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GRAND STRATEGY

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# After the End of Londongrad?

# The UK's Counter Kleptocracy Strategy Requires a Reboot

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**Key points**

- **Kleptocracy**[2] **is a defining feature of the new global politics.** Just as terrorism and organised crime are spreading transnationally, merging with state actors, so are kleptocratic economies where corruptly obtained finance and oligarchic business blend with political elites.
- **A global kleptocratic network can generate billions of dollars through grand corruption schemes.** Definitions of kleptocracy tend to present it as a feature of government, yet properly understood, it is transnational and networked – involving multiple persons, entities and jurisdictions, with corrupted monies transferred across borders with the witting or unwitting help of professional service providers known as *enablers*.
- **The UK's kleptocracy problem entails the laundering of corrupted financial flows and reputations of political elites and oligarchs** from high-risk countries by British enablers for their clients to achieve security and status in the UK.[3] As with established organised crime networks, extreme violence and theft are rare, while the mundane activities of so-called "whitecollar" crime are commonplace and essential.
- **The government has long ignored the potential harms caused by the influx of kleptocratic flows into our financial centres**, the post-Soviet phenomenon of "Londongrad" being only one example of this problem. Efforts to tackle it were too late to weaken the Russian kleptocratic system before the two invasions of Ukraine. Sanctions may mark the "end of Londongrad" but this should not be equated with victory against the UK's kleptocracy problem.[4]
- **Kleptocracy needs transnational solutions**. There is little point in countering kleptocracy through traditional means based on establishing a predicate crime (which is often impossible to

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[1] Special thanks to Helen Taylor (Spotlight on Corruption) for her contribution of ideas to this report.

[2] Kleptocracy (in essence, systemic grand corruption) is the subversion of political office for personal enrichment and advantage.

[3] Alex Cooley, John Heathershaw, Tom Mayne, Casey Michel, Ricardo Soares de Oliveira, Jason Sharman & Tena Prelec, "The UK's Kleptocracy problem: How Servicing Post-Soviet Elites Weakens the Rule of Law", Chatham House, December 2021, https://www.chathamhouse.org/2021/12/uks-kleptocracy-problem.

[4] Matthew Collin, Florian M. Hollenbach & David Szakonyi, "The end of Londongrad? The impact of beneficial ownership transparency on offshore investment in UK property", UNU WIDER, January 2023, https://www.wider.unu.edu/publication/end-londongrad-impact-beneficial-ownership-transparency-offshore-investment-ukproperty.

prove) and reliance on mutual legal assistance from hostile states, meaning that political incumbents rarely have assets seized. A solution would involve introducing illicit enrichment offences or identifying kleptocratic networks in a similar way that terrorist networks are.

**Does grand corruption generate illicit finance?**

(1) **The current definition of umbrella term 'illicit finance' is vague**, **and inadequate in the fight against kleptocracy**. Definitions revolve around the creation, transfer and use of monies created through illegal acts.[5] This poses three problems when dealing with monies generated through grand corruption in kleptocracies: (a) laws are not the same across all jurisdictions, (b) illegal acts are ignored or even ruled legal in kleptocracies, (c) corrupted funds may be completely legal.

(2) **Not all funds generated by grand corruption is illegal.** The etymology of kleptocracy ('rule of thieves') can be misleading – rarely do kleptocratic elites 'steal' in the traditional sense. More commonly, family members and cronies of those who hold office in kleptocracies benefit through preferential treatment: receiving contracts, or assets at knock-down prices in rigged auctions. The challenge for the international community is therefore how to designate funds created through such acts as 'illicit' and therefore recoverable.

(3) **Russia under Vladimir Putin is a key example of 'legal' illicit finance.** Russian warlord Yevgeny Prigozhin (offered referred to as "Putin's chef") made his money entirely legally in Russia, receiving state contracts for the supply of food to schools and the Russian military. It came with a *quid pro quo* – in return, Prigozhin, as leader of the Wagner Group, operated militias in Eastern Ukraine and Africa.

(4) **Much of the harmful activity funded by financial flows from kleptocracies can be hard to legislate against.** Conducting unauthorised military action in a foreign sovereign territory is illegal, making funding of that activity illicit finance. But much of the overseas activity of a kleptocracy and their oligarchs will be legal: listing companies on stock exchanges, donating to political parties, funding think tanks and PR campaigns, inviting MPs on expense paid trips.

