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ANTI-CORRUPTION'S CUTTING EDGE:
NEW DIRECTIONS IN BENEFICIAL OWNERSHIP TRANSPARENCY

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PARTICIPANTS:

Fireside Chat and Moderator:

NORMAN EISEN
Senior Fellow, Governance Studies
The Brookings Institution

MÁRIA KOLÍKOVÁ
Minister of Justice of the Slovak Republic

ELIZABETH ROSENBERG
Assistant Secretary for Terrorist Financing and Financial Crimes
U.S. Department of the Treasury

Panel and Moderator:

JONATHAN KATZ
Senior Fellow and Director, Democracy Initiatives,
German Marshall Fund of the United States

ANDREJ LEONTIEV
Partner, Taylor Wessing

MAÍRA MARTINI
Research and Policy Expert, Corrupt Money Flows,
Transparency International

THOM TOWNSEND
Executive Director, Open Ownership

ZUZANA WIENK
Director, Bystriny (Currents); Civic Society Member,
Open Government Partnership Steering Committee

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P R O C E E D I N G S

MR. EISEN: Dobré ráno, dobrý den, good morning, or good day, wherever you may be in the world. I'm Norman Eisen. I'm a senior fellow here at the Brookings Institution in our Governance Studies program, and the chair of our signature anti-corruption initiative at Brookings, Leveraging Transparency to Reduce Corruption. It's a global action and research initiative led by Brookings together with results for development.

Today, we will discuss the crucial issue of beneficial ownership transparency, which I sometimes describe as the missing link that the world is finally filling in to the anti-corruption equation.

For those of you who are less familiar with beneficial ownership -- that certainly does not include our guests who I'll introduce shortly on stage with me, live or virtually -- but for those of you who are less familiar, beneficial ownership transparency aims to provide the public, the press, and other decision-makers, including within government, with information on who owns or controls entities, trusts, foundations, and it's so important because you can't really understand the vicious cycle of corruption, or the virtuous cycle of anti-corruption and democracy promotion, without understanding who owns what and who benefits from flows of cash, whether legal or illicit.

So, beneficial ownership transparency provides governments and civil society organizations with the necessary information that they need to combat modalities of corruption like money laundering, illicit financial flows, tax evasion, using extraterritorial real estate and other asset purchases to park ill-gotten corrupt gains, and on, and on.

At Leveraging Transparency to Reduce Corruption here at Brookings, we've aimed to complement the important work being done all over the world, and we have some of the leading experts on beneficial ownership and beneficial ownership registries, the place -- how to implement this information, make it available. We've aimed to complement all those efforts in our work around the world. Not just thinking and analysis, but our field work where we've tested what works and what doesn't work in beneficial ownership. We've done

that in places like Mongolia, where we have studied the system, traveled to the country, worked with local partners in and outside of government, and made recommendations, which you can find on our LTRC website on how to strengthen the transparency ecosystem. Those are important, of course, not only for applying beneficial ownership as a solution in Mongolia, but they offer lessons all over the world, and as well here today one of the leading practitioners as a nation of applying these theories is Slovakia, and you'll hear what the experience is like and how it's working. We've also addressed these issues in our big literature survey, which I commend to your attention, on what we call the TAP-Plus approach to solving corruption problems.

I want to acknowledge the BHP foundation for their generous support to LTRC, which helps make all the work we do possible, as well as our other Governance Studies donors, and I want to greet everyone who is with us today, both experts I see from D.C., but also a large delegation from Slovakia that has come to D.C. to work on these issues, and of course, my friend, the ambassador of the Slovak Republic, my friend Radovan (PHONETIC 6:21).

Now, I am honored to begin today's event with Slovakia's minister of justice Mária Kolíková, and the assistant secretary for terrorist financing and financial crimes at the U.S. Department of the Treasury, Liz Rosenberg. Minister Kolíková, who joins us remotely today, but really you can see having her on the screen is almost the same, she's almost the same size as if she was sitting here, so I really feel like I'm on stage with you. (SPEAKING SLOVAK).

The minister has introduced multiple measures related to strengthening rule of law and anti-corruption, as well as a comprehensive reform of the Slovak judiciary. She previously served as state secretary of the ministry of justice twice, from 2010 to 2012, and again from 2016 to 2018. In 2006, she was the first director of the Center for Legal Aid, and of course rule of law, which runs through her career, is the frame within which beneficial ownership and anti-corruption initiatives operate. She has been an active advocate in these

areas since 2003.

My friend, Assistant Secretary Rosenberg, is responsible for leading and coordinating anti-money laundering policy, counterterrorist financing, and counter-proliferation financing efforts, anti-corruption initiatives, and the use of targeted financial measures to advance U.S. national security. I feel exhausted just listing all your responsibilities, Liz. Prior to her confirmation by the United States Senate in December of 2021, she served as counselor to the deputy secretary, who we've also had the honor of welcoming for a fireside chat here at Brookings. And from September 2013 until January 2021, Liz directed the economics program at the center for a new American security.

I will now pass the virtual microphone to Minister Kolíková to offer some introductory remarks. (SPEAKING SLOVAK)

MS. KOLÍKOVÁ: Thank you very much for the words. Excellent stage, distinguished guests (PHONETIC 8:51) Elizabeth, (INAUDIBLE 8:54) Norman. Thank you, Brookings, for hosting this very promising beneficial ownership transparency events. I am really very grateful for this opportunity to present a few remarks on the past and future of beneficial ownership transparency from the Slovak governmental perspective.

One of the most pervasive economy crimes in the world today is definitely money laundering. It has been estimated that some 1 to 2 trillion American dollars, or 2 to 5 personal dollar GDP, goes through a laundering cycle each year. The enormous volume of dark money creates serious threats to democracy and erodes rule of law worldwide. This wouldn't be possible without the involvement of professional intermediaries, such as bankers, lawyers, or accountants. It is my honor to present that in 2017, Slovakia was among the first countries to implement an efficient beneficial ownership registry, budgeting public expenditures. And as you mentioned, at that time, I was the state secretary of the Ministry of Justice. At that time, Slovakia was the only country in the world operating its register with (INAUDIBLE 10:16) expose verification involving gatekeepers.

Early in the legislation process recognized the need to incentivize

intermediaries to investigate, verify, and disclose beneficial ownership of companies.

Recent evidence from different leaks, as well as from investigation into Russian assets abroad shows that a person of personal interest, the intermediaries of whom create enabling corporate structures that facilitate illicit activities of political and economic elites.

Use motivating them to work for the public good, turned out to be a very successful strategy in Slovakia. This innovative public-private partnership was introduced by the 2000 anti-shell companies law. It reprised any private entity, both local and foreign, billing this public finance or public assets, to register its beneficial owners into the public online register, and grants exclusivity to gatekeepers to register clients' data.

It still requires index investigation and verification of the submitted data. Intermediaries can charge reasonable fees for the service. The strict liability for the accuracy of the data is shared between intermediaries and their clients.

Practical implication of the cooperation between state and gatekeepers can be demonstrated by the following facts. As of February 2021, out of 31,000 registered entities, only less than 15 actual persons from tax havens or offshore jurisdiction were registered as beneficial owners. Considering that hundreds of offshore companies appear in the complex ownership structure of select (PHONETIC 12:05) entities. This figure show that the look through principle bodes well with our register.

Furthermore, Transparency International Slovakia recently confirmed that out of 15,000 public contracts was approximately 29 billion euro, only 25 contracts worth 5 and a half million euro were missing registration of beneficial owners. Although 31,000 registered entities do not look like a huge number, the fact that we can complete transparency of the beneficial ownership of public transaction worth nearly 30 billion euro, considering that the state annual expenditures are around 50 billion euro, is really a great success.

Colleagues, allow me please another short remark on the benchmarking of the Slovak beneficial ownership transparency framework. A couple of months ago, as a

result of Pandora Papers, FATF initiated multiple actions aiming at raising the international standards of beneficial ownership transparency. The proposed changes to the FATF recommendation 24, on transparency of beneficial ownership, are encouraging countries, creating (INAUDIBLE 13:26) register of beneficial owners, or an alternative mechanism.

Slovakia created such a register for companies, building this public exercise for funds back in 2017. FATF proposes further that countries consider public access to beneficial ownership information. Slovakia provides full, public, and online free-of-charge access to the beneficial ownership information from its special register since 2017.

FATF also requires the 25 beneficial ownership threshold as a maximum. In 2017, Slovakia even lowered the threshold for family members and other shareholders acting jointly. FATF finally accepts the need to cover foreign entities. For example, offshore companies that have a sufficient link in the national beneficiary ownership registries. Slovakia requires foreign entities doing business with public sector to register its beneficial owners. FATF requires that the collected data contains adequate information that is sufficient to identify the (INAUDIBLE 14:38) person who are the beneficial owners. This based on GDPR pushback. Slovakia collects and publishes data (INAUDIBLE 14:47) of beneficial owners as a crucial identification since 2017.

Importantly, FATF recognizes that beneficial ownership information shall be verified. As mentioned before, Slovak special register provides for compulsory verification of beneficial ownership data by gatekeepers. FATF specifies one month as an example of a reasonable period within which information shall be changed. Among other verification events, Slovakia requires the beneficial ownership information to be verified before any payment of public found in excess of 1 million euro. We also implemented a reverse burden of proof, in case the registered beneficial ownership information is contested by public.

