

**Commission on Security & Cooperation in Europe:
U.S. Helsinki Commission**

“Russia’s Swiss Enablers”

Committee Members Present:

**Representative Steve Cohen (D-TN), Co-Chairman;
Senator Roger Wicker (R-MS), Ranking Member**

Committee Staff Present:

**A. Paul Massaro, Senior Policy Advisor, Commission on Security and
Cooperation in Europe**

Participants:

**Bill Browder, Head, Global Magnitsky Justice Campaign;
Miranda Patrucic, Deputy Editor in Chief, Regional and Central Asia,
Organized Crime and Corruption Reporting Project;
Mark Pieth, President of the Board, Basel Institute on Governance
Carlo Sommaruga, Member of the Council of States Representing the Canton
of Geneva, Switzerland**

**The Briefing Was Held From 10:01 a.m. To 11:02 a.m. via videoconference, A.
Paul Massaro, Senior Policy Advisor, Commission on Security and
Cooperation in Europe, presiding**

Date: Thursday, May 5, 2022

MASSARO: This is a briefing of the Helsinki Commission of the U.S. government. We focus on human rights, democracy, and the rule of law around the world. In this context, I, Paul Massaro, focus on fighting corruption – fighting global corruption, particularly the corruption that has made possible this brutal genocidal invasion of Ukraine. So we've come to focus a lot on the individuals and institutions that have made this possible – the so-called enablers of corruption who have been accepting blood money for decades, really.

And this elite capture that has been made possible, the strategic corruption and the capture of Western elites, so that we were unable to respond at various junctures and deter Putin. Essentially one could understand the Russian invasion of Ukraine as a failure of deterrence over the long term, and the success of Russia's strategic corruption policy. And of course, the bravery of the Ukrainians has stopped that now. It's made us wake up and look at ourselves in the mirror. But if not for their brave resistance, who knows. We'd probably still be deep in this enabling.

And Switzerland in particular has been well-known as a money laundering hub for a very long time. And a recent report, the Swiss banking lobby says that Switzerland holds more than \$200 billion in Russian wealth, at this time when we're trying to crack down on the oligarchs and Russian blood money around the world. Now, Switzerland has joined Western sanctions. And that's encouraging. But today we want to talk about the money – the Russian money in Switzerland, the Swiss enabling environment, Swiss banks, and so on and so forth. And I think we have some really strong panelists to help us do that.

So we're first going to hear from Bill Browder, the head of the Global Magnitsky Justice Campaign, who's going to speak about the Magnitsky investigation, particularly the money – the stolen money that was exposed by Sergei Magnitsky, of course, the Russian whistleblower who was killed for standing up to the brutal Putin regime, and how that money actually ended up in Switzerland, and then for years sort of sat there, and now threatens to be returned to the thieves that stole it.

And then we're going to hear from Mirandu Patrucic – Miranda Patrucic. Excuse me, Miranda. The deputy editor in chief, regional and Central Asia, at OCCRP, the Organized Crime and Corruption Reporting Project, on their recent project, Swiss Secrets: Looking into Credit Suisse, one of the two largest banks in Switzerland that has enabled many different dictators, murders, torturers, thugs around the world, and taken their money, hid it, helped them launder it. And with a focus on, of course, Russian oligarchs.

And then finally we're going to hear from Mark Pieth, president of the board of the Basel Institute on Governance, on how it looks from within Switzerland, what can change within Switzerland, and how this kind of Swiss enabling environment can be combatted. So the course of a briefing – a Helsinki briefing is we'll first hear from our panelists, about five minutes each. And then we will open it up to questions. So please, this is a very interactive format. We hope that everyone will ask questions. If you have a question, please put it in the chat. I'll read it out. I'll start by asking a couple questions of my own, maybe one or two. And then we'll go to the audience. So please, start thinking of questions now.

And with that, I'd like to hand it off to Bill.

BROWDER: Great. Paul, thank you. And grateful for the Helsinki Commission to be hosting this event. It's very relevant. I've seen with my own eyes how important this discussion on Switzerland is. And I want to talk you through some of the – some of the things that we've seen, which really raise a lot of disturbing questions about Switzerland.

