



global witness

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Senate shines welcome spotlight on U.S. facilitation of corruption

A senate subcommittee hearing this week will expose how foreign politicians have used the services of American lawyers, bankers, lobbyists and other professionals, to bring millions of suspect dollars into the country.

On Thursday the Senate Permanent Subcommittee on Investigations will question representatives from the State Department, Immigration & Customs Enforcement (ICE), and Financial Crimes Enforcement Network (FinCEN), as well as lawyers, a realtor, and representatives of financial institutions, on whether U.S. policies to combat foreign corruption are strong enough and whether the U.S. anti-money laundering regime needs to be improved.

The Subcommittee will also release a report giving four examples of how American safeguards against money laundering and corruption have been circumvented by senior foreign political figures. Global Witness is particularly interested in the hearing because its subject matter reinforces recent work on corruption and money laundering carried out by the group.

In November 2009 Global Witness' report [The Secret Life of a Shopaholic](#) exposed major weaknesses in the American anti-money laundering regime, particularly the rules on wire transfers, that are supposed to keep dirty money – whether from corruption, terrorism or narcotics – out of the financial system. The report revealed that banks including Wachovia, Bank of America and UBS, allowed Teodorin Obiang, son of the president of oil-rich Equatorial Guinea, to bring \$75 million into the U.S. between 2005 and 2007.

In March 2009 [Undue Diligence: How Banks do Business with Corrupt Regimes](#), named and shamed American, British and European banks who have done business with corrupt regimes and thus contributed to poverty in these countries. The report showed how Citibank had enabled Charles Taylor, the former president of Liberia and now on trial for war crimes, to use the global financial system to profit from timber sales that were fuelling conflict.

"Corruption and bad management of natural-resource wealth robs citizens of developing countries of millions of dollars a year and directly undermines both the benefits of international aid as well as U.S. energy and national security interests," said Corinna Gilfillan, Head of Global Witness's U.S. office. "The U.S. government could do much more to prevent this from happening by holding its banks and companies to account."

Global Witness is calling on the U.S. government to:

- Close loopholes in the design and implementation of its anti-money laundering laws.
- Cooperate with its international partners and the Financial Action Task Force to tighten loopholes in the global framework to prevent the financial and professional sectors facilitating corruption
- Pass the Energy Security Through Transparency Act, a bi-partisan bill introduced in the U.S. Senate, which would require all extractive industry companies registered with the SEC to disclose what they pay governments for extraction of natural resources. This would help prevent funds from being stolen in the first place.

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Note to editors: The hearing, "Keeping Foreign Corruption Out of the United States: Four Case Histories," is on Thursday, February 4, 2010, at 9:30 a.m., in Room 342 of the Dirksen Senate Office Building.

Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses