



# TRANSPARENCY INTERNATIONAL | USA

## Stopping the Corrupt: Actions the U.S. Can Take

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The worldwide Transparency International movement is launching a new campaign, entitled Unmask the Corrupt. This campaign is focused on ending the impunity enjoyed by kleptocrats and other corrupt public officials. The campaign calls on governments around the world to require transparency for the beneficial owners of corporations, deny visas to those engaged in corrupt activities, and require that sellers of luxury goods properly scrutinize their customers to screen out those who may be attempting to use the proceeds from their corrupt activities to purchase yachts, planes, performance automobiles, or other luxury items.

Two of the demands of the Unmask the Corrupt campaign, mandating beneficial ownership transparency and strengthening denial of entry provisions, are longstanding goals for Transparency International – USA. As part of this new global initiative, TI-USA renews its call for action on two important matters: mandating transparency for the beneficial owners of U.S. corporations and strengthening the procedures by which corrupt foreign officials are denied entry into the United States. These two matters, while they may seem at first blush unrelated, are in fact complementary in the fight against the large-scale kleptocracy that has resulted in the wholesale looting of many poor but resource-rich developing countries by their ruling families.

The most shocking example of kleptocracy may be Equatorial Guinea. Equatorial Guinea is a small African nation with large timber and oil reserves. The exploitation of these resources has made Equatorial Guinea a very rich nation on paper, with a per capita income of above \$25,000. And yet, the average Equatoguinean has not benefited from this wealth. The country ranks 144<sup>th</sup> on the UN's Human Development Index, less than half the population has access to clean drinking water, and 20% of children die before the age of 5. Indeed, almost all of Equatorial Guinea's oil and timber wealth has been stolen by President Teodoro Obiang, his family, and entourage. President Obiang's personal wealth has been estimated at more than [\\$600 million](#). President Obiang's oldest son Teodorin was for years Equatorial Guinea's Forestry Minister where he abused his office for personal gain. During this time, he amassed a tremendous fortune in both France and the United States. In [France](#), he owned a 100 room \$200 million dollar mansion furnished with over \$50 million in furniture and art and 8 luxury cars worth over \$5 million; in the [U.S.](#), he owned a \$30 million mansion in Malibu, a \$38.5 million Gulfstream jet, 7 luxury cars, and \$2 million in Michael Jackson memorabilia.

[Investigations](#) in the United States have shown that Teodorin Obiang used shell companies to avoid anti-money laundering (AML) and politically exposed person (PEP) controls in order bring millions of dollars in suspect funds into the United States in order to fund his lavish lifestyle.

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Had the law required that he be listed as the beneficial owner of these shell companies, he likely would never have been able to transfer so much money into the United States, and had he been denied entry into the United States and other Western nations, he would not have been able to so flagrantly enjoy his ill-gotten gains.

The Obiang case is unfortunately not an isolated incident. A 2011 [study](#) found that of 150 grand corruption cases analyzed, corporate vehicles were used in nearly all of those cases to conceal the identities of corrupt public officials in order to allow them to more easily amass and transfer assets. And [legion](#) are the corrupt foreign officials who own luxury apartments in New York, London, or Paris.

Happily, there is legislation pending before the United States Congress that would mandate beneficial ownership transparency for U.S. corporations. Senate Bill S. 1465 and House Bill H.R. 3331 would require all U.S. states to obtain and maintain beneficial ownership information for corporations and limited liability corporations incorporated under their laws. Congress has also begun studying proposed legislation that would require the Executive Branch to consider credible information from multiple sources, including non-governmental organizations, in denying and/or revoking visas to public officials on the grounds that they engaged in or abetted corruption or human rights abuses. This legislation would also require the Executive Branch to publish annually a list of those whose visas have been denied or revoked on these grounds.

Transparency International – USA believes that passage of the proposed bills mandating beneficial ownership transparency would strike a blow against the impunity enjoyed by kleptocrats and other corrupt foreign officials. We also believe that Congress should continue to study how it can best strengthen denial of entry procedures to ensure that the corrupt are not allowed into the U.S. For too long, corrupt foreign officials have looted their countries and then enjoyed the proceeds of their thievery in Western countries including the United States. Requiring beneficial ownership transparency of corporations and strengthening the denial of entry procedures for the corrupt would send a strong message that the United States is open for legitimate business, but closed to those who steal from their people.