

ASSET RECOVERY OVERVIEW: UK

KEY FINDINGS

The UK is an attractive location through which to launder the proceeds of corruption, and mounting evidence points to its role as a safe haven for corrupt assets stolen from around the world.

In recent years, the UK Government has shown that it has the political will to tackle the problem. However, in practice very few assets that are the proceeds of grand corruption have been returned, suggesting asset recovery efforts are being hindered by an insufficiently robust framework for seizing and confiscating corrupt funds, and a lack of resources for law enforcement.

Institutional strengths and weaknesses

The key UK agencies tasked with identifying and applying for the freezing and confiscation of corrupt assets are the National Crime Agency (NCA), the Serious Fraud Office (SFO) and the UK's relevant prosecuting authorities.¹

The UK has introduced a number of measures to make it easier to freeze, seize and repatriate corrupt assets. Overall it has complied with, and in some cases exceeded, international standards for anti-money laundering legislation. Yet despite increased political will to improve asset recovery in the UK, there are a number of key deficiencies in the UK's institutional framework for asset recovery:

- In the past the system has relied too much on the capability of other countries to convict individuals and cooperate with UK law enforcement, which has inhibited the successful recovery of corrupt assets. The introduction of Unexplained Wealth Orders (UWOs) – an investigatory power which requires the respondent to a UWO to demonstrate the legitimate source of their wealth – should help overcome this problem.
- The SARs system is in need of reform, and law enforcement agencies that undertake asset recovery face significant resource challenges and exposure to potentially debilitating costs as part of any litigation by defendants.

Case: Diepreye Alamiyeseighe

Diepreye Alamiyeseighe, a former governor of a Nigeria's Bayelsa State who was convicted of corruption, had four properties in London worth \$15 million, as well as millions of dollars in UK bank accounts and cash stored at his London home. The money from the bank accounts and the sale of the four properties was recovered directly by the Nigerian Government through private civil proceedings in UK courts. Separately, \$1.5 million was returned to Nigeria by the UK Government in May 2006.

Political Will

The UK Government has taken a number of steps in recent years to help protect the UK from illicit wealth. Highlights include hosting the 2016 Anti-Corruption Summit (which resulted in the creation of GFAR), the introduction of the UWO tool and other measures² secured in the Criminal Finances Act, the launch of the International Anti-Corruption Coordination Centre (IACCC) and securing an agreement with

¹ Crown Prosecution Service (CPS) in England and Wales, Crown Office and Procurator Fiscal in Scotland and the Public Prosecution Service for Northern Ireland (PPS) in Northern Ireland.

² Other measures cover extension of the moratorium period, information sharing, and seizure and forfeiture powers.

ASSET RECOVERY OVERVIEW: UK

Nigeria on the return of stolen assets. There are, however, a number of issues which may undermine the UK's reputation for global leadership on asset recovery:

- A key aide to asset recovery would be the promised register on beneficial ownership of overseas companies purchasing UK property. However, there is little indication that the UK will follow through on the necessary legislation within the timetable committed to.
- The UK's performance for asset recovery is still relatively small compared to the level of corrupt wealth estimated to be moving through and into the UK's economy.

Transparency and Participation

Law enforcement and policy officials meet with civil society on a regular basis and there are many examples of constructive engagement. There are on-going discussions between civil society and both the NCA and SFO about how best to communicate the progress of cases where information has been provided by civil society.

Although the Home Office has released annual asset recovery statistics which give a high level picture of asset recovery performance, this does not provide disaggregated data about asset recovery in relation to specific offences or jurisdictions. In addition, accessing court documents related to asset freezing and seizure is particularly difficult in the UK context.

Case: Dmitry Firtash

Ukrainian businessman Dmitry Firtash is wanted in the US and Spain on corruption and money laundering charges, but there is no public record that he has faced investigation in the UK where he holds considerable assets.

Firtash owns property in the London, including a house in Knightsbridge that he bought in 2012 and completely refurbished, installing a swimming pool. The Times has also named Firtash as the owner of a disused tube station in West London, which he bought from the UK Ministry of Defence for £53 million in 2014.

RECOMMENDATIONS

Recommendation 1: Identify Illicit Assets

The UK Government should fulfil its commitment to introduce a public register of beneficial ownership for overseas companies that own UK property and overseas companies bidding for public contracts in the UK.

Recommendation 2: Resource the use of enforcement powers

Ensure that measures set out in the Criminal Finances Act are implemented effectively, with proper coordination and resourcing.

Recommendation 3: Improve transparency and accountability in the asset recovery process

There should be the highest standards of transparency in the asset recovery process. This should include annual publication of clear data about assets linked to grand corruption, ensuring that key court documents in civil and criminal asset recovery proceedings are published and made available to the public, and that authorities in countries from which assets have been restrained are kept informed on a regular basis of relevant stages of an investigation and any court proceedings.

Recommendation 4: Strengthen Accountability in the private sector

The UK Government should ensure the UK's AML supervision is fit for purpose, improve the system for reporting suspicious activity, and review the current system for corporate liability.