Before I do that, I wanted to just say that five minutes is a very short amount of time. And I've prepared a very long briefing document. And I'd like permission, if possible, to submit that for the record so that – for those who watch this, they can then look and learn more about our case and what happened in Switzerland, if that's acceptable to you.

MASSARO: I have no standing to say this, but without objection so ordered.

BROWDER: (Laughs.) Thank you.

So let me begin by saying that since the murder of Sergei Magnitsky on November 16th, 2009, it's been my objective to get justice for Sergei. And one of the aspects of justice that most people who are probably on this call know about is the campaign to get Magnitsky sanctions imposed in different countries around the world. And it all started with the Helsinki Commission in the United States. Senator Cardin, Senator Lieberman, Senator McCain, Senator Wicker proposed the Magnitsky Act, which became a law in December of 2012. And now we have 34 other countries that follow.

A part of our campaign which is less well known but equally important is to say who got the \$230 million that Sergei Magnitsky exposed and was killed over? And it was our intention to make sure that every person who profited from this crime didn't profit after it was discovered. And so we launched what has now been, I guess, a 12-year investigation into the money laundering. And over the course of those 12 years, different people and different institutions have come forward. The OCCRP has been a very valuable investigator into this crime, and through their research have found a number of things.

And then we've had other individual whistleblowers come forward. And in 2010, a whistleblower, a man by the name of Alexander Perepilichny, who was a member of the criminal enterprise that – the criminal enterprise that stole the \$230 million that Sergei Magnitsky exposed – he fell out with his criminal compatriots. And he came to us with a bunch of Swiss bank statements. And those Swiss bank statements showed us that about \$11 million from the \$230 million had come into the accounts of a man who was the husband of the tax official who authorized the illegal \$230 million tax refund.

Her name was Olga Stepanova. Her husband was a guy named Vladen Stepanov. And he was able to show us, through the documents that he had and other documents that we were able to gather, effectively a straight line from Russia to Switzerland to his account. So the person who approved the tax refund sends the money to her husband at Credit Suisse. Pretty clear. We took this information to the Swiss attorney general in 2011 and we filed a formal

complaint. And the Swiss attorney general immediately opened a criminal case and started investigating and freezing money.

They froze those accounts, and then they froze accounts belonging to a man named Dmitry Klyuev, who was head of the Klyuev organized crime group that was head of this whole enterprise. And they froze accounts belonging to a guy named Denis Katsyv, who owned a company called Prevezon, which also features in another big part of our investigation. So the accounts were all frozen. A major investigation was launched. A quite competent prosecutor was assigned to the case, a woman named Maria-Antonella Bino. She started investigating and taking various actions. She brought me in for questioning. She brought Perepilichny in for questioning. She eventually brought Stepanov in for questioning.

And then a new attorney general was brought into the Swiss prosecution service, a man name Michael Lauber. Michael Lauber took over, Maria-Antonella Bino quit, and then Lauber brought one of his dear friends from the past, a man named Vinzenz Schnell, who is a Russian-speaking – probably the most senior Russian-speaking person in the Swiss federal police, to join his service, and particularly to investigate the Magnitsky case in Switzerland. The moment that Schnell came onto the team, all investigative actions effectively ground to a halt. Nothing happened. We would write in on a regular basis saying things needs to be done, that needs to be done. And as a victim in a Swiss criminal case, you have the right to actually ask for things to be done. They just completely ignored every request we made. No progress was made. No more major interrogations. No more mutual legal assistance. Nothing.

Years and years went by. And then we discovered something interesting, which was that Vinzenz Schnell was not inactive, he was just active in a different area. He was active in going on hunting trips that were fully paid for by Russian oligarchs in Russia. He went on two hunting trips in the Yaroslavl region, and then he went on a grand hunting trip to Kamchatka, where he had to fly all the way across the country, then take a private helicopter to do bear hunting in the mountains of Kamchatka. All paid for by his Russian hosts and Russian oligarchs.