(5) **Law enforcement currently struggles to build successful cases against kleptocrats.** Those who have benefitted from grand corruption will be involved in other legitimate business, the proceeds of which is combined with more dubiously acquired funds. This comingling of licit and illicit capital, routed through complex offshore structures, mean that successful prosecutions of kleptocrats are few.[6]

**Have sanctions against Russia fixed the UK's kleptocracy problem?**

(6) **The United Kingdom long ignored the potential harms caused by the influx of corrupted Russian money into our financial centres.** Successive UK governments disregarded the link

[5] "What are illicit financial flows?" The International Monetary Fund, February 2023, https://www.imf.org/en/About/Factsheets/Sheets/2023/Fight-against-illicit-financial-flows
[6] Indeed, NCA financial investigators were reported as saying that targeting corrupt businessmen with access to "expensive QCs and claims of private wealth" is a "waste of time": Jake Ryan, "Britain's FBI takes down the 'McMafia' millionaires", Mail on Sunday, November 21, 2020, https://www.dailymail.co.uk/news/article-8973527/Britains-FBI-targets-peoplesmuggling-kingpins-threatens-seize-McMafia-property-portfolios.html

between accepting kleptocratic flows, security threats and other harms. For example, the UK's Tier 1 visa scheme – which saw residency granted with an investment of £1 million – saw 2152 Russians successfully apply between 2008 and 2015, the 'blind faith'[7] period when the UK authorities conducted minimal checks on those applying or their source of funds.[8]

(7) **Sanctions are reactive, political, temporary and do not necessarily lead to the seizure of monies.** Kleptocracy only became an urgent issue around Russia's full-scale invasion of Ukraine in February 2022[9] at which point the UK scrambled, issuing sanctions on thousands of individuals and entities. Though sanctions curtail any further financial activity by the individuals involved, any assets held in the UK are merely frozen. Their actual seizure requires a court to prove that on the balance of probabilities the monies are the proceeds of crime – which frequently encounters the same problem as cited in 2-5 above.

(8) **Those in power rarely have assets seized, which means our anti-corruptions efforts may be strengthening kleptocracy.** Those holding suspicious wealth from kleptocratic states such as Azerbaijan have not been sanctioned but has been tackled through other legal measures.[10] However, research shows that incumbent political elites and family members almost never lose UK assets after credible allegations are presented, whereas their political opponents often do.[11] These findings suggest that current anti-corruption efforts actually may strengthen kleptocracies rather than weaken them (as political opponents weaken through asset seizure).

## <u>The UK's current anti-money laundering regulations are ineffective</u>

(9) **UK's current anti-money laundering (AML) regime is relatively ineffective in stopping the proceeds of crime.** Preventing the money from coming to the UK in the first place would be more effective than sanctions (as by then the harm has already been done), and less resource intensive than locating and seizing it. Many of our professional are regulated for money laundering

[7] "The UK Tier 1 Visa: The Dangers of Blind Faith", Transparency International, December 6, 2018, https://www.transparency.org/en/blog/uk-tier-1-golden-visa-dangers-of-blind-faith

[8] The investment was also increased to £2 million from November 2014. According to Spotlight on Corruption, by 2020, 2526 Russians had successfully applied for a Tier 1 Investment visa, meaning that 85% of successful Russian applicants applied during the blind faith period. Susan Hawley, George Havenhand & Tom Robinson, "Red Carpet for Dirty Money: How the UK's Golden Visa regime urgently needs further reform and more transparency", Spotlight for Corruption, July 2021, https://www.spotlightcorruption.org/wp-content/uploads/2021/07/Golden-Visa-Briefing.-Final1.pdf.

[9] More than half of all mentions of 'kleptocrat' and 'kleptocracy' in Westminster from 1800 until June 2022 occurred in the first six months of 2022. See "Enabling the UK government to tackle economic crime", UKRI, November, 16 2023, https://www.ukri.org/who-we-are/how-we-are-doing/research-outcomes-and-impact/esrc/enabling-the-uk-government-totackle-economic-crime/

[10] Tom Mayne & John Heathershaw, "Criminality Notwithstanding: The Use of Unexplained Wealth Orders in AntiCorruption Cases", GI ACE, March 2022, https://ace.globalintegrity.org/wp-content/uploads/2022/03/CriminalityNotwithstanding.pdf

[11] John Heathershaw, Tom Mayne & Tena Prelec, "The Incumbency Advantage? How Post-Soviet kleptocrats and their UK Enablers Manipulate the International Anti-Money Laundering Regime [draft]", December 2022, https://bahamasamlconference.centralbankbahamas.com/documents/2024-03-26-15-23-02-Heathershaw-MaynePrelecIncumbency-Advantage.pdf

purposes yet the current system has been shown to be ineffective, not just when dealing with kleptocratic flows, but even when dealing with the proceeds of crime.