To conclude, transparency of beneficial ownership is not an aim. It is a mean, it is a tool for effective regulation, policymaking, and law enforcement. The anti-money laundering aspect is just one of money. Including the beneficial ownership concept

in public procurement, foreign direct investment screening, subsidy schemes, frameworks, bankruptcy proceedings, unexplained enrichment laws, economic sanctioning rules, asset declaration officials shall be our come-and-go. I can assure you that Slovakia is keen on sharing all is keen on sharing all our experience and know-how internationally.

Finally, I'm looking forward to a good and productive discussion. Thank you.

MR. EISEN: (SPEAKING SLOVAK). Thanks, madam minister. And now, I will pass the mic to our friend, Liz Rosenberg.

MS. ROSENBERG: Thank you very much. Good morning to everyone, and thanks to the Brookings Institution and Ambassador Eisen for the opportunity to be here with you to talk about this topic. Actually, as you noted in your introductory remarks, I'm here to continue what has been a series of discussions that the treasury department started last year. I run The Summit for Democracy, which includes the comments of our deputy secretary here who identified several anti-corruption priorities, including promoting transparency and anti-corruption enforcement, and deepening our partnerships in service of this work, so it's particularly apropos that we're in this forum today, and discussing partnerships.

I also want to note comments made around that same time late last year by the Treasury Secretary Janet Yellen, who declared corruption as a common adversary of democracies in a conversation with finance ministers from around the world. Since that time late last year, the U.S. Treasury Department has been focused on three main areas of efforts to counter corruption, along with colleagues in the U.S. government, and I'd like to tell you a little bit about what we've been doing since that time nine months ago. Those three efforts I noted begin first with analyzing risks associated with this pernicious threat, and I'll come to talk about that in each of these in turn.

Secondly, putting in place the legal -- the right legal regime, legal framework to prevent corruption from lurking or, in fact, operating with impunity in our financial system.

And third, implementing so-called targeted measures, that includes sanctions, to expose and hold accountable corrupt individuals and their facilitators.

Corruption is corrosive, both to our institutions and to the trust they are dependent upon, undermining the foundations of a strong society, as has already been noted by the minister and by yourself. This is one of the reasons that President Biden, less than five months into his presidency, identified corruption as a national security threat. It's a problem when it happens here in the United States, when gaps in our law allow for it to occur, and where our legal regime permits the proceeds of corruption wherever they are generated, in the United States or elsewhere, to be stashed and laundered in our financial system.

And corruption is also a problem for Americans when other jurisdictions that are besieged by corruption are then less able to engage with us collectively to address common problems, and it undermines the peace and security that goes along with a fair and participatory society.

The office -- so, coming first to that first item that I was mentioning, the office that I lead works diligently to analyze corruption. This is the fundamental work of understanding the problem and its severity, a necessary precondition to taking concerted action.

In our 2022 money laundering risk assessment, a major effort that we do every two years, our team described the persistent themes of corrupt individuals engaging in fraud, embezzlement, bribery, extortion, the misuse of companies and other legal entities, also all-cash purchases of real estate, and the financial facilitators known as gatekeepers including to this community here, that move this dirty money along. That work and the concern you all share, I think, about those activities wherever they may occur, but here in the United States sounded an alarm and enhanced urgency that we all feel to take action. It led the Biden Administration to release its first strategy, national strategy to counter corruption, a document with which many of you may be familiar.

The second line of effort I noted is the regulatory work to enhance financial system resiliency to the threats of corruption. Think of this as mitigating vulnerabilities, or closing loopholes like anonymous companies, a topic which brings so many of us here today and focuses our professional work.

Think of anonymous companies, large cash purchases, and for us this means tackling these risks head-on, including driving right at, for example, low levels of accountability and disclosure required for the kinds of individuals who are the highest risk for engaging in or succumbing to corrupt activity. And really this can run the gamut from municipal officials in the U.S. taking bribes in exchange for procurement contracts, we've already discussed procurement, to corrupt foreign officials or their families investing millions of dollars in U.S. real estate, another problem that has been documented extensively.

This work for us in the U.S. government to strengthen financial defenses against corrupt individuals -- against corruption, individuals and entities, includes the Treasury Department's Financial -- excuse me, Crimes Enforcement Network, known to many as FinCEN, working to establish our own beneficial ownership registry in the United States, and to set disclosure rules for large all-cash commercial real estate purchases. These are really -- many of you know this, but just to underscore for people who are newer to this topic, these are game-changing rules, and the most important anti-money laundering reforms of our generation, in a 50-year arc of anti-money laundering regime in the United States.

Some of the work we've also been doing, this regulatory work, closing loopholes work, includes treasuries work, the U.S. government's work to strengthen global beneficial ownership standards, so we heard a little bit about that from the minister. I share the enthusiasm and dedication to this work, the office I lead is the head of U.S. delegation to the FATF, and puts forward considerable effort into helping to, with colleagues in FATF, establish these standards.

Just to say another word or two about this work, this current work,

to enhance the standards on -- around beneficial ownership, are those standards relevant to corruption, countering corruption at FATF, they require all countries to -- the updating standards required all countries to collect information on the companies formed in or with meaningful business ties to jurisdictions. Also to ensure their law enforcement authorities have access to this information, so, competent authorities, depending which may be the spoke in each jurisdiction, as well as requiring that countries know the ultimate owners of companies bidding for contracts, public contracts. I just want to affirm that particular point.

Also, significantly, in the spring at the FATF Ministerial, we have worked to strengthen the mandate of the financial action task force to counter corruption itself. To focus the body's efforts on the more effective implementation of the U.N. Convention on Corruption, and projects related to the misuse of citizenship by investment programs and by additional projects on gatekeepers. So, individuals that may get rich helping senior officials or others steal from their citizens.

This may be clear, but I want to foot stomp on this one again. When FATF takes a strong stance on corruption, it raises expectations and standards globally with the powerful effect of closing off avenues for dirty money to avoid detection and moving to lax jurisdictions, wherever they may be located. The work of my office and our colleagues around the U.S. government to support partners abroad in shoring up their legal regimes in order to meet these FATF standards may be complicated or bespoke, it is different in every instance. The financial footprint in every country is different, the risks are different, but it is essential, it's fundamentally important to deny kleptocrats and corrupt officials the ability to hide in the financial system, consolidating their political power and influence.

That third area I noted of U.S. government work, and Treasury's work in particular, is exposing corrupt officials, the facilitators who do their dirty work, and the institutions that they have brought to ruin with laundered money, kickbacks, and fraud. Some of this work becomes public, such as sanctions designations or arrests and

prosecutions that rely on suspicious financial activity reports known as SARs, collected by FinCEN in our country, our financial intelligence unit. Sometimes the work, however, is not public, such as when our foreign partners draw on SARs filed in the United States for their own law enforcement activity, or when they use downgraded or declassified intelligence information to also get at corruption in their own jurisdictions.

I want to just close here by calling out an effort that the U.S. Treasury Department is deeply involved in right now. I expect many of us here consider ourselves stakeholders and committed to this work, and this is the sanctions and law enforcement efforts or other efforts to impede the corrupt and kleptocratic actors who help to sustain and benefit from President Putin's rule and his war machine. These efforts by the United States and our partners have powerfully energized national governments to act against corruption, and by way of example, as of earlier this summer, the G7 froze more than 30 billion in assets and seized real property, including yachts, jets, real estate, and other items. We've made renewed efforts to work with partner jurisdictions to close the loopholes that commit abuse by kleptocrats and criminals tied to the Russian regime, such as making major efforts on the golden passports program, so-called golden passports program, this is abusive citizenship by investment programs.

So, in context here, dirty money has been the lifeblood of autocracy for much longer than the months of Putin's war, of course, but the response of so many countries now to prevent the proceeds of Russian corruption from percolating through the global financial system is not merely an exercise of good governance and financial transparency, it's a defense of national security, and the security and stability of our partners, and a means to methodically, designation by designation and asset seizure by asset seizure, diminish Russia's ability to engage in the illicit financial activity that gives strength to a brutal regime's horrific war.

Over the months to come, the Treasury Department will continue with much of the work that I've already outlined, I'd be very happy to discuss it further with

you all in our conversation. Thank you.

MR. EISEN: Thank you Assistant Secretary Rosenberg. And I'm going to begin by coming to both of you with a couple of questions, and then we've been monitoring -- we have a huge online contingent of attendees in this hybrid event, as we tiptoe back into real life here at Brookings. So, we have some questions that we're also going to take from our viewers.

Let me start with the minister, and her remarks about Slovakia's experience and the ministry's experience, really as a pioneer in the field of beneficial ownership transparency. And, Liz, I'm going to come to you afterwards to ask about the FinCEN progress on its beneficial ownership rules. So, we'll mirror this question.

But first, to the minister, you created the register of beneficial ownership, the ministry did, Slovakia did in 2015, and updated the database to the register of partners of the public sector in 2017. There has been some criticism both when the new register launched and since that -- about gaps. Very similar to the robust commitments that have been made by the United States, really, the historic commitments in connection with the democracy summit, but questions about gaps, and about implementation, as well as applause for the good work. It's a mix of the two.

Some of the criticisms in Slovakia have included that it did not include all companies who receive public funds, that it lacked a clear definition of what a public official was, and that it was not linked to other financial databases tracking public procurement data, and we at LTRC have studied similar issues in our fieldwork globally on the implementation of beneficial ownership. Can you tell us how Slovakia incorporated this feedback and built on the register's proven past success?

