

## STOP KLEPTOCRACY!

We, the undersigned, are a group of activists, oppositionists and public figures from Central Asia and the Caucasus that are writing to you for support in our campaign to hold to account corrupt politicians from our countries.

For too long, the United States has acted as a safe haven for the wealth acquired by families of corrupt leaders. While some of the countries that once formed part of the Soviet Union have managed to transition to democratic forms of government overseen by the rule of law, many suffer from high levels of corruption, human rights' abuses and a lack of political freedom. They can be described as kleptocracies – where the ruling elite use their power to make vast fortunes from the country's assets (often oil, gas and minerals) at the expense of the people.

Much of this wealth ends up in foreign bank accounts, or used to buy real estate in the United States and Europe. They are helped by a coterie of Western 'gatekeepers': bankers, real estate agents, company service providers, PR agents, lobbyists and lawyers, who turn a blind eye on the origin of the wealth in return for a share of the spoils. The transfer of illicit capital into the West from kleptocracies not only deprives citizens who live in these countries of much-needed revenue, it also has a corrosive effect on the jurisdictions where the money ends up: lawmakers' opinions are swayed by shadowy lobbyists, paid-for articles in Western media paint rosy pictures of corrupt autocracies, house prices are distorted by the influx of dubious foreign capital. The global community needs to do more to stem the tide of dubious and illicit cash flowing from kleptocracies into the so-called developed world.

The continuing protests in **Belarus** highlight the close link between a lack of political plurality and kleptocracy. One non-profit organization estimates that since coming to power President Lukashenko and his entourage have misappropriated an estimated \$10 billion from the Belarussian people.

In **Azerbaijan**, major business holdings are controlled by President Aliyev's family. One company registered in Panama has been reported to hold over \$490 million in assets in Azerbaijan's banking, telecommunications, construction, mining, oil and gas sectors, and was revealed through journalistic investigations to be owned by Aliyev's two daughters. Journalists have also reported on 'the Azerbaijani Laundromat', a money-laundering operation and slush fund that handled \$2.9 billion over a two-year period. Some of the 'laundromat' cash was used to try and influence policy makers using lobbying firms registered in the U.S. One recipient of the scheme's funds was a U.S.-based consultant who helped organize a 2013 conference in Baku, Azerbaijan, which was attended by ten members of U.S. Congress. The conference was secretly funded by Azerbaijan's state oil company, leading to a House investigation.

In **Kazakhstan**, the country's first president, Nursultan Nazarbayev, stepped down in 2019 after 29 years in office, yet the kleptocratic system remains the same, with members of his family and close political allies controlling vast sections of the economy, including oil, gas, minerals, telecommunications and banking. *Forbes'* list of the richest Kazakhs includes many relatives and political allies of Nazarbayev. The wealth of his daughter, Dariga, a politician who first became a member of the Kazakh parliament in 2004, and served in the Senate from 2016-2019, was estimated in 2013 to be around \$595 million. The current assessment of the wealth of Nazarbayev's son-in-law, Timur Kulibayev, is \$2.9 billion. Along with his wife Dinara (Nazarbayev's second daughter), Kulibayev owns Kazakhstan's largest bank, Halyk. Even Nursultan Nazarbayev himself has been shown to be the personal recipient of suspicious transactions during a U.S. criminal case brought under the Foreign Corrupt Practices Act. The scandal, commonly referred to as

'Kazakhgate', revolved around an American businessman who was accused of making more than \$84 million of unlawful payments to Kazakh officials in the late 1990s. Court documents indicates that one of the main recipients of the payments was Nazarbayev himself, who used around \$45,000 of the money to pay for an exclusive Swiss boarding school for his youngest daughter. Other money was used to purchase two snowmobiles for Nazarbayev and his wife, and a house in Massachusetts for another senior Kazakh official.

Headlines regarding **Uzbekistan** have been dominated in recent years by legal proceedings against Gulnara Karimova, the daughter of Uzbekistan's first president. In March 2019, Gulnara was subject to criminal charges brought by the U.S. Department of Justice in relation to a telecoms bribery scheme that netted Karimova received more than \$800 million from a variety of international companies who paid her to gain access to the Uzbek telecommunications market. Much of this money was ploughed by Karimova into real estate around the world – Switzerland, France, UK, Dubai.

**Kyrgyzstan** has lived through two revolutions, one in 2005 and a second in 2010, that in large part were caused by the corruption and cronyism of its first two presidents, Akayev and Bakiyev. Much attention has been focused on Bakiyev's son, Maxim, who occupied a key position in the state's business sector while trying to consolidate the country's assets in private structures controlled by him. After the revolution, Maxim fled the country, and was later found guilty *in absentia* by Kyrgyzstan's new authorities of stealing millions of state funds.

In **Tajikistan**, the ruling family has virtually privatized state aluminum firm TALCO by routing its profits through a company in the British Virgin Islands. **Turkmenistan** remains the most repressive country in Central Asia, if not the world, with a business sector dominated by the family of its dictatorial president, Gurbanguly Berdimukhamedov.

We are therefore calling on the international community to help us in our quest to investigate illicit funds laundered by these regimes into the United States, and to prevent further funds from flowing here in the future. The following represents some initiatives you can support that will aid the process.

- Support the sanctioning of corrupt actors from Central Asia and the Caucasus via the Global Magnitsky Human Rights Accountability Act;
- Support the continued enforcement of the Foreign Corrupt Practices Act to hold to account those involved in bribery in kleptocratic countries;
- Support the Department of Justice in investigations that aim to identify, freeze and repatriate funds stolen by corrupt officials from kleptocratic countries, and to hold to account those gatekeepers that help these individuals launder criminal proceeds into the United States;
- Support the continued use of Geographic Targeting Orders that require additional reporting requirements for high-value real estate transactions in locations across the United States;
- Support in Congress H.R.3441, the Kleptocrat Exposure Act, a bill that aims to make publicly available the names of those individuals denied a visa due to involvement in gross violations of human rights or significant acts of corruption;
- Support in the Senate S.1889, the TITLE Act (True Incorporation Transparency for Law Enforcement), that will require registered U.S. companies to submit to the State a list of their beneficial owners, making it harder for the politically exposed to use anonymous shell companies registered in the United States to launder corrupt funds.