(10) **Financial professionals are insensitive to clear risk factors and a sense of impunity reigns.** Those in regulated industries are required to assess the client and transaction for risk, adjusting the amount of research ('due diligence') accordingly, yet academic research has shown that professionals in certain sectors regularly do not respond to clear risk factors, such as the client being from a high risk country.[12] With few professionals sanctioned or prosecuted for enabling illicit activity or failing to report suspicions, a feeling of impunity is pervasive.

(11) **Supervision for AML is lacking compared to other sectors with little spent and few fines.** The sectors regulated for AML purposes are overseen by an array of professional body supervisors (PBS), yet in 2020/21, the FCA reported that over 80% of legal and accountancy PBS had not implemented an effective risk-based approach.[13] The total value of AML-related fines imposed on the legal sector from 2017 to 2020 was just £621,252, compared with £103 million imposed by the FCA and £12.7 million by HMRC.[13]

(12) **Professional enablers are not simply meeting a demand but are creating the supply.** Legal firms often market themselves by creating dubious but legal financial products, and by offering their services to counteract new and existing legislation. In this way, legal and other professional services providers can often be the key factor in the enabling of kleptocratic flows. This is the 'enabler effect' which is the crux of the UK's kleptocracy problem.[14]

<u>**The current AML system is practically useless in dealing with kleptocracies**</u>

(13) **Legislative efforts to combat kleptocracy lag behind.** Although the first Money Laundering Directive came into force in April 1994, efforts to tackle illicit financial flows related to grand corruption were only introduced much later. The idea that a 'politically exposed person' (a PEP – those who hold political office) and their close relatives pose a higher risk for money laundering and should be subject to enhanced due diligence only dates back in UK legislation to 2007.[15]

(14) **Extra AML research on former PEPs is not mandatory.** A weakness in the current AML legislation lies in the fact that when a politician leaves office, their close relatives are no longer subject to enhanced due diligence, unless other risks are apparent. For political figures themselves, enhanced due diligence continues to be carried out for only a year after they leave office. This fails

[12] Michael G. Findley, Daniel L. Nielson & J. C. Sharman, "Banking bad? A global field experiment on risk, reward, and regulation", American Journal of Political Science, March 2024, https://onlinelibrary.wiley.com/doi/full/10.1111/ajps.12861

[13] This means that those firms involved in activities that posed a high risk for money laundering were not being scrutinised more than those whose activities posed a low risk. The vast majority (just over 80%) of PBSs had not implemented an effective risk-based approach. https://www.fca.org.uk/publication/opbas/supervisory-assessments-progress-themes-202021.pdf, p6.

[13] Taylor & Beizsley, "A Privileged Profession?"

[14] John Heathershaw, Tom Mayne, Tena Prelec, *Indulging Kleptocracy. British Service Providers, Postcommunist Elites, and the Enabling of Corruption*, OUP, February 2025 (upcoming), https://global.oup.com/academic/product/indulging-kleptocracy9780197688229?cc=gb&lang=en&#

[15] The concept was first encoded in The Money Laundering Regulations 2007.

to recognise the fact that opportunities for corruption and the placement of illicit wealth exist long after political office ends.

(15) **The Financial Action Task Force has not focused on grand corruption.** Enhanced due diligence must also be performed on any client or transaction concerning a grey or blacklisted country, based on a list maintained by the Financial Action Task Force (FATF), a body which sets international standards in the countering of illicit finance. However, grand corruption has not been high on its agenda:[17] it only noted political corruption as a "new threat" in 2012.[16]

(16) **FATF evaluation reports and grey/blacklists are highly politicized.** Grand corruption remains low on the agenda because the FATF's members are sovereign states, many of which possess kleptocratic political economies, or are trade partners with such nations. Thus, large nations often receive favorable evaluation reports, with governments lobbying FATF for negative aspects to be watered down.[17] Governments also lobby FATF for certain ally countries be removed from the greylist.[18]