MS. KOLÍKOVÁ: Yeah, you're completely right that the public sector partners register that was created in 2015 was really not efficient and was very narrow, because it covered only around 20 percent of all public expenditures, and really required only a declaration of the public sector partner for BO registration. So, that's

completely true. Due to continued suspicions of massive conflict of interest and corruption public sector, we decided to widen the scope and the whole BO verification system.

So, we widened the scope and included all these positions, these public assets and public funds, including EU funds, so the vast majority of public expenditure is covered by the registration duty. In other words, private sector entities may receive any cash and non-cash consideration from the public sector only if they disclosed and registered their BOs.

Secondly, we introduced verification by gatekeepers. These are intermediaries from the ranks of professional service providers such as attorneys at law or tax advisors. For a fee, they verify the information independently before entering the data into the register and assume co-liability for the accuracy of the data. This is really a huge difference from the previous declaration system.

And thirdly, we introduced a global (PHONETIC 32:32) sanction system with high finds. In some cases, up to the amount of the economic benefit gained by the public sector partner.

And last but not least, the exposed review of the accuracy of the data was entrusted to a special court, so I think this is very important that there is a special role for the court. In case there is a reasonable doubt about the accuracy of data, the rigorous burden of proof requires the partner to provide evidence on the accuracy. So, I mean, you are completely right that the criticism came from the civil society before the new register was launched. And now I am very happy that actually civil society, now they confirm that the amendment of the law is implemented so the recent legislation seems to be fixed, you may say.

MR. EISEN: Well, I think this event exemplifies the public partnership between government and civil society, and we'll hear more about that on our second panel.

Assistant secretary, having heard a little bit about the Slovak

experience and how the ministry there evolved to deal with the criticisms, we know that FinCEN said earlier this year that it expects to seek public comment on another proposed beneficial ownership rule in 2022. And we know the seriousness, both from your remarks here as well as when the deputy secretary came for his first public remarks after the release of the first ever comprehensive U.S. strategy, your commitment to analyzing the risk, dealing with the regulatory work to close loopholes, and then the targeted measures and beneficial ownership crosscuts. Those, particularly the latter two.

As we wait for the new beneficial ownership rule, can you tell us what we can expect, when we can expect it, and -- and more generally, on beneficial ownership, and more generally how you're tracking the commitments that were made as part of the democracy summit with that bold strategy, the implementation?

MS. ROSENBERG: Thank you for all of those questions. Just to pick up on something you just said, beneficial ownership, it really crosscuts everything. So, you're asking me this question as a first follow-up is -- I really appreciate and commend you doing that. We, too, see it as highly significant across all areas of our work. Perhaps that is a view shared by everyone who is participating or tuning in to this conversation.

With regard to the work that FinCEN and Treasury broadly is doing to support implementation of this legislative mandate we have to bring forward the beneficial ownership database in the United States, the legislation required three different rules that, together, will constitute -- support and constitute the establishment of our beneficial ownership database. There is one that has been out there in the public, including for comment. We've received really robust comments on that. Actually, the minister's comments really hit quite close to home because many of those same issues that you raised that were the subject of public conversation, public private partnership, for you all, is, not surprisingly, perhaps these are some of the same themes that we've thought through and worked through. And we've heard from a lot from U.S. covered entities, those who would be regulated, those who have a stake in this regulation here.

it is our practice not to comment on ongoing rulemaking, so I do not have a lot to tell you, with regard to your specific questions, but I would just underscore two other quick things which will address the issue more broadly. I noted in affirming what you said that beneficial ownership really crosscuts everything. There's several other rulemaking processes that we have open right now that we all see as part of a broader effort to enhance significantly to close loopholes, to enhance transparency, to go much further towards good governance. You may have seen the real estate rulemaking that we have moving forward right now. There's also another request for information on gaps in the U.S. AML system, which is another important opportunity to hear from the public and stakeholders about what should be addressed with regulation in this way.

And I will just close by saying, I am honored and grateful to be -- to have the opportunity to work with my colleagues in FinCEN and at Treasury on implementing this really landmark significant regulatory package. It would be aided along if it were fully funded, as a mandate from Congress that gave us this opportunity to put it in place.

MR. EISEN: Thank you, Liz. I'm going to transition over, now, to some questions that are informed. I've been checking the audience questions, and there are dozens of them, as you can imagine. A mix of, as is typical in the -- and maybe I'll pass some to John Katz for the next panel, but as you can imagine, a mix of appreciation and cross-examination about the state of play. As then Vice-President, now President Biden once said to me about our shared Obama Administration anti-corruption work, it never finishes. It's like mowing the grass. No matter how much you do, you always have to mow the grass again.

I'm going to go first to a question for the minister. There's a lot of interest in our audience in the transition that is happening in the Slovak government, where the minister and some of her colleagues may be, depending on whether resignations are accepted, there may be some transition in the government. That is beyond -- those political

questions are beyond our purview. But our audience does have an interesting take on them, madam minister, which is, how do you assure the continuity of Slovakia's exceptional commitment -- and I urge everyone who hasn't studied this to look at the history of the ebb and flow of corruption in Slovakia and the popular uprising that led to the current president taking off as the current coalition, the role of the media, very, very important, the role of a free media, and civil society will have my friend Zuzana, civil society representative on the next panel, government, and the public, and the press all working together -- how do you ensure that continuity on things like beneficial ownership, when there is a change in government?

MS. KOLÍKOVÁ: Yeah, well, Norman, you are completely right that the life of the politician is very turbulent. So, one day you wake up as a minister, and you go to sleep as a resigned minister (LAUGHTER). That's the life of a minister. But definitely anti-corruption policy is an issue that has to be always a part of the program of a politician.

So, the question is, I will say, what has it already implemented? So, I think more the question is, is it possible that the system that is implemented in Slovakia can be less stronger, so I think this is difficult to do. What is very good in the system that we have is that the verification is built by independent gatekeepers who are co-liable for the accuracy of data submitted. So, I think that's one thing that is very good in the whole system. And the other is that, if you talk about who will guard the guards, so, there is independent court that actually keeps the register with the public. And that's very important. Anybody can get challenged BO data in the register if he justifies doubts about the accuracy or relevancy (PHONETIC 42:45). In such case, the court opens examination proceedings with rigorous burden of proof, as I already said. And this is very important, that it is the court that is controlling the executive power.

And then we have third layer of control, it's public control. And that makes the whole system more resilient against political pressure. But I would just finish what I said at the begin, I think the system that we have, really, is really very strong, and to

make it less stronger, well, I would like to see a politician that will do it.

MR. EISEN: I really don't have time to tell this story, but as some of you know, when I was in the Obama Administration, I was responsible for a large portfolio of issues within the White House, that included a variety of internal anti-corruption rules, and the closest thing that we did, the political equivalent of our beneficial ownership, was to put all the White House visitor records on the internet. We ultimately had over 5 million records to show who is the beneficial -- American people are the beneficial owners of the government, and they have a right to know everybody who comes in goes. And then after two years I went off to be an ambassador, and your comments reminded me of one of my former colleagues who told me, you know, after you left, we tried to soften some of those rules, and we couldn't do it, because we had baked them into the system.

And Liz, I'm going to combine two questions, I'm going to do it again, because there's so many good questions that the audience is sending us. And I'll see if I can review -- you referenced the Russian aggression in Ukraine, and the role of corruption, and of sanctions, and transparency, and pushing back on Mr. Putin's wrongdoing. Horrible transgressions.

We got a question about the fact -- and we do this with Brookings with our -- as you know, our Brookings sanctions tracker, which is the most comprehensive tracker, we've now added going back years before the latest Russian assault on Ukraine. One of our questioners asks, the United States has yet to target 37 high-ranking Belarusian defense officials, 82 Russian Duma members, and many others who have been targeted by our allies. Why these gaps in sanctions that enable individuals and entities to perpetuate corruption, and will Treasury close these gaps and improve coordination?

MS. ROSENBERG: I appreciate the question. Given that I sought to talk about closing gaps, and everything I've said so far. So, talking about these items, I just want to, as a framing note, say, I really appreciate when institutions and individuals are focused carefully on identifying wrongdoing, corruption, illicit activity, and they bring

information and robust discourse into the public domain. I think that helps to sustain and support good governance and the best transparency, broadly, around the illegal activity, the illicit finance that we all seek to identify, expose, and to mitigate. So, I appreciate the attention to these issues.

We in the United States government, at Treasury, the folks who do the sanctioning, are in near-daily, daily contact with counterparts in other jurisdictions that have sanctioning authorities, and that have joined us. Some of the most prominent among them are, of course, the EU, the UK, Canada, Japan, Singapore, there's a number of jurisdictions that have gone to extraordinary lengths, over 30 countries that have come forward together with designations and other financial measures to address this situation broadly, not just in Ukraine, but also, you're noting Belarus here, too.

It's challenging to get one-for-one correspondence with over 30 countries in real time. Everyone has to -- and it is essential that every jurisdiction implement sanctions with a full evidentiary package that is vetted legally. So, you cannot cut corners for the sake of credibility and legal sufficiency. You cannot cut corners. Which means that there may not be one-to-one correspondence on every particular day. But perhaps the questioner will have noted that we have, in fact, worked to come even with one another over time, and across circumstances. That said, it's our goal to focus on the targets available to us that can be most effective in addressing illicit activity. And it is a target-rich environment, there are many opportunities. And sometimes, the best, most effective targets for the United States to take are not the exact same set that another jurisdiction can.