We learned that on the hunting trip to Kamchatka, Vinzenz Schnell discussed with his Russian counterparts how to get rid of the Magnitsky case. He then came back to Switzerland, and he summoned a Swiss politician, a man named Andreas Gross, who had been one of the people investigating the Magnitsky murder, who had put together a very detailed report on the Magnitsky murder for the Council of Europe. And he summoned him in order to try to discredit a Swiss politician. So a Swiss police officer was trying to discredit a Swiss politician as a favor or a service to his Russian handlers, in order to dismiss this case.

He was discovered. Schnell was discovered. And he was eventually fired. He was discovered by a different branch of the – of the Swiss police. He was eventually fired. And then his prosecution – he was being prosecuted as well for bribery – his prosecution was then handled by his friend Michael Lauber, the head of – the attorney general. Michael Lauber, who was in trouble on his own. He had his own troubles, because of coziness with the Russians connected to the FIFA investigation. And he basically threw the fight in terms of his prosecution of Vinzenz Schnell. He dropped almost all the charges, replaced them with nonserious charges.

Vinzenz Schnell was eventually convicted of very minor charges, didn't spend a single day in jail, had a very minor fine applied to him which would then go away if he didn't commit the same crimes in a new period of time. And then the most shocking part of the whole story was we get a letter from the Swiss prosecution office saying that they're going to return almost all the money that had been seized over those 10 years to the Russian crooks. So the head of the organized – Dmitry Klyuev, the head of the Klyuev organized crime group, was going to get 100 percent of his money back. Katsyv – Denis Katsyv, from the Prevezon, was going to get something like 99 percent of his money back. And then the husband of the tax official was going to get, like, 70 percent of his money back. In total, \$16 million was going to go back to the Russians.

Now, at this point, Lauber has been fired. Schnell has been fired. But their compatriots in the prosecution office carry on with this plan to give the money back to the Russians. So we filed an appeal with the prosecutor's office. They reject us. In fact, they tried to kick us off the case as victims, saying that we were – we had nothing to do with this. We weren't victims at all. And then a new prosecutor comes in, a new guy, whose name is Stefan Blättler, not to be confused with Sepp Blatter, who was the head of FIFA. And the new prosecutor was interviewed just a few days ago, on the 29th of April. And he says – he has: The past is no longer an issue. He just wants to look to the future. He has little desire for reforms. This is in Blick, a Swiss newspaper.

So I guess we should point out that this is just one story. And I just want to read quickly – and I've probably gone over time – but just quickly summarize a few of the other stories out there. Which is that the – in 2017, \$60 million was – that had been frozen, that belonged to the former Minister of Agriculture Yelena Skrynnik, has been returned. Twelve million dollars that belonged to the former Deputy Minister of Agriculture Alexei Bazhanov has been returned by the Swiss prosecutor's office. Eighty million belonging to a guy named Alexander Udodov has been returned. And \$176 million that belonged to Akriche (ph) was returned. These were all under Lauber.

And then you also have the case was dropped against Sepp Blatter, the head of FIFA. The case was dropped against a Colombian businessman who was part of the Maduro regime. The case was dropped against Mubarak's son. The case was dropped against King Juan Carols of Spain. The case was dropped against Gadhafi's son. There is something seriously rotten in Switzerland. And in my opinion, my recommendation, is that the U.S. review the mutual legal assistance treaties that are currently negotiated with Switzerland, come up with something that reflects the fact that there is either a criminality or a gross incompetence in law enforcement in Switzerland, because this can't be allowed to continue. And we can't support this and just look the other way. Thank you.

MASSARO: Thank you very much, Bill. It's fascinating, useful testimony. So now we'd like to hear from Miranda Patrucic of OCCRP. Let's talk about the banks.

PATRUCIC: Thank you very much for having me. My organization, Organized Crime and Corruption Reporting Project, was part of the big global effort to review over 18,000 Credit Suisse accounts that partner, Süddeutsche Zeitung, has obtained. It was the largest leak ever

from a major Swiss bank. And what was interesting about it is that, you know, even though Switzerland and Credit Suisse have been pledging for years, even decades, basically, that they will crack down on illegitimate funds, what we have discovered that, and particularly Credit Suisse, has catered to criminals, dictators, intelligence officials, sanctioned parties, and political actors.

