to develop write-ups
• Open-source research
• Regionally and temporally diverse
• Old classics: Marcos, Duvalier, etc.
• Soon-to-be classics: 1MDB, Lava Jato, Moldova Bank Fraud
Case Criteria

Did it involve a vast quantity of assets (VQA)???
Reality:

All VQA cases revolve around PEP(s)
Example #1: Bribes for resource access

- Diezani Alison-Madueke, fmr. Nigerian Oil Minister
  - Accused of having accepted bribes in exchange for access to oil fields during 2011-2015
- Gulnara Karimova, fmr. first daughter of Uzbekistan
  - Convicted of trading influence to telecoms in exchange for illicit $$$

http://star.worldbank.org
Example #2: Stealing foreign aid in Haiti

- Jean Claude “Baby Doc” Duvalier
- President of Haiti, 1971–1986
- Earthquake and poverty relief funds from international and multilateral donors
- Est. $500 million
- Similar scheme: Ferdinand Marcos, Philippines
Example #3: Manipulating public expenditures

• Hosni Mubarak, fmr President of Egypt
  • Directed the issuance of fake invoices for public expenditures
    • Eg. a ”Special Presidential Communications System”

• Similar cases: 1MDB, Ben Ali in Tunisia
Key Takeaways

- In order to “accomplish” grand corruption, you typically need:
  - Decision-making authority
  - Access to public funds
  - Limited checks on power
- Concerted int’l effort to address abuse of power through financial regs to target PEPs
  - FATF Rec 12
Thank you!

Sol Krause
Financial Sector Specialist
Email: skrause@worldbank.org
Corruption Cases Involving Vast Quantities of Assets

Pursuing VQA Corruption Cases: Risks, Challenges, and Opportunities

UNODC Expert Group Meeting
Lima, Peru
03 December 2018
Reminder: “VQA” Case Compendium

- Looked at over 30 cases to develop compendium of indicative cases
- Open-source research
- Regionally and temporally diverse
- Common risks and opportunities emerged
Risks & Challenges

- Politics
  - Eg: 1MDB, Ben Ali, Duvalier, Mubarak...
  - (lack of political will can prevent asset recovery too)
- Destruction of evidence
  - Eg. Moldova, Marcos
- Establishing beneficial ownership in secrecy jurisdictions
- Transparency in extractive industries
  - Eg. DRC cases, OPL, Diezani Alison-Madueke
Risks & Challenges

- Politics
  - Eg: 1MDB, Ben Ali, Duvalier, Mubarak...
  - (lack of political will can prevent asset recovery too)
- Destruction of evidence
  - Eg. Moldova, Marcos
- Establishing beneficial ownership in secrecy jurisdictions
- Transparency in extractive industries
  - Eg. DRC mining, OPL, Diezani Alison-Madueke
Opportunities

• Investigative journalism / CSO work
  • Eg: BAE Systems, Kirchners in Argentina, DRC mining, Azerbaijani bribe cases

• Private investigative services
  • Eg. Moldova, Marcos, Duvalier

• U.S. DOJ Kleptocracy Initiative
  • Eg. Duvalier, Diezani Alison-Madueke, Karimova, BAE

• Plea bargaining
  • Eg. Lava Kato, Kirchners

• Technology and software
Thank you!

Molly Silver
Financial Sector Specialist
Email: msilver2@worldbank.org