So, just one example to close this out. If some of those entities have very little assets, or no assets in the United States, but they have an awful lot of assets in a European, an EU country, then it's more economically effective, perhaps more politically significant for the EU to move fast. We might choose a different target first.

MR. EISEN: I'm not going to ask you the second question, because I'm keen to stay on time, and to hear from our second panel, which will react to the

comments. I want to thank the minister for her thoughtful answers to these important vital questions about beneficial ownership, particularly at a time of political excitement in her life, and in that of Slovakia. We don't know anything about that here in the United States over the past few years.

I want to thank the assistant secretary for her leadership on these issues, her commitment to them, and for Treasury, continuing to favor us here at Brookings, even though we ask hard and sometimes uncomfortable questions. I want to thank everyone watching, hundreds of you who are watching, who sent me questions on Twitter, Facebook, texting me, I apologize to all of you, I was juggling your questions, I did the best I could. It was a very rich conversation. I'm going to note that there will be a brief pause for the panelists to join the next session, which will be moderated by my friend and the senior fellow and director of democracy initiatives -- I've slightly mangled that -- at GMF, but it's close enough, he's in charge of democracy at GMF, John Katz, who also I have the privilege of working with on the transatlantic democracy working group, which, as you know, assistant secretary is dedicated to the idea, that these issues, anti-corruption and democracy itself is a critical national security imperative. So, we hear you on that.

With that, I'm told by my paper that I must exit. I would be remiss if I did not thank the fantastic Catalina, our event planner, the wonderful Lilly (PHONETIC 51:27) who developed this event and helped me management, and our terrific Robin (PHONETIC 51:33) who helps run the LTRC program, the deputy director of LTRC, all of our friends on the internet, and all the Slovak delegation, and Ambassador Javorcik, and his colleagues for all their hard work to make today possible. Thanks, everyone.

MR. KATZ: Thank you, everybody. We're going to start the second panel and after listening to the two speakers. I'm really -- I was actually excited to get to speak to all of you. And a special thank you to Mária for joining us online. This is truly a hybrid event. And so, we want to thank all of those that are joining both here in Washington but are joining online.

And so, welcoming the audience today as Norm said. And as a

good friend and partner working on issues of democracy, combating corruption. My name is Jonathan Katz. I'm a Senior Fellow and Director of Democracy Initiatives at the German Marshall Fund of the United States. I also serve as the Executive Director of the Transatlantic Democracy Working Group. So thank you so much for joining us today.

Thank you to Brookings for hosting this important conversation. And a lot of ground was covered in the first 30 minutes with both of the speakers. And I want thank Minister Kolíková who we've had the opportunity to host as well previously. And I'm always impressed by her leadership and that of the Slovak government in addressing corruption. But particularly this issue that we're discussing today.

Also, Assistant Secretary Rosenberg from the U.S. Treasury and the Biden administration. In laying out, I think continued steps and efforts of the Biden administration to take new directions and beneficial ownership transparency of the United States. But also working closely with partners abroad. And it strikes me too how important when I look across both the stage here today. And I'm going to introduce you, I promise I'll get to introductions in a second. That the translated cooperation in this space. While it's important that it be global and Maíra, I'm going to come to you too.

That I kick this off with the first question because I know that you UTI are focused on this issue not only in Europe with the United States but globally. But how important it is that partners come together at this moment in time. And when I hear the discussion about how to deal with the challenges posed by Mr. Putin that we know full well the stakes that we all face together. And the need to move forward as quickly as possible. But also, in an efficient and transparent manner. So this is all part of the process.

So we're going to see through our conversations, right? Efforts how world law strengthen the continued need for democracies globally to double down on combating corruption including through smart policies in the hands of governmental and nongovernmental cooperation. And Norm pointed out, I think this panel that we have today is key stakeholders having worked within government. Having worked with civil society.

Media, independent media, investigative journalism. But also, in the private sector as well.

And I was struck by what the Minister was saying in terms of the work that the government has done with the private sector as well to make certain that what they're putting in place works, makes sense and that there's equal responsibility and liability for those that are involved in this process.

So we're extremely grateful to our panelists today including leading anticorruption experts, practitioners in the NGO and private sector space. And they highlight the challenges. They will be highlighting the challenges and opportunities for beneficial ownership transparency globally both in -- and also, here in the United States, Slovakia and elsewhere.

So I can quickly do this. I'm just going to go down the line and just welcome. And I apologize because I want to get to the conversation so we're not going to read everybody's full bio. It's truncated a little bit. So hopefully if I missed anything please feel free to build on what I'm saying.

I want to welcome Thom Townsend who has served as the Open Ownership's executive director and chief strategist since 2019. He's an expert on open data. Previously head of data policy for the U.K. government where he led some of U.K.'s biggest open data commitments at the national and global level. Thom, thank you for being here. And I'm looking forward to speaking to you about the work that you're doing and your organization as well.

I also want to welcome Maïra Martini who is the research and policy expert on corrupt money flows at Transparency International Secretary in Berlin. And leads the TI movement work on anti-money laundering. And that was spoken about a little bit before. Beneficial ownership transparency and professional enablers.

I also want to welcome Andrej Leontiev. He's the cohead of Taylor Wessing's Broad Slavia office and works with clients from the private wealth, real estate, infrastructure, technology, media and communication sectors, but is also a real expert in the

areas that we're discussing today.

Last but not least, directly to my right, I want to welcome Zuzana Wienk who is a second term member of the Steering Committee of Open Government Partnership. She has worked as the director of Fair Play, a watchdog organization for over 15 years. Also, provided seed support for a new NGO, the Currents that builds a sustainable support ecosystem for active citizens through which it thrives to rebuild trust in societies and democracy.

So thank you for all being here. And you had a real opportunity to listen to the initial conversation, which really highlighted the work of the Slovak government. And I am going to get to the question, but I'm going to say that maybe for the first round. And what we'll do just to give you a state of play here. I'm going to offer up a few initial questions and then were going to turn to the audience the participants to raise any questions that they have. Someone will have the microphone going around to ask those questions. The only thing we'll do is ask you to identify yourself and then ask your question.

First, I want to start off asking really -- and I think this applies to all of you. And I want to talk sort of building off the first panel. And Maíra if I could start with you first? When you listen to the conversation that just took place, and I think all of you working on these issues, you may collaborate together in different ways.

But when you -- you know, building up that first channel, what you don't see as the main challenges and opportunities for beneficial ownership transparency reform as a means for fighting corruption globally? And I think identified. I heard so many spaces in that first panel where there were actually a tremendous amount of challenges and obstacles in the way. Let alone governments changing or the changing of power in governments.

But also, the challenges faced by civil society or independent media and investigative journalism much of which led to some of the changes that occurred including in government in Slovakia based on investigative journalism combating corruption.

So, Maíra, if I could turn it over to you first. But I think it's quite relevant to all of you from your different lenses in the organizations that you represent. And I do want to ask you too. And I'll turn to you as a second question about how you grade the progress that's been made?

Because in many senses when I hear these two speakers and I can be as tough as well on them. It seems like we're a little bit behind the curve or we are in many ways. And I think this is contributed, as you heard, to Mr. Putin filling his war machine that somehow we have been the enablers of governments, private sector, and others.

And so, I do want to talk to you. And I know, Maíra, that's an area that you have focused on along with everybody on this panel. So I'm going to turn it over to you first. And if you can, try to keep it -- we'll try to keep this -- keep your comment short so that we can get to everybody on the dais. So, Maíra, over to you. And thank you again for being here.

MS. MARTINI: Thank you and good morning, everyone there or good afternoon, I'll say here watching us online. It's a pity I cannot be there in person but at least I found a way of participating in the conversation.

So I was tempted to starting with your second question. But let me stick to the first question. And reflecting a little bit of what we've heard in the first kind of -- I think the main challenge when it comes to beneficial ownership transparency is that we need global action, right? We see now great development across European Union, for example, where is beneficial ownership register is being implemented by many countries but it's not enough.

And the Russia invasion with Ukraine made that very, very clear if it wasn't clear yet that we need global action. And all the previous speakers mentioned the new global standards of the financial action task. Whereas, which aims exactly at that. It's creating a common denominator here to ensure that in all countries across the globe we have this responsibility that is with government of recording, collecting information on the

real owners behind companies.

Now, if I need to think a little bit of what are the challenges and what I see as problematic going forward. I would list perhaps three things. First are the gaps in the loopholes because the systems that we're seeing being implemented everywhere have really important and significant loopholes.

We talk a lot about the beneficial mission transparency of companies. We often forget trust. We talk about beneficial mission of companies; we often forget that assets can still be purchased using anonymous companies from a different kind of a source. Assets like real estate or like (inaudible 00:10:21) and yachts and so on. So there are important gaps that need to be fixed.

And another two other elements that I talk here so that others can speak. It's the effective implementation of those registries and then of course the use of the data. And we shouldn't underestimate how this is problematic because even competent authorities on countries that have beneficial ownership registers have really significant limitations and hurdles to use this data in an effective manner.

And we are not going to advance. We're not going to be able to hold collective owners to account unless they can use the data and they can use this information in an effective manner.