Our leak did not include a comprehensive list of Russians. But it did include some names. And for example, one of the – one of the individuals we looked into was Alisher Usmanov. And we discovered through the Credit Suisse leak that it had – his sister was a beneficiary, according to the records, of 27 accounts. Including accounts which at one point held, like, \$2 billion. So huge, tremendous amounts of money. And we have also reviewed FinCEN files, which basically showed us that banks have been flagging transactions that Usmanov and his companies have been running through Credit Suisse for years. And yet, they were – they continued to – his money continued to flow through these banks.

So what is it that is so attractive about Swiss banks? One thing is definitely secrecy. Swiss banks and Switzerland are basically protected with the draconian banking secrecy law, which basically promised to send any journalist or whistleblower who exposes wrongdoing within Swiss banks to jail. Also, they have a high reputation. And what's interesting two sets – almost two sets of rules. This is something that we got speaking with former and current employees in the banking center. And basically, what they told us, there's a set of laws for rich. So for example, if you have \$1 million that you're bringing to the bank, you're going through extensive due diligence process. If you are what is called ultra-high net worth individual, and you bring, let's say, \$20 million, basically the set of rules that applies to you is very different.

We have also learned that the bank basically has a very toxic corporate culture, which is designed to basically maximize the profit and bonuses, which means that the employees are tied to that new money, which basically incentivizes them to look the other way. And basically, the whole system is based on plausible deniability. So if you don't find something or if you don't look and don't find something, that's good. We have also discovered that the – basically, no head of the Swiss bank has ever been jailed. And any punishment, any kind of fines that are imposed on these banks are basically treated as a cost of doing business. And, for example, if you think about the \$1.3 billion penalty that was imposed on Credit Suisse, that was even tax deductible, which is completely counterintuitive in terms of a fine. (Laughs.)

We have looked into, you know, the bank itself and its client. And when you see that, you know, with a plain Google search the bankers could have found that these types of clients are not the clients to have in the bank, and yet they chose to keep them and basically bank with them for years. It really speaks to what kind of bank it is. And the whole irony of the situation is that you have, you know, clients from countries with a very poor legal system and lax oversight who basically come to Switzerland because it's pure, it's well-managed, it's reliable. And are basically able to conduct business there, and basically safeguard their money – very often ill-gotten money – and basically preserve it.

So that's my introduction.

MASSARO: Great. Thank you so much, Miranda. The tax-deductible penalty is really something that gets me.

Now we'll hear from Mark. Please, Mark.

PIETH: Yeah. Thank you, Paul. Just to let you know, I'm speaking as a professor of criminal law, but I have been a member of the FATF and also a long-time president of the OECD Working Group on Bribery.

Now, the small country Switzerland, as you know, and has been just pointed out by Miranda, hosts a considerable financial resort. And it is probably the world's biggest trading hub for commodities. But this is not all. It's a country a long tradition of secrecy. In short, it is one of the biggest offshore havens in the world. Now, my particular interest is – are the role of introducers and enablers. Frequently we're talking of lawyers who are hiding the assets of their clients behind the attorney client privilege.

Now, we have to be careful because, I mean, also in the U.S. if you are defending a client from litigation or so, of course you have attorney-client privilege. And that needs to be respected. But the other hand is that if you're investing money for your client, you're not an attorney. You are a financial operator. But what people don't realize is that between those elements there is a segment, a gray zone, if you want, that is not falling under the anti-money laundering legislation.

The Panama Papers, Pandora Papers, and other leaks have shown us that those lawyers have been using that gray zone to create money laundering structures with shell companies, offshore accounts, anywhere in the world. And they would not be under the anti-money laundering legislation. You would ask, well, what's the big issue? What's the big problem? Let me give you an example. Many of us know that Putin has this school-time friend Roldugin, a famous cellist, supposedly.

And what happens? In Panama Paper, you can see that Roldugin suddenly obtains a very formidable stake of Rossiya Bank, a bank we all know about, and a stake in a Russian tank company, costs \$200 million. And of course, he says at the same time – Roldugin says, I'm a cellist. I'm a musician. I'm not a businessman. When we follow up in the papers, we stumble over an introducer in Zurich. I won't give the name here, but I know it and I can pass it onto the committee if they want it.

