Recovering Proceeds of Kleptocracy

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ASSET RECOVERY

CHALLENGES

- Establishing Predicate Conduct
- Identification/Restraint of Assets
- Proving Financial Relationships
- Resource Intensive
- Fugitivity and Death of Kleptocrat
- Transnational Investigation
- Executive Director Honduran Institute of Social Security 2010-2014

- **Scheme 1:**
  - Solicited $2 million bribes to authorize payments under a $19 million contract
  - $1.6 million used to buy real estate in U.S. with brother Carlos Zelaya

- **Scheme 2:**
  - Misappropriation through false lines of credit
  - Purchase at least $1.5 million in Florida
- Sept. 2014 Mario Zelaya indicted in Honduras
- Dec. 2014 Jose Zelaya, Michelle Rojas charged in Honduras
- Jan. 2015 US Initiates non-conviction based forfeiture - 9 properties in Louisiana
- April 2015 Honduran court orders restraint of property in Florida
MARIO ZELAYA

- May 2015 – U.S. seeks enforcement of Honduran order
- January 2018 – U.S. Criminal Indictment of Carlos Zelaya
- June 2018 -- U.S. plea agreement with Carlos Zelaya 18 USC 371 Conspiracy to commit money laundering offenses
- July 2018 – U.S. forfeiture of Louisiana properties, 3rd party claim still pending
- Oct. 2018 – Carlos Zelaya Sentenced
ELEMENTS

- Effective Investigation in Honduras
- Flexible U.S. system for assistance:
  - Non-Conviction based forfeiture
  - Criminal Prosecution
  - Enforcement of foreign order
- Close international cooperation
Arafat ("Koko") Rahman

- Koko – not a public official
- "Mr. Ten Percent"
- Demands payments not to interfere
CRIMINAL SCHEMES

- Siemens pays $5.3 million bribe for concerning mobile telephone service
- Chittagong project harbor engineering project
  - $131 million tender
  - Bribes of at least $3 million
- Use of financial intermediaries to launder
INVESTIGATIONS

- Bangladesh National Coordination Committee Against Grievous Offenses
  – conviction of Koko in Absentia
- US – 2008 Conviction of Seimens
- US – 2009-2010 NCB Forfeiture Case against Assets in Singapore
- Singapore – 2011 conviction of financial intermediary
- Singapore enforcement of US forfeiture judgment, repatriation of $2 million
Additional Results

- Koko convicted in absentia in Bangladesh
  - 6 years, Tk 38.83 crore fine
- S.C. Lim (corporate service provider) convicted in Singapore
- Closer mutual legal assistance relationship
  - February 2013 judgment in Singapore in favor of Bangladesh $932,000 USD, anticipated repatriation
ELEMENTS

- Identify cooperating witnesses
- Multilateral cooperation
  - Evidence
  - Different tools and complementary enforcement proceedings
- Mutual Legal Assistance
  - Persistence, build new relationships
U.S. KLEPTOCRACY ASSET RECOVERY INITIATIVE

- U.S. Attorney General Announced 2010
  - Need Greater Enforcement
  - Need Dedicated, Specialized Team of Prosecutors

- U.S. Law Enforcement Support
  - Homeland Security Investigations
  - Federal Bureau of Investigation
  - IRS-CI
FURTHER U.S. COMMITMENT TO ASSET RECOVERY

- Over $3.3 Billion Under Judicial Restraint
- FBI International Corruption Squad
  - Kleptocracy Initiative
  - Foreign Corrupt Practices Act
- Continued Investigative Support from HSI, IRS, other Federal Law Enforcement