

**OPENING STATEMENT OF
CHAIRMAN SPENCER BACHUS
HEARING OF FINANCIAL INSTITUTIONS AND
CONSUMER CREDIT SUBCOMMITTEE ON RECOVERING
ASSETS STOLEN BY CORRUPT FOREIGN LEADERS
MAY 9, 2002**

The Subcommittee meets today to hear from a distinguished panel of private sector experts on what the international community is doing – and what more can be done – to address the causes and consequences of the political corruption that is so widespread throughout the developing world. The Subcommittee’s particular focus will be on efforts to recover stolen assets and other proceeds of corruption and return them to their rightful owners in countries that have been plundered.

Last Congress, Ms. Waters and I held hearings in the Domestic and International Monetary Policy Subcommittee on the transition taking place in Nigeria from a military regime plagued by rampant corruption to a functioning democracy marked by impressive economic and social reforms. Nigeria is, of course, something of a poster child for what can happen to a country when it is hijacked by corrupt public officials who enrich themselves at the expense of those they are sworn to serve. The notorious military dictator, General Sani Abacha, aided and abetted by a host of cronies and family members, systematically looted the Nigerian treasury of literally billions of dollars over the course of his brief five-year rule, leaving behind a desperately impoverished country when he died in 1998.

Efforts to identify and repatriate Abacha’s ill-gotten gains have spanned the globe, following money trails to private banking departments at New York and London money center banks, as well as to more obscure locales

such as the bank secrecy havens of Luxembourg and Liechtenstein. The bulk of Abacha's stolen treasure ended up in various Swiss bank accounts.

To their credit, the Swiss authorities launched an intensive investigation of the Abacha accounts in 1999. Just last month, a landmark settlement was reached among Switzerland, Nigeria, Abacha's survivors, and four other countries where Abacha funds were deposited that will result in the return of over \$1 billion to the Nigerian government. We will hear more about this settlement from our witnesses at today's hearing.

For countries already struggling with deep-seated poverty, hunger and disease, the human toll exacted when corrupt government officials divert public resources for private gain can be devastating. So long as corruption thrives in so many places around the globe, efforts to improve the living conditions of people living in poverty – whether through debt relief, foreign assistance, or capital investment – can never fully succeed.

So what can the United States and other developed countries do? First, we can require as a condition of U.S. and international financial assistance that recipient countries implement meaningful anti-corruption measures, to prevent such aid from being misappropriated or used for anything other than its intended purpose. Second, we can work with our G-7 partners and other governments to deny safe haven to funds that have been spirited out of countries by corrupt political regimes. As the Abacha case demonstrates, the global banking system can be easily exploited by those seeking to conceal or launder the proceeds of political corruption. A concerted international effort – involving close cooperation among regulators, law enforcement authorities, and financial institutions – is absolutely essential for dealing effectively with future Abachas.

In this regard, two key provisions of the USA PATRIOT Act developed in this Committee last fall will reduce the attractiveness of the U.S. as a destination point for the ill-gotten gains of corrupt foreign officials. First, the new law expands the list of foreign predicate offenses on which the U.S. government can base a money laundering prosecution to include “the misappropriation, theft, or embezzlement of public funds by or for the benefit of a public official.” Second, the PATRIOT Act requires U.S. financial institutions to apply enhanced scrutiny to private bank accounts maintained by or on behalf of senior political figures and their immediate family members or close associates, to facilitate the detection and reporting of transactions that may involve the proceeds of foreign corruption.

At today’s hearing, we will hear testimony from seasoned investigators and asset recovery specialists who are uniquely qualified to provide the Subcommittee with a report from the front lines of the battle against global corruption. I want to extend a particular welcome to Jack Blum, whom many of us have worked with over the years and who is always a source of wise counsel on issues relating to international financial crime and money laundering.