And my point is, such structures impede that banks but also the authorities actually determine the true beneficial owner of the assets. And these guys are a real danger for the success of sanctions – of the sanctions regime against Russia, because only this introducer knows who actually owns that money. It surfaces as some kind of fantasy name in Panama or in British Virgin Islands.

So the question is, what should we be doing? Now, starting with Switzerland, Switzerland only in March 2021 has in parliament refused to subject these enablers in that gray zone to the AML, to the anti-money laundering legislation, under pressure of the industry

lobbyists, especially Geneva lawyers. Of course, if we have clear proof in Switzerland that actually such a lawyer has been laundering money, sanctions-related money. Then Swiss authorities could intervene. But, as Bill Browder's example has shockingly demonstrated just a moment ago, law enforcements might be incompetent or, worse, partisan.

Now, while waiting for Switzerland to take renewed efforts to regulate its enablers, I think the U.S. has a role to step in. First of all, where the enablers undercut U.S. sanctions, take Roldugin. It's a very clear case. The DOJ could actually start action and as soon as these guys leave the country they could be put into extradition – on remand for extradition, and sent to the U.S. Maybe in a more direct way, we could up the enablers on the sanctions list themselves as accomplices, if you want. And again, I'm saying we know the names. That's the easy part. And you could also consider putting these lawyers under a visa ban to the U.S. That would definitely also hurt them.

Now, overall, I think there is merit in Bill's suggestion to review the law enforcement relations between the U.S. and Switzerland, especially if the new attorney general should not understand the message of the Magnitsky case. We don't know that for sure yet. There are indicators that he's just carrying on as the other guy. If he doesn't understand, and I wouldn't give him too much time, I think we should really start considering are these law enforcement relations between the two countries really well balanced? Thank you very much.

MASSARO: Thank you. So I see we've been joined by our ranking senator, Senator Roger Wicker. Senator Wicker, would you like to say a few words? So we'll give him the floor when he is able to get the technology working.

So I actually wanted to follow up on that, Mark, because prior to the conversation beginning we'd talked briefly – and I just want to say, everyone, please be putting questions in the chat. I see we have a few questions already. We want to move to the question and answer phase now. But we talked briefly about the REPO Task Force, the Russian Elites Proxies and Oligarchs Task Force, the new DOJ Task Force KleptoCapture, and so on and so forth. There's a big initiative now, multilateral initiative, to hunt down these assets. And just today we've seized a yacht in Fiji. I mean, there's been a lot of successes here. This is, you know, the real deal.

And one would think that in order to be successful in this we'd have to work with Swiss law enforcement in some capacity, given how much of this money is in Switzerland. So I'm curious as to your thoughts as to how one balances the need to understand, you know, what's happened here with Swiss law enforcement, but also the need to work together on this. And we have in the past, right? We have worked on – for example, the FIFA investigation is actually a pretty good example of a time when a lot of people got arrested at the U.S. request.

PIETH: Well, Paul, I think it's a very good question because obviously the administration – your official administration is not necessarily following your narrative – your introduction you gave today. They're using much more careful words. Why? Well, it is my interpretation they want the Swiss to participate in those task forces. The Swiss officials in

Switzerland are under terrific pressure at the moment by the – by parliament in Switzerland and by the general public to join task forces, including the REPO Task Force.

The delicacy of the thing is, though, once everybody is happy and joined, suddenly the Swiss will be – will be confronted with demands. They will be demanded: Can you break through bank secrecy? Can you break through attorney-client privilege at those sensitive points? And it might well be that Switzerland finds itself trapped. That it, at very delicate points, cannot simply break its secrecy provisions.

MASSARO: I see. So do you need – do you need reform before you can work with these guys? You know what I'm saying?

PIETH: I'm not so sure. I think most of it – most of what we have to do in Switzerland is not necessarily about law, except what I mentioned about enablers. There we have to change the law. But there's a lot of – there are a lot of possibilities in financial supervisory legislation that are there – that is there. The question there, the challenge there is whether the existing financial supervisory authorities can muster the courage to clamp down on banks and on lawyers. And I think what we're seeing – and that's, again, the story Bill has told, and also that Miranda has said. There's a lack of courage there.