MR. KATZ: Thom, can I just build on that too? Because you spend and focus on data both in government externally. But also, your organization is also -- part of it, you know, you see firsthand the implementation. And connecting the dots on this. Maybe from sort of your government and sort of where you are right now too.

I think the understanding with the gaps are particularly important because it's so complex. And as, Assistant Secretary Rosenberg said, this is so cross cutting. And it touches on so many different spaces. So it makes it difficult for governments to implement. And you've been at the forefront of that.

So picking up on what Maíra said. Maybe just talk about that from

your perspective. The gaps, the challenges, and some thoughts too about, you know -- and we'll get to the question about what you, you know, would list as the top priorities as well. But maybe if you could pick up on that question.

MR. TOWNSEND: Thank you. And good morning, everyone. And it's a pleasure to be here. As this conversation proceeds there's a couple of statistics, I want you to kind of bear in mind about the scale of the challenge that we face.

So in April of this year, financial action taskforce released a report on the effectiveness of country implementation. So on Recommendation 24, this is the one that relates to beneficial ownership. On average, nine percent of countries are meeting the effectiveness threshold as judge by FATF. And that's against the old Recommendation 24, not the new one that was approved about three weeks before that report was launched. Which is more ambitious than the one that we're talking about.

So nine percent of countries. So we have 91 percent of the way to go. So when we talk about the gaps, and there are many. And we talk about the loopholes, and there are many. We haven't even seen the implementation of the loopholes. So that's kind of where we're at. And I think it's a sort of wakeup call when we talk both about -- I think the Assistant Secretary talked about this is complicated but essential. It is all of those things, and it is essential, but we're really not -- we're not living up to the ambition that sort of value that we are placing in it. I think that's (inaudible 00:13:29) out.

And there are two other parts to that statistic which I think also tell you a lot about the variable implementation that we see around the world. So 16 percent of FATF member countries. So the members of the OECD meet that effectiveness threshold. Members of FATF star regional bodies, that's everybody else, it's seven percent. So more than double the effectiveness in OECD countries that we see in the rest of the world. So, again, that's tells you something about the complexity and the difficulty of doing this.

And I'll just end with this. I'm really keen to hear from hear from colleagues from Slovakia. And what it feels like to do implementation in most countries is

you have typically a group of officials who understand at a very profound level the scale of the challenge that they're looking to tackle with the reform that they're undertaking. And they want to see it work. And they want to see it work yesterday.

But this is hard, hard stuff. And they are underpowered and they are under resourced. What you typically find, for example, when you think about data use. You will meet a financial intelligence unit that barely talks to law enforcement. You will meet a financial intelligence unit that's never met the company registrar who's producing the data that they use.

So this is the base. So I guess my plea, and I say this until I bore myself, frankly. Is that unless we see that global effort that Máira is talking about happen and happen at a scale vastly greater than the one that we have now. We are going into the fight of our lives with our hands tied behind our back and we're blindfolded. I hope others on the panel can be a little bit more optimistic and upbeat than I can.

MR. KATZ: Yeah. Nine percent is not a good percentage, but it's a place to start. And I did hear one thing as a former U.S. government official both on the congressional side and then in the Obama administration.

The one thing I heard too that I think, Tom, that goes to this too is what Assistant Secretary Rosenberg said which is you gave us a mandate to do this work, give us the funding to do it if you guys want to prioritize it.

We can certainly turn to both Slovakia but I also sort of listening to what the challenges are globally. The challenges in implementation which are quite significant. And I'm not just talking about resources which are so important, but when you look at anticorruption, look at the Biden administration. Of course, the Summit for Democracy had many positives, which I think in terms of the framing. Also, some challenges as well. But corruption was one of the three pillars. And this specific issue is a focal point. So you have an administration in the U.S. that's focused on this.

And I want to turn to Andrej first. And we'll sort of come down the

line. And as you're listening to the discussion, you're thinking about Slovakia and sort of what's taken place since 2017. There's a track record and, you know, I believe very well that like Norm says that sometimes laws are put in place and they're irreversible or, you know, I'm not sure really truly that's the case after being in Washington over the last several years. Whether I believe that to be fully the case.

But I want to ask you both about Slovakia. And I think the Minister laid out what sort of the timeline. What's been done, but when we hear about these gaps and these challenges. How do you think this applies to your experience to what you've seen in Slovakia? And, Zuzana, I'll ask you the same question as well.

MR. LEONTIEV: Okay. So I think we can look at the global challenges also from a different perspective and this is the perspective what works well in Slovakia and how we manage to mitigate some of this challenges.

And I have like three topics on -- or three points in which I would like to show the solution. And the solution is also showing the challenge which we were needing to deal with. So one of the challenges and not to repeat what was said previously. Is the verification process. If you have any type of data unless you do a proper verification, the data has no worth if it's not executed and verified.

So in Slovakia, the verification by gatekeepers is solution which we offer to the world. It's a solution which is tested. It's a solution which works. The reliability of the gatekeepers but also the positive motivation to bring the gatekeepers from the side of the dark to the side of the light. So let them work for the public good.

It's a very important thing. We cannot rely only on the rules which will force the gatekeepers to do something based on sanctions. We have to motivate them to do it from the positive motivation. So the verification by gatekeepers are a very strong answer to a challenge out of accurate data.

The second answer Slovakia is offering is reversed burden of proof. Especially if we speak about a huge complex ownership structures. It's not possible for any

law enforcement or maybe the big countries like U.S. is better off. But small countries will never get other jurisdiction to cooperate on these sensitive issues.

So reverse burden of proof means that we have to accept that at a certain stage those who will be obliged to resist the beneficial owner data will self-evidence the accuracy of the data. It cannot be just like the law enforcement, or the court will prove that they are wrong. We have to shift the burden of proof. They have to show that it's true what they registered.

And this is how it works in Slovakia. That if there is a doubt on the accuracy the company which registered the data is coming with evidence to the court. And if it's not enough evidence then the court will take action. So it's not that court has to investigate. The company will provide data.

And the final point on the challenge. And I think I will leave this to Zuzana. Is the publicity of the data. I mean what we realize in Slovakia is that 99 percent of all actions which were filed with the court were coming from NGOs and journalists. So once you close the system and then the public will not see potential mistakes in the registration.

You will have no one who will come with potential cases to the court. So if you open up the system, if you publish data, you will see how many watchdogs, how many people will show problematic cases. So maybe with this I will give it to Zuzana how publicity of the data is important for the control and for the review.

MR. KATZ: And I want to, you know, just based on your experience, use that role of investigative journalism. I'll throw it back to Maíra too about this sort of growing collaboration ecosystem between investigative journalism and civil society. So if I can turn to you first and then, Maíra, I was going to come back to you and ask you about that role of civil society in this.

You mentioned gatekeepers have been mentioned several times too. And I think, you know, this ecosystem when it breaks down in countries where their civil society is weaker or independent media is weaker, investigative journalism is weaker, it

seems that despite even having access to data or maybe have registries that are access that how they're active and the responsibility in those who are held accountable doesn't seem to match the challenge that is unveiled.

So I'm going to turn to you given all of your experience and also this is particularly an acute and important issue in Slovakia as well and globally.

MS. WIENK: Not only Slovakia but before I address the publicity, let me just build up on the arguments because I think that we are missing one key point here. And I will share Thom's concerns and not for being critical and recognizing the progress that has been made.

But as Maíra said, the Russian aggression towards Ukraine has shown us how lenient and how slow we were to respond. And what is really sad about this case is not only the incredible price that Ukrainian people are paying for our mutual responsibility and slow action. But that we have seen this coming a long time ago before. And I think that this is a crucial item to realize that an important link was missing in the response of the democratic world.

And that was, A, a recognition of stable democracies and developed democracies for being part of the problem. Being the invisible culprits allowing the sources of collective autocracy, oligarchy money but also corruption not only draining the resources from public infrastructure in the affected countries but parking them in their own systems that were feeding their own economy and effecting political decisions.

You know, you might only mention one example of European dependence upon Russian energy. And the slow action and response that's a direct consequence of the influence of Russian oligarchy money. And its penetration into the European political decision making.

But we have seen it coming a long, long time ago so I think the most important lesson that we should recognize here is that we are slow and we are ineffective without public scrutiny. And that brings me back to the Slavia case. I think the

most powerful element of the Slovakia model is that it creates an ecosystem where the public is an equal partner.

As Andrej already mentioned, it's not only enough to introduce a registrar of beneficial owners although it is a number one. But it's not enough because the state will never have the capacity to verify all the data. You need to involve the public. A, by making the data accessible without barriers and without fees. And we are very far from an effective solution globally here. We are missing the political consensus around the world to publicize the data.

Not only to collect them and to recognize that we need to know who the culprits are but to make the public. To offer them to the public scrutiny. And doing it in such a way that it will not burden public authorities. So the verification process in Slovakia where we can learn from is not proactively -- it's not proactive. It registers the data provided by qualified personnel like lawyers, notaries, and others, but it can be challenged through the court.

Not only by state authorities but as Andrej already mentioned, but NGOs and investigative journalists who very often through their investigations bring very important and direct links of corruption or illicit financial flows. But what they are missing is the evident proof and an authoritative stand which can be brought by the court. But Slovakia state recognized this through bringing civil society inside the game and making them part of the court proceedings and giving them rights, you can basically strengthen the investigation. And you can strengthen the process. And you can really share the responsibility and the burden.