(17) **Many kleptocracies have never featured on the FATF grey or blacklist.**[19] Kazakhstan, Belarus, Somalia and Equatorial Guinea have never been grey or blacklisted by the FATF, despite much evidence of kleptocratic capital flight on behalf of corrupt networks. Russia was only on the FATF blacklist from 2001-2003, and has never even been greylisted since that time, despite countless stories of Russian state corruption, including many reports on Putin's personal involvement in corrupt activities.[20]

(18) **Current anti-money laundering laws are near useless in the fight against kleptocratic flows.** Regardless of whether a country is greylisted, a professional service provider in a regulated industry must conduct enhanced due diligence if certain risk factors are present. Yet if the source of wealth comes from a government contract, we again encounter the problem highlighted above – the funds

[16] Its sole recommendation then was to widen the scope of the definition of what constitutes a "Politically Exposed Person". See https://www.fatf-gafi.org/content/dam/fatfgafi/recommendations/Press%20handout%20FATF%20Recommendations%202012.pdf, p2.
[17] Koos Couvée, "FATF Dilutes Criticism of UK Anti-Money Laundering Efforts in Final Report", ACAMS, December 7, 2018, https://www.moneylaundering.com/news/fatf-dilutes-criticism-of-uk-anti-money-laundering-efforts-in-final-report/
[18] Matthew Karnitschnig, "West wants to look the other way on UAE money laundering", Poltico, June 21, 2023, https://www.politico.eu/article/united-arab-emirates-eu-france-ergmany-uswest-wants-to-look-the-other-way-on-uaemoney-laundering/
[19] The terms date back to June 2009, when the FATF adopted new procedures for identifying noncooperative and high-risk jurisdictions which became known externally as the "grey" and "black" lists respectively. See https://www.fatfgafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-june-2020.html
[20] Daniel Boffey, "Russian palaces, villas and yachts linked to Putin by email leak – in pictures, maps and video", Guardian, June 202,2022, https://www.theguardian.com/world/ng-interactive/2022/jun/20/russian-palaces-villas-and-yachts-linkedto-vladimir-putin-llcinvest. In February 2023, the FATF suspended Russia's membership due to its attack on Ukraine, though Russia remains a member and has not been blacklisted.

are 'legalized' by a kleptocratic state, allowing the professional to continue the transaction with little legal risk.

## How can we tackle corrupted money from kleptocracies?

(19) **The problem of corrupted money from kleptocracies is difficult to legislate against.** The issue of kleptocratic financial flows presents a variety of difficult problems involving the rule of law, property rights and presumption of innocence. The transnational aspect of these flows also complicates any counter effort, as enablers may use the UK indirectly or as a bridge to other jurisdictions.[23]

[17] FATF was originally set up to fight illicit flows related to drug trafficking which had in the 1980s developed into a multibillion-dollar transnational illegal business. Following the attacks on the United States in September 2001, the FATF focussed efforts on tackling terrorist financing to the extent that counter measures are now often referred to as AML/CFT – antimoney laundering / counter terrorist financing – thus acknowledging that CFT is different from money laundering, that rather than the movement of illicit funds, these can be legitimate funds that are moved for an illicit goal (in this case, terrorist activity).

(20) **More enforcement of existing laws**. As argued above, there are significant legal challenges when it comes to addressing kleptocratic flows. The UK has shown itself, however, to be a legislative innovator – but any new law is useless without enforcement.[21] The last few decades have seen drastic cuts to the UK's law enforcement agencies tackling overseas corruption. This needs to be reversed to have any impact in the battle against illicit finance.

(21) **More focus on swift usage of property and account freezing orders.** Despite being hailed as a potential gamechanger, Unexplained Wealth Orders (UWO) are merely an investigative tool, and interest in issuing them has waned.[22] There should be more focus on property and account freezing orders (PFOs/AFOs) as they allow assets to be frozen on a very low evidential threshold and without notice (which prevents dissipation).

(22) **The UK's Bribery Act could serve as a model for extra-territoriality.** It seems reasonable to expect that if individuals want to bring their money to this country the funds should at least have been generated in accordance with our laws. The UK Bribery Act was notable in this regard in that it legislates that bribery that takes place outside of the UK but involving a UK citizen or a

[21] A good example is the UK Bribery Act from 2011, a strong piece of legislation, yet high profile investigations and convictions have been lacking.