MASSARO: Mmm hmm. Mmm hmm. So, let's actually turn back to Bill, because I have a question here, Bill. Could you talk a little bit about what you think the U.S. authorities should do now? I know you've mentioned the MLAT idea. But they say secondary sanctions, stop cooperating with Swiss law enforcement. What do you think?

BROWDER: So, thank you, Paul. And thank you, Mark. Just, first of all, let me put something in perspective. So there are some people inside the U.S. government that don't want to rock the apple cart with Switzerland because they've frozen \$7 billion of oligarch funds in Switzerland. And they're saying, look, these guys are doing something. Let's – you know, we should be really happy. Well, the way I look at it is, you know, purely on a mathematical basis. Seven billion dollars is a lot of money in absolute terms, but Switzerland is one of the main destinations for dirty Russian money. They use Swiss banks. And the Swiss Bankers Association in March disclosed that around \$200 billion of Russian money sits in Switzerland.

And so it seems to me that it's kind of a – it's almost like – I would almost say it's slightly insulting that they've only frozen \$7 billion. That our be 3 ½ percent of the oligarch money. And based on my experience – and my experience, of course, is just in one case. But based on that experience, it would lead me to believe that the Swiss, you know, are knowingly turning their head the other way when it comes to some of the other oligarchs. You know, who are their favorite oligarchs? Who are the oligarchs that have been greasing the wheels of finance in Switzerland?

And I think that Switzerland has got a big problem. I think that it's something that – you know, and they don't ever seem to solve these problems until there's a major scandal. I mean, you know, look at the – you know, the Nazi gold – the whole story about taking gold from Jewish refugees and then not giving it back to their descendants. I mean, that was just an

unbelievable scandal. And then they're – you know, basically every time there's a major corruption scandal in a country, Switzerland always shows up.

And so, you know, there are worse things you can do to Switzerland than just say we're going to renegotiate your mutual legal assistance treaty. We could – we could put Switzerland on the FATF blacklist. There's a lot of different things that we can do to basically, you know, acknowledge where Switzerland stands in this whole thing. And Switzerland, you know, them joining the REPO Task Force means nothing. The only thing that means something is if they actually start acting.

And so sitting on task forces, you know, conducting investigations, all of those types of things are really easy to do for a noncompliant law enforcement agency. I think that Switzerland needs to get serious. Otherwise, Switzerland should not be given the validation that it's given by the United States and by other governments. And some of those things should show up in these classifications of blacklists and so on.

PIETH: Can you give me –

MASSARO: That's great. Yeah, I saw the finger, Mark. Please.

PIETH: Yeah. So very short. The problem is with this 7 to 200 billion (dollars), it's been apples – comparing apples and pears. Because the 200 billion (dollars) are Russian assets in Switzerland held by Swiss financial operators. The 7 billion (dollars) are certainly oligarchs. The problem is the list is growing. So we are – we will probably see more that is going to be – that is going to be covered.

I see an additional problem, by the way. I mean, the – our shareholders – shareholdings by Russians in corporate interests in Switzerland. That's another huge domain. Zug is your place. And so you have 80 percent of Russian oil traded in Geneva. So you have yet another, let's say, aspect of coziness, if you want – a cluster of coziness. So assets is only one problem. There's much more to it.

MASSARO: Right. And, I mean, that's a great point, because the energy dependencies, the way that Russia has weaponized its natural resources, as well as, you know, the fact that there really is no, you know, large-scale, independent business, per se, everything is attached to the Putin regime, is really significant. So thank you for highlighting that.

We have another question here. And, Miranda, maybe you could take a shot at this one. I mean, why the strict Swiss bank secrecy laws? You know, where did this come from and why has nothing been done about it, despite the fact that we've had now, as has been highlighted, you know, 70 years of Swiss bank secrecy, and 70 years of scandals?

PATRUCIC: The reason you have secrecy is because that is what is so attractive about placing your bank in Switzerland. Switzerland has a long tradition of neutrality, and that basically was what drew people to put money in Switzerland in the first place. And if you go back through history – so, when they first upped their secrecy was in the banking act from 1934.

And at the time, they basically promised to jail any bank employee who would disclose confidential customer information.