And I think that these are the lessons that we should really learn under the pressure of the current geopolitical problems that we are all facing. That we need to push the states if we want to really address this Russian invasion effectively, but also global corruption. We need to recognize that vest in democracies will be leading the way for too long. Are basically lagging behind currently and the newer democracies are coming up

with much more robust frameworks.

So the Western developed democracies need to, I think, double down on their efforts and needs to recognize their share of responsibility. Open up the data to the public and involve the public into a much stronger ecosystem because otherwise I don't think we will win this fight.

MR. KATZ: You raise so many important points and sort of challenges and sunshine is the best disinfectant here, but it can't be done without the work of civil society, of gatekeepers, of investigative journalists. And maybe if I could quickly come back to you and then I'm going to Maíra and ask about civil society, about investigative journalism.

It's a little bit -- it's connected to this, and I wanted to ask you as someone who's been in that role, how you at the Summit for Democracy and also the Slovakia government was also very supportive of strengthening and support for investigative journalist to combat corruption. Maybe just your thoughts too on how to strengthen that effort. How do you strengthen the ecosystem so that it's capable to help address these challenges?

MS. WIENK: You know what happened in Slovakia is that we paid a very high price for letting corruption grow for a long time. Maybe you remember a few years ago, an investigative journalist and his fiancée had been killed. And this has really sped up the efforts of the whole society.

What we were really fortunate about is that in the '90s when Slovakia was a kind of a problematic child with an authoritarian government with not a robust democracy, thanks to the assistance of the international community, a very great network of NGOs, a vibrant network of NGOs, had been created. We used the opportunity of peer learning efforts, global exchange of information and support to strengthen the independent media. And then later on also reform the judicial system.

And I think that all these parts of the puzzle came together perfectly

when journalists and NGOs have been investigating corruption for a long, long time. Doing it in a very qualified way, but challenged the power and caused such political turmoil that ultimately somebody came who drew a very innovative and a bold reform together in the cooperation with private sector and with NGOs and realized that the state is not strong enough to face such a problem.

So as Andrej said, the burden was really shared not only with qualified personnel who are responsible and liable for the information they enter, but they feed from the wealth of information provided by NGOs and civil society. And when you look at the statistics in Slovakia. Only one third of cases in front of the court that verifies beneficial ownership data are stated (inaudible 00:30:23).

The other two-thirds are really coming from investigative journalists and from NGOs. And because they investigate the case, cases for a long time, they are really qualified, and they can provide the court with very crucial evidence to the court. And then judges can take forward and they can use their own powers to request the information from other authorities and this leads to a result where most of the cases started with the court are finished during the proceedings. Because the companies who are facing the reversed burden of proof withdraw their claims and they recognize that they can't win such a wealth of evidence.

So a lot of these companies, for example, delete themselves from the register or they change their ownerships structures during the court proceedings. Recognizing and disclosing the real beneficial owners which in the past we have learned that they have been oligarchs and influential people who have been hiding for years and years. And journalists have been pointing out that these people might be behind the ownership structures but were never able to prove it.

While when these forces joined during the court proceedings, these oligarchs came forward by themselves because they didn't want to lose their company's right to bid for public contracts.

MR. KATZ: So these are, you know, such important sort of stories and efforts. And I think, you know, the world was sort of exposed to this with Panama papers, Paradise, Pandora. I mean so it's quite extraordinary to see this and that network sort of being built and strengthened. But also, it comes at a great risk to journalists and to, you know, who have been on the other end of violence even killed in the line of doing this important work that is for the benefit of, you know, for citizens and combating corruption.

I wanted to, Maíra, if I could turn to you about a civil society. I know Transparency International has also worked closely with investigative journalists, but also on its own. It was mentioned. I think a very good even Slovakia you said two thirds of these cases that are brought are because of the work being done by civil society and by investigative journalists.

I also think when I think about the work that was done. You talk about the 1990s and the 2000s as there was a transition in Europe towards membership in the EU and NATO. That there was a lot more funding and support for civil society particularly in Central Europe. And so, I think it's important whether it's on independent media, investigative journalism.

But I want to ask you about the experience of TI. And, you know, sort of the work you're doing or that role of CSOs. And particularly in advancing beneficial ownership transparency. Where do you see that role playing? And how do you strengthen it?

MS. MARTINI: Yeah. I think we have been a civil society. I think there are different roles that we can play here, you know. I think traditionally as a democracy organization, we have been pushing for better standards, effective implementation of those standards.

And this is certainly the case when it comes to beneficial ownership transparency where I think TI together with others play the really important role too. To even put the topic on the global agenda, right? Because it wasn't always the case that we would

be sitting like this to discuss beneficial ownership transparency.

But as things evolve, I think our roles also evolve. When you mentioned the role of watchdog which is an important role that we have been playing through also our national chapters. And really going into those registers and seeing what information is there in tracing assets and so on. And we work in partnership with the risk of journalists. We have a project that caused the global (inaudible 00:34:49) from consortium. Which actually, by the way, the U.S. government also announced increased support during the Summit for Democracy. Is a partnership with OCCRP, the Organized Crime and Corruption Reporting Project.

It was exactly to this. To accelerate the impact of that these groups have by ensuring that those groups have the resources to cooperate and to coordinate. And through this work, we are able to not only use the case for (inaudible 00:35:20) or identify patterns and policy issues that are problematic and put forward recommendations. But we also repackaged the information that is coming out of this as evidence to be submitted to authorities so they can pursue further accountability.

And I just want to give maybe two examples. One is Luxembourg. The country opened up the register a while ago as a consequence of a new director. The information is available for free but not in open data. So journalists create the register. Civil society including us helped analyzing that data, that information. There were several case red flags that journalists identified. Cases that were being investigated in some countries for years and the authorities didn't know that a person had a company in Luxembourg.

And I speak from Zurich, where I come from, where there was elicitation for at least seven years. And prosecutors had no clue that the person of interest had two companies in Luxembourg. But then what we were also able to do through this exercise together with journalists was trying to understand what are the gaps in that register? And what could be done to improve the information?

And not long after the stories had been published and reports

published, the government of Luxembourg entered and announced the reform of the register. Is now going to implement several measures to try to close those loopholes.

And another very quick example which I think is also timely is the Russian massive tracking which is the two that is coordinated by OCCRP. And I did a quick analysis of this too when it was launched. At the time, right, there were 11 oligarchs. A hundred and forty-nine assets of these oligarchs had been identified by journalists so real estate, yachts and so on and so forth.

Only two of those assets were owned directly by an oligarch. The other 138, 139 were on true complex structures that passed through countries. Now, let's imagine how long it would have taken for authorities to identify ownership of these 149 assets given that this information in most of those countries is not even recorded by authorities.

So I think there is a really significant, like really important role to be played by both civil society and journalists. And if they're able to cooperate in their different initiatives aiming at bad and corruption data collection based in the U.S. is another one of them. I think it can really help us accelerate the impact.

MR. KATZ: Thank you. And I think you sort of pointing out, you know, these issues. And I'm thinking about, you know, where you have strong civil society and strong investigative journalists and then you don't have -- you mentioned sort of the data issue or access to it too. Because there are plenty of spaces where you also -- you know, the ecosystem is not complete.

And, Thom, I wanted to ask you about this very specific about -- and it sort of feeds off that first question I asked you too. And you and your colleagues at Open Ownership were sort of hands on providing technical assistance to implement beneficial transparency, beneficial ownership transparency. And I wanted to -- we talked, you mentioned some of the lessons maybe learned on implementation and challenges as part of the BOT implementation process.

And I wanted to ask about ensuring key stakeholders who are able to -- or made access or make certain that or that government is meeting the needs of data users. And it's -- because I think this is what mentioned sort of one of the challenges you just highlighted was where there was like access data or having the right data available and how important that is. And if you -- and, Thom, thinking about what are the examples? Luxembourg, this was mentioned.

But when I heard you talking immediately about the nine percent of countries and how far back we are in terms of implementation. Are there countries that stick out as, you know, at the national, international level as being the standard bearers that others should be following?

And I can't help but ask you about the U.K. and I think there has been a lot of scrutiny. Not to put you on the spot, but there's a new Prime Minister in town. And I just wanted -- in London, and wanted to ask you about, you know, London also has been in the spotlight as a space for -- including Russians too, Russian oligarchs to park their money.

So I'm asking you a lot, but I think one is very sort of like that technical because you're implementers in so many different ways. And data, without data, it's hard to understand -- and a commitment to one, understanding that data, but also ensuring people have access to it including civil society, including investigative journalists. You know, what those needs are and how to be able to make sure that this is something that's accessible and it's the right data.

Then also this international best practices. And, Andrej, I wanted to, you know, sort of bring you in on that too because you've also been part of this implementation process. Maybe if you could pick up after Thom on this question. And if you want to answer the U.K. question too, I'll just throw that in.

MR. TOWNSEND: Yeah, happily. I mean the U.K. I think is in a relatively exciting place on these issues now with respect to beneficial ownership. In a way,

it hasn't been for quite a few years. I mean everyone in this room won't be aware. You know, the U.K. was one of the first movers in terms of having a central register and publishing it.

That data on that register is not great. And everyone has said so. And the U.K. government knows it. We are now at a point where a second piece of legislation should be forward at the end of this year to complement a first economic crime bill that was passed in great haste in early March, which brought in a register of overseas entities are either owning or buying property in the U.K. It's one of the kind of key challenges that holds sort of the London grand idea.