[22] UWOs can be issued against PEPs, but if the PEP responds to a UWO, the presumption that the property was bought with the proceeds of crime falls away, leaving law enforcement to reach the usual civil standard for asset recovery – that on the balance of probabilities the property was bought with illicit funds. No known UWO has been issued since 2019 following a high-profile loss featuring property owned by the family of the then president of Kazakhstan. See Tom Mayne & John Heathershaw, "Criminality Notwithstanding: The Use of Unexplained Wealth Orders in Anti-Corruption Cases", GI ACE, March 2022, https://ace.globalintegrity.org/wp-content/uploads/2022/03/CriminalityNotwithstanding.pdf

person/company with a link to the UK is counted as illegal conduct. Such extra-territorial aspects are necessary to deal with a transnational problem.[23]

(23) **Consider amending the Proceeds of Crime Act to include the proceeds of a kleptocratic enterprise.** Although our system of country risk designation can be improved (see paras 32-38), focusing exclusively on the national level ignores the fact that kleptocratic flows are not generated by nation states but by networks of individuals. The definition of "recoverable property" used in the Proceeds of Crime Act (POCA) could therefore be expanded to include the proceeds of a listed kleptocratic enterprise, with this list maintained in a schedule to POCA.[24]

(24) **An illicit enrichment offence would go further than UWOs reversing the burden of proof.** A law regarding illicit enrichment would target public officials that have significant assets that they cannot reasonably explain in relation to their lawful income. In the context of asset recovery mechanisms, illicit enrichment laws do not require proof of underlying criminal activity before a

[23] For example, companies registered in the UK may be used to hold bank accounts elsewhere. Or company service providers and proxy directors from abroad may put their name to dubious UK companies that may be in breach of the UK Companies Act, but as non-UK residents/citizens, know they face little chance of sanction.

judicial sanction can be imposed. This could be quite transformative in 'laundromat' cases where those targeted can at the moment simply deny the allegations without advancing an explanation for the source of wealth.

(25) **Global Anti-Corruption Sanctions (GACS) to be more widely used and the definition of corruption expanded.** The UK has a sanctions programme for corruption offences but has used it much less frequently than the United States.[25] The UK should not only use GACS more frequently but expand its definition of corruption to include an illicit enrichment offence where kleptocrats would have to demonstrate the legality of their assets.[26]

(26) **Exporting of UK standards to Overseas Territories, Crown Dependencies and International Financial Centres (IFCs).** The UK should use the proposed London summit of IFCs to encourage regulatory alignment in our overseas territories and in international financial centres like Dubai, Hong Kong and Astana that operate under English Common Law, as it is

[23] Currently, Chapter 4 of POCA currently defines "recoverable property" as property "obtained through unlawful conduct." If this occurred outside the UK, it must have been both (a) against the law where it happened and (b) conduct that would have broken UK law had it happened here.

[24] This idea comes from an unpublished joint paper by RUSI and Spotlight on Corruption which states: 'This is similar to the approach taken in the UK regarding "terrorist property" when compared with "criminal property". The major difference is that in most cases "criminal property" must be shown to be the proceeds of crime (or in some circumstances, intended for use in crime) before it can be confiscated. With "terrorist property" it is exclusively the intended use of the property that is important, not how the property was obtained.' See also https://rusi.org/explore-ourresearch/publications/commentary/freeze-seize-creativity-and-nuance-needed for further discussion of the possibilities.

[25] The United States designated 650 foreign persons (individuals and entities) under its Global Magnitsky Act from 20172023. See https://www.federalregister.gov/documents/2024/02/23/2024-03532/global-magnitsky-human-rightsaccountability-act-annual-report. For example, on 11 December 2023, the U.S. designated "the Rahmanis", two corrupt businessmen from Afghanistan and 41 of their companies registered in Germany, Cyprus, the Netherlands, Bulgaria, Austria, the UAE or Afghanistan. See https://www.federalregister.gov/documents/2024/02/23/2024-03532/global-magnitskyhuman-rights-accountability-act-annual-report

[26] Currently only bribery or misappropriation of assets are the two offences that can lead to a designation under GACS. The U.S. Global Magnitsky Act does not define corruption, giving the authorities greater leeway in their designations.

through these centred increasing volumes of illicit finance flow.[27] For too long, these jurisdictions lag behind the UK when it comes to anti-corruption efforts.[28]

**Improving the AML landscape**

(27) **More fines and prosecutions of enablers of corruption**. Professionals who wilfully turn a blind eye to corruption need to be investigated and sanctioned. For too long certain professionals in those sectors regulated for money laundering have not lived up to their responsibilities and have enabled corrupt flows with impunity. Some high-profile cases of enablers being fined, struck off and prosecuted could help turn the tide.