But then what happened in 2008 during the financial crisis, and after one of the employees of UBS bank shared the data with U.S. authorities, what happened is they actually changed the law and even made it more strict. In this way, they basically can criminally prosecute, and increased the prosecution from, like, six months to three years. So now it's even more dangerous for anybody to leak this information.

Why did they do this? I mean, imagine if Switzerland started to share the information, or started to release the information? Who would come to Switzerland and place their money there? You have a lot of competing havens. You have Dubai, which is one of the places which both offer the corporate secrecy and banking secrecy. So a lot of money would be going in that direction. And Switzerland wants to be competitive and basically preserve what is so attractive about it – you know, the secrecy itself.

And I wanted to add one point to the previous discussion, which was that recently Switzerland introduced a draft law which would basically enable bankers to set up trusts for their clients. You know, one of our reporters went undercover and actually called a manager in Credit Suisse and basically asked how they could place money for a very wealthy African client. And what they were offered was a trust set up, which basically means that the bank employees would act as nominees, which would basically increase the level of secrecy. And even people inside the bank would not be able to know who the real client is.

And this is something that is very dangerous about Switzerland, and in general the secrecy in the bank, is that the bank employee – there's a who knows what and who can find out what? So if you are a client that needs protection – and, for example, in these days those would be any ultra-wealthy Russian clients – basically the employees in the bank can prevent other people to see disinformation even inside the bank. So only, for example, top managers would be basically allowed to see it. And one really important element of what can be done in terms of Switzerland is basically to, from the other side, enable protection of bankers to basically conceal information and assisting clients in preserving their money – dirty clients in preserving their money.

MASSARO: Thank you so much. So we have a Swiss senator who would like to come on the – come on the speaker and say a few words. Francois, could we arrange that? And in the meantime, I'm going to continue with the questions here.

So someone comments that the two – that the 200 billion (dollars) is a guess of the Swiss banking – somebody in the Swiss Banking Association. What other concrete evidence do we have? Noting that, you know, this stuff is really hard. I mean, the problem with anonymity in this is that you – in many cases you don't know. But can anybody – can anybody take that on?

BROWDER: I'm just going to – I'll just say that, based on what Miranda has been saying, there's no way that any of us can know that, because it's all a bank secret. So the only people that would be able to quantify it are the bankers themselves.

MASSARO: Or the banks.

BROWDER: And so the Swiss Banker Association have, I guess, made an attempt to quantify it. I would actually believe that the number is far larger than 200 billion (dollars). But, you know, that seems like a good number to start with.

MASSARO: Yeah, I saw – in that – in that article somebody put it at 300 billion (dollars). Sorry, Mark.

PIETH: Yeah, I was just going to jump in. I think you're probably right. It's going to be bigger. But the difficulty is, you know, if you're a – let's say, a mainstream banker. You're not a crook – automatic crook. You are sanctions busting. That means from the moment somebody's on the list and you know I'm acting for that client, sanctions busting is a crime that qualifies as a predicate offense to money laundering. So you fall into the trap that you are actually not only obliged to tell on your client – you know, the SARs, the suspicious activity reports – but you're actually going to go to jail as a criminal, possibly.

Now, Miranda has said boldly there are no presidents of Swiss banks who have gone to jail. It's not quite true. But we tend to put people to jail who are not mainstream bankers. So foreign bankers in Switzerland, there you face being closed down, jailed, whatever. But I think the tricky thing for the banks is they risk to having action against – for money laundering against them. The lawyers are therefore really a problem because they won't be found out. That is the – and Mr. Sommaruga, who has asked to take the floor, he has actually been very instrumental for that change of law which was aborted. And maybe it's useful to ask him to say directly what his opinion is.

MASSARO: OK. Yeah. Let's hear it from the horse's mouth. Mr. Sommaruga, Carlo, you are on the panel. If you can unmute, please take the floor.

SOMMARUGA: Yes. Do you read me?

MASSARO: We do. Thank you for joining us.

SOMMARUGA: Thank you very much to let me sort of say some words. First of all, I want to tell that I am a Geneva senator in Bern in the parliament. It's many years that I am engaged, committed to the question of laundering – money laundering, and those problematic of other corruption. I am, I will say, one of the few parliamentarians that's very committed in Switzerland about this question. And this is reason that we have no majority to make very important change of our law that are problematic.