For a system that -- from legislative perspective, it's sort of on a shelf gathering dust for a long time. Officials in government departments were given about four, five months to implement something with a verification mechanism. And they've done a pretty good job in a really short space of time. And the guidance is good. And there are six pages where it takes every single field of disclosure around a foreign entity and it tells you what you need to verify it and how you should do that and the process for it.

There are loads of work left to be done on that, but I think it is good. It's a good first step. So I feel brighter about it because I think for years, I would come to these things and, you know, being -- I no longer live in the U.K. but then I did. And long ago, I would say, you know, the U.K. talks a good game on this and it funds you and it funds others to do this work, but it's kind of rubbish isn't it? And you go, yeah, it is. And that's embarrassing. And perhaps we're turning the corner so we'll see.

In terms of sort of the accessibility point. I think there are two parts of this. There's accessibility inside of the state and there's accessibility outside of the state. I think both are really important. We should not forget in part -- well, a lot of our work is about thinking through do the right bits of government have access to this data?

Do they have it in the right format? Does it work with our systems? And that's not just treasury and those people immediately, you know, dealing with these

sorts of issues in a more obvious way. It's procurement departments. That's part of the new Recommendation 24 from FATF. It's about this information being used in the context. But what we begin to see is, is an awareness that goes up. There's a thing called beneficial ownership and it's about real people that own and control things.

And we are about to already have data on it. Other departments kind of come along and go, hang on a minute. That can be useful for what we're doing because fundamentally knowing who you're dealing with is the bedrock of sort of how our entire economy and state functions. So making sure all of those people, all of those departments are involved in the process of designing the system.

And in open ownership terms that means the system is starting from the point where you've got a blank piece of paper and you're about to write legislation all the way through to getting data out there. All of those departments are involved in that process.

Back in 2016, when I sort of first started working on this that wasn't the case. You know, it would be just sort of treasury, financial intelligent unit. But increasingly, we're pushing governments in this and it seems to work to get them, you know, at the table from the get-go.

In terms of the public accessibility, there's lots of different flavors of that. One of the things that frustrated me most is where there's this sort of theoretically it's public. And this would be most of Europe, but actually it really kind of isn't. There are loads of sort of barriers to entry. What we would call kind of dark patents. You know, for example, German data. You need a German national identity card, form, address of some kind to access it and then you pay for it. So I can't get a look at it, but it's public, right?

The same with Malta. Two fifty Euros, two seventy-five per record. Can only search by a beneficial owner's name. So you can't even find the company. And in the beneficiary, you have to know a name to go into it.

And if you're investigative journalist and you want to follow your nose, follow a lead which is what people do, you could be spending three, four hundred

Euros on trying to build out a complex company structure. And then maybe you find out you've got nothing and you're not going to earn money for that story. But it doesn't work. It's not public and it's not good. And it does not meet anybody's policy goals.

So where we're going public, let's do it properly. A lot of commitment to doing it properly. There's a lot of commitment to doing public registers. There are 114 countries or so. That's great. Actually, seen that done well is happening in a small subsection of those. So just to review this answer to your final question, where would we look for quality on this?

Denmark does this really well. We're about to see public data. We already have public data from Nigeria. It's going to be coming out in the next month invoke to our data standards. It's about 800,000 companies. They have a verification mechanism linked to the national I.D. system. They're doing good work. There are countries all over the world -- and I think this speaks exactly to what Zuzana is saying -- who are being seriously innovative and pushing what is possible in terms of how we verify, how we collect, how we publish way further than, you know, the U.K., France, and others. So there are countries out there and Liberia is a good example. Really exciting work. They're trying to get done around linking this up to a digitized tax system. I could go on and on and on.

There's amazing work happening but it's -- we need more people with the right skills to be able to do this. We have a serious deficit of talent globally. This is complex stuff. So we have a kind of human capital issue. We have a financial issue. We don't have an ability for commitment issue, it seems. But we might have a political commitment issue about doing it properly.

MR. KATZ: Yeah. Always difficult, whole of government approach versus a silo, siloing this issue. Andrej?

MR. LEONTIEV: I would like to be a bit more positive in terms of the U.K. example of the registry of overseas entities. I think what Slovakia's example can show to the rest of the world is that if you have a system that works, other countries are

looking at you. And even maybe not admitting directly they are inspired by the things which work with your system.

So for example, if I'm correct, the registry of overseas entities is involving a very similar verification mechanism like Slovakia is using from 2017. So for a small country, it's quite an honor that something which we invented, because at that time in 2017, no one was really thinking about verification. Invented, tested is becoming a kind of best practice or one of the possibilities how to do the verification.

So I think this is positive. And sharing the knowledge, sharing the best practices will help other countries to start immediately on a higher standard as we had to start, for example, in Slovakia.

The second point regarding the publicity and the access of the data. I think it was not mentioned today that many law enforcement authorities have already today opportunities to work across border to get some data from other jurisdictions. But it is not so easy as it may sound. So for a police officer in Slovakia, it's easier to look directly into a Malta register than to write the paper and ask a Maltese government to send a type of information back.

So publicity doesn't mean only helping journalists and the public. It helps even law enforcement because it makes the whole circle easier. You save time. You can do different investigations without having the official reasons why you are doing. So the publicity of information will help law enforcement as well. This is the point I wanted to make.

MS. WIENK: Might I just add two points because Thom will not mention it. But I think that what is really crucial is implementation. And it's a role of organizations as Thom's who pick up on the political pledge and really make sure that it's implemented well.

And for that you really need -- because the complex issues are very difficult to follow up. You need good peer learning networks. You need a great technical assistance, and you need perseverance because it takes time and the nitty gritty work. So I

think these organizations are crucial and also need representing open government partnership. I must say that the challenge is really global.

So the role of platforms like open government partnership that drive the reform and really push the governments to recognize the windows of opportunity and to act quickly and to agree on norms and standards is one thing. But the second thing is then that creating the space for actors like open ownership, like local actors to gather exchanging knowledge as Andrej and Maíra and others mentioned tons of examples where this exchange is crucial for the effectiveness of all of us.

But also providing an implementing mechanism where the political pledges that happen miraculously are really taken seriously and are put into national action plans and are overseen by independent reporting mechanisms that make sure that they happen. And if they don't happen, the governments are held accountable. So I think this whole ecosystem of organizations and platforms that take the pledges and promises to real action are really (inaudible 00:51:16). And we can see that open government partnership that it is one of the fastest growing areas that a lot of countries are really committing to opening up beneficial ownership or at least collecting beneficial ownership data.

As Thom mentioned, it's coming up to a hundred, but we need to make sure to strengthen the networks. And as you said, the funding and the capacities of all of us to make it really happen.

MR. KATZ: Yeah. And you see this often even with lawmakers with the best of intentions, but don't recognize or understand the implementation of what needs to take place and how difficult it is.

We want to turn to the audience for questions. And so, if you want to, we have a couple of microphones out there. Thank you. If you want to please raise your hand. I have a ton of questions I want to ask, but I don't want to hog this session so please raise your hand if you have a question. Please identify yourself.

MS. PLAMENTHOL: Hello. My name is Lilly Plamenthol

(phonetic). So my first question would be what is a minor modification to law that countries can make to begin a change to a more transparent system?

MS. WIENK: Just very shortly from my side. Making beneficial ownership registers public. We are missing this consensus globally and we are missing it from the major economical players around the world like U.S., Canada, and other players. And without their commitments to publicize the data, I think we have such a loophole -- so many loopholes that we are never going to be successful in this fight.

MR. KATZ: A question over here.

MR. NOVAK: Thank you. I'm Ben Novak. I come from the other side of the table. I'm from the journalist side. We've been talking about Slovakia as a case here. I've been reporting from Hungary for 10 years.

Some of the investigations that I've looked at. There is a lot of cross border activity when it comes to beneficial ownership transparency or lack thereof. But I'm wondering, you at all had mentioned it's very difficult to get the political cooperation to really drive this issue forward. But if we are talking about Slovakia or Europe in this case and transparency in Germany.

To what extent can this effort be catapulted by the European Union? Beneficial ownership especially when it comes to public funds directly tied to the EU? They would have an interest otherwise. What are the policy recommendations you would all make towards the European Union?

MR. KATZ: And also, feel free to -- I didn't mean to cut people off from answering the last question. So if you wanted to ask the one that was posed by Lilly, please feel free to also address that. Thank you. Maíra should go on this one, I think.

MS. MARTINI: Should I come in here?

MR. KATZ: Yes, please.

MS. MARTINI: I'm happy to give a little bit. I think the number one thing that their community needs to do now is ensure that there is one single register with

the information from all the different member states in one place. So you can access one single point that information from across registers. And you avoid some of the challenges we have been having.

So there is one critical example that comes from Slovakia actually. That's how our colleagues from Czech Republic were able to identify the former Prime Minister was the beneficial owner of a trust receiving EO subsidies. And then later in the German registers, unfortunately he didn't appear as the beneficial owner. Although, he had appeared in the U.K. and in Slovakia. So it would make this type of things a little bit more easy. So having one platform ideally open data where this information is available would make things much easier across the EU.

MR. TOWNSEND: Just to elaborate on that point a bit. I mean the commission is trying to run a project to link data together and put it in one searchable place and it's now online. I mean you can go and search for it and then it will take you back to one of the national registers. There's eight or nine of them on there at the moment.