(28) **Legislation has struggled to delineate between low- and high-risk PEPs.** Current regulations only distinguish between "domestic" and "non-domestic" PEPs. All other PEPs are treated as higher risk, which fails to distinguish between PEPs from democracies and kleptocracies. The UK should therefore maintain a 'safe list' of countries where PEPs would be subject to less due diligence. A 'safe list' of inclusion rather than a 'high risk' list of exclusion could mitigate geopolitical sensitivities.[29]

(29) **Enhanced due diligence should be mandatory on high-risk PEPs and their relatives even after they leave office.** It is ridiculous that under the current system, enhanced due diligence is not mandated on the daughter of the former president of Kazakhstan, but is for any non-PEP South African citizen (a country currently greylisted by FATF[30]) performing any kind of banking activity in the UK.[31] Former PEPs and their relatives from countries not on the above proposed safelist would have to be subject to enhanced due diligence, even after they leave office.

(30) **Create a new kleptocracy country list for worst offenders.** Outside of PEPs, professionals in the financial services need to take account of geographic risk when deciding whether to designate a transaction as high risk.[32] The UK should therefore create a 'highest risk' list of kleptocracies,

[27] Daniel Haberly, Georgia Garrod & Robert Barrington, "From Secrecy to Scrutiny: A New Map of Illicit Global Financial Networks and Regulation", University of Sussex, August 2024, https://ace.globalintegrity.org/resources/from-secrecy-toscrutiny-a-new-map-of-illicit-global-financial-networks-and-regulation/

[28] For example, the UK's persons of significant control register (which documents actual company owners – the "beneficial owners") is publicly available, while that of the British Virgin Islands is not.

[29] A step towards this goal could be to use National Risk Assessments with more regular red alerts as a way to flag particularly high-risk jurisdictions and networks.

[30] As of October 2024. See https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html

[31] H.M. Treasury's recent consultation on the current money laundering regulations included questions about removing the mandatory checks in Regulation 33(3A) on any person/transaction involving a greylisted country or making them nonmandatory.

[32] The UK's Financial Conduct Authority produced a model definition of a kleptocracy in its 2017 guidance regarding geographic risk factors in relation to PEPs. The FCA did not use the word 'kleptocracy' but states that firms should pay regard to whether the PEP is from a country with a high risk of corruption, using the following criteria: associated with high levels of corruption, weak state institutions, non-democratic forms of government, a political economy dominated by a small number of people/entities with close links to the state, a criminal justice system vulnerable to political interference – all of which are archetypal in kleptocracies. It would therefore not be difficult for the FCA or another body to create a list of the countries where illicit capital outflow is a major concern based on these criteria.

removing the need for professionals to do their own research and preventing professionals from ignoring red flags posed by certain countries.[33]

(31) **Reporting of high value transactions over a certain amount to the UK authorities, especially in real estate.** In certain countries, bank transfers over a particular amount are reported to the authorities. This removes the need for the finance professional or conveyancing solicitor to assess risk or consider suspicions of money laundering. This could be something that could be adapted for specific ends: real estate purchases over a certain amount, or purchases by an overseas PEP/former PEP over a certain amount, could trigger a reporting requirement to the state, which may have a deterrent effect on corrupt PEPs looking to move dubious funds into the UK.[34]

[33] According to V-Dem, 71% of the world's population – around 5.7 billion people – live in non-democratic countries, which are often the countries of origin for kleptocratic networks. This is an increase from 48% ten years ago. See https://vdem.net/documents/43/v-dem_dr2024_lowres.pdf. Thus, there is a danger of designating too many countries. This list should therefore concentrate on the worst offenders – the 'highest risk'.

[34] Real estate transactions have the advantage of a set price that must be transferred by a legal professional (who would be responsible for reporting the transaction). Bank transfers, on the other hand, could be split into smaller transactions to avoid a reporting requirement. However, the requirement could be triggered by a total amount passing through an account in a certain period.