And it's sort of clunky. Some of them you have to pay for, others you don't. The search takes a really long time. It's kind of like a good idea but badly done. And it's called Boris. So I don't know –

MS. MARTINI: But it's just a repository, right? It follows the same rules from the member states and it's just --

MR. TOWNSEND: Yeah.

MS. MARTINI: -- ideally, you should you aim a little bit higher and have a useful platform that is not just a compilation of -- not access points to the register of the country where you still need to register, pay for information and so on and so forth.

MR. TOWNSEND: It's sort of like 50 percent of the way there. And it's just how do we do that last -- well, the remainder of it and kind of get it right? And I think back to sort of the theme of all of this. Doing this work is hard. It's going to take a long time.

So I think with the commission, you sort of see really good

intentions and the right kind of policy objective beginning to emerge. It's just sort of 50 percent of the way done, I think. And that's the challenge.

MR. LEONTIEV: Maybe from my perspective also just to both questions. I think the real game changer is the shifting the burden of proof because if -- and it has constitutional implications. It has legal implications. But once you will accept that those who have complex ownership structures, it was their choice.

It's absolutely fair they should bear the costs of doing something extra if they would like to use these complex structures. And they have to prove that what they are saying is true. And I think this is -- we know now in U.K., for example, the unexplained wealth order was trying to do this.

And I think we should stick to this concept and scale and expand this idea that those who like to use some benefits of the law, they have to bear the evidence that what they are saying is true.

And the second question, what could be maybe catapulting the idea to a European level? I think the Russian aggression in Ukraine showed many things, which we already touched. But I think one thing is also relevant and this is that we should come back to the idea that detecting ownership from the liability will not work for the future. And this is the state how it is now.

Maíra mentioned that no oligarch owns the asset directly these days. And it's not just the strength to hide the asset. It's also he is not liable, responsible for any action, anything that happens to the asset. And the law was always about you have ownership and you have some responsibilities.

So we have to return to the idea that it should be not separated. It still has to be one line where the owner has some obligations towards the asset or towards the company. And I think this is a (inaudible 00:59:25) of question. But on this I think the whole European Union, the whole world should agree that anonymity should not mean that you are free of any responsibilities for your action or liability for the assets you own.

MS. WIENK: Might I add a point on this? I think that what we really need, from my point of view, is to finally consult the idea, the argument, about the rights to privacy and protection of the data. And be friends of democratic integrity.

And I really think that there are many examples where two important rights clash. But in this case, I think we need to recognize that we need to protect democratic integrity. And that it's really endangered and that this argument needs to be won in the favor of protectional democratic integrity. And I see in too many places in developing democracies as Germany, France that there are too many political and economic elites are still resisting public accessibility to this data and basically using all kinds of very sophisticated arguments that seem to me, from my perspective, as an excuse. As an excuse and there is too much at stake currently.

And I think that we need to really put the heads together to consolidate this argument in favor of the public access to this information because the vested interest as we have seen through the Russian aggression and through involvement or kind of like penetration of the money into the political system of European countries and other countries that it's been basically vested interests who are protecting their own power and influence. And misusing this technical and constitutional arguments to kind of protect the state of play.

MR. KATZ: Thank you. I want to do this. I know there -- and I apologize if there are other questions because we're getting close to the end of the session. And there's so much I want to ask all of you. And just you've raised so many important points.

But I wanted to maybe just in our closing, you know, next five minutes here as we close maybe to give each one of you just one minute and I wanted to close with a question we have. Norm raised the Summit for Democracy. And there's going to be a second Summit for Democracy. It hasn't been scheduled yet. It's likely in the first quarter of 2023, corruption. And this issue is going to absolutely be on the top of the

agenda.

And I just want to ask just going so, Zuzana, if I could start with you first and sort of go down the line. What you would prioritize, you know, looking at this particular issue in corruption and what you want to see both government and there's also of course the Summit for Democracy is also about partners, gatekeepers. All this entire ecosystem that's got to work better.

So I want to go down the line and then, Thom, I had a special question for you too just about hearing Assistant Secretary Rosenberg talk about what the U.S. is doing right now? And anybody can jump in too if you feel like they're on the right track. Because you raised some important points about how that process should be built and built out and specifically governments. So Zuzana, kind of talk -- have you start off and this will be the last question.

MS. WIENK: I'm so sorry, John. I will repeat myself because it's very single. I think that the summit too often show that in short terms and we think that we are going to fix problems within a year. And I think it's not going to work.

But what we have to start with is really achieving a global norm and a political agreement on public accessibility of the beneficial ownership data. We need to know to protect democracy and our integrity. We need to know who we are facing. We need to know who is responsible. And without public involvement, the state and the law enforcement has shown that it's been too weak, too slow to capture it within vested interests.

So it needs to be a global norm without loopholes. I think major economies and countries need to jump on board. And we need to make sure that it's implemented well. And that we introduce good verification processes at least for the areas that pose huge red flags like, for example, public procurement or partnership between private and public sectors. So this would be my wish list for the next Summit for Democracy.

MR. KATZ: It's a big agenda. Andrej?

MR. LEONTIEV: I think the majority of the things were already said.

I'm confident that showing positive examples, showing role models. Countries which are successful and which can present the reason why they are doing it. And I think Denmark was a good example. But I think many eyes are now turn also to U.K. How the registry of overseas entities will work. So presenting good examples will help the political leadership to go home with some examples which they will try to implement.

And I think Slovakia is a kind of role model. It has data. It has caseload in the meantime. It has access stories on the international level with the Premier Babis, for example, which is a high-level case. All these things can make the topic understandable to local political leaders. And I think this function of showing positive development will help keeping the momentum. And the window of opportunity is always very short so we should not miss the window of opportunity now related to Russian aggression in Ukraine. We should use this window of opportunity.

MR. TOWNSEND: I want to see the next Summit of Democracy come from a real position of strength. And there was a poll in the U.K. this morning that said that 46 percent of 18- to 39-year-olds agreed with the statement that it would be better if we just had a powerful leader who is not dependent on a parliamentary majority or indeed democracy. And therefore, could go and deliver what they wanted.

That's really quite frightening. I suspect you would find similar numbers in a number of other countries, but I haven't done the research. So are we coming from a position of strength from the Summit of Democracy? I'm not sure. But one suspects that one of the contributing factors to that sort of sense of democratic malaise is this idea of unaccountable power and a sense of a lack control over your life.

And to sort of raise this up to a sort of more philosophical level knowing ultimately who owns something? Who controls it? And being able to hold them accountable I think is probably a part of solving that problem. And it's this kind of reform that is the foundation doing that. So I sort of would like to see an acknowledgement of yes. The absolute fundamental importance of this reform for tackling corruption but also about

meaningfully supporting a better democracy.

To answer your question about the U.S. is it on the right track? I would like to see it cover more kinds of entities in the United States. I'd love to see it be public. More than that though, I'd like to see it happen sometime soon.

MR. KATZ: Maíra, the last word.

MS. MARTINI: Yeah. I would agree with everything that has been said. Recently, what we did, we looked at the readiness of leading democracies to deal with Russia. And the picture we found was quite a concerning one. So I think when those leading democracies meet again, I think we want to see them walk the talk.

So in this report, we looked at three main pillars which are along the lines of what Thom just said. We want the corrupt and the autocrat to have nowhere to hide, no one to help and no impunity. And this means beneficial ownership transparency of companies, trusts and assets. Regulation of gatekeepers and then enough technical and financial resource so they can do their job, no?

And just leading the markets as we looked at, they are mostly fading in all those three elements. And particular concern when you look at resources. I think the access of information, resources and staffing and so on. And those are not new commitments. Those are old commitments, very old commitments. Some of them date back to 2009, 2011 and repeated in 2013 and repeated again in 2016.

So I think we want to see them walk the talk. And we want to see action quicker this time, so we don't have to leave with those traps and see results like this one that Thom just talked about in the U.K. which definitely is concerning.

MR. KATZ: Thank you. And thank you for all these great recommendations. I think investing in democracies is critical important. Thom, I think the poll that you point out shows that people feel disempowered and have for quite some time and because of the corruption. And because of what they see.

And so, it's sort of a vicious circle. I see this same line being used

here in the United States by certain political parties as well about strong fistled or iron-willed rulers. So it's deeply disturbing. It means that we all have a job to do to prove the point that when we combat corruption through multiple means that it has a direct impact on the lives of those who are affected.

Thank you for the ideas on role models. Of course, critically important. Walking the talk. And this is a window of opportunity. I think in Washington many of us get this point too based on what we've seen over the last several years. So at that juncture, I'd love to continue our conversation but most importantly, I want to thank our speakers, experts, practitioners, former government officials, those that have joined us today. And also, really Brookings and those that made these two panels today possible.

Looking forward to seeing all of you again back here in Washington or maybe we'll see you at the Summit for Democracy. Maybe we'll have -- Norm, if you're around we should reprise this effort just prior to that summit to make certain that global leaders that are there that are making commitments know what those commitments look like. Are ready to not only to look at the implementation, but really walk and talk and do what's right. So thank you so much. And if you could just join me in thanking our great panelists for today's conversation. Thank you. And to those that are online, thank you so much. Mira, thank you for joining us too online. And everybody have -- for those that are here in Washington, have a great rest of your morning. And online, depending where you are globally, have a great rest of your day. So thank you. Thank you.

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