But for the first time, I'm pleased to inform you, that yesterday then Foreign Policy Committee of the National Council has adopted a modification of the law of the embargos that I proposed. It was to introduce a Magnitsky amendment for personal sanction. And this is a good news. But it's a partial good news, because it must be then discussed in the plenary session and then in the second chamber, the Senate, where the majority are difficult. But I think it's a good –

a good step. And we go in the direction that our friend Bill Browder had said. And he had made some lobbying in Switzerland in this direction. And I thank him for that.

But behind the critique that we have heard about, the persons like Lauber or other person in Switzerland, I think there is some structural problem. I think there is structural problem in the law. And in our parliament, there is not the consciousness to change this law. For example, the funds of dictator are blocked immediately. You have a good communication of the government said, OK, we have blocked the money of Gadhafi family, or of Tunisian dictator, of Egyptian dictators, and so on. But there is – these are blocked only when the dictator fall.

Then the problem is what happen with this money. It must be necessary to have an international cooperation to have justice in the land of origin and Switzerland. Many times after the fall of the dictator the justice is in the hand of deep state of the dictator. So it's very difficult to bring the justice of this country to collaborate with Switzerland to make these – to assure that these money can go back to the people in the country of origin – Egypt and Tunisia. Or they judge our goodwill, but they have not the competence to make this very complicated law. And so at the end we have the case where the money is not confiscated completely, but it's given back to the family of the dictator.

And this is a big problem. And I think we must change the law, but there is no majority to change that. We are making a very big information about it, as I think that we had a very good – (inaudible) – with the Abasha (ph) Fund, but it was a very single case, I would say that we had, and very special, special case. And then maybe we must think that we – there is – in the criminal law, there are difficulties to about the corruption found from abroad. As far as the funds coming from corruption abroad, for the Swiss justice system to confiscate them, it must have an information of the existence of a crime or other wrong comportment, other crime. And it is – that is this crime at the origin of the dark money.

And this is quite difficult for Switzerland to get this information with some justice that are not collaborated. And I share that concern about the – (inaudible) – of the former Attorney General Lauber, that he won't not maybe actively go in this case of corruption and outright corruption. But I believe that the new attorney general is motivated by a strong will to fight this corruption. But we have the limit of our law. And I think that that must be a reflection in Switzerland, and maybe a push from outside, to make – to make another thing.

Last remark is that alternatively, the majority of the parliament, like Mark Pieth said, refuse to extend the scope of the anti-money laundering law to the activity of lawyer who create holdings company or offshore companies as requested by the FATF. And I think that here it showed that the USA and the European Union must put pressure on this issue. And I say that – I say that as a lawyer and parliamentarian. I think that it's not – it's not correct to see that the European lawyer are not – must make transparency about the creation of this society to the anti-laundering institution.

But in Switzerland, they are not in this case. That must be a very quick change. But it will not change if there is not pressure of outside. It was so for the bank secret. We change

when it was a big pressure of outside. And every time to progress, it must be pressure from outside. Thank you.

MASSARO: Yes. Thank you very much. So I want to keep moving along on the Q&A here. Bill, let's come back to you with this question about what are your early impressions about the willingness of the new attorney general? You talked about this just for a few seconds in your opening remarks. About his willingness and ability to crack down on ill-gotten assets in Switzerland. And what is your view of SECO's – I suppose that's the Swiss – if someone could, you know, pull that up for us – efforts to cut through the network of shell companies and other murky areas to find and freeze such assets?

BROWDER: A good question. So let's talk about the new attorney general. There was a – so we had this old attorney general, this Michael Lauber, who was clearly compromised. He was fired from his job. He held on for dear life, but he was eventually fired. And then there was this hiatus where it took, like, a year, a year and a half before Switzerland found a new attorney general. A lot of the candidates that had been proposed got rejected by the parliament for one reason or another. And then this new individual came on, named Stefan Blättler. Stefan, I believe, was the head of the police in one of the regions in Switzerland. And I was kind of hopeful, based on his credentials, that he would be a crime-fighting new attorney general.

What have we seen in our own – from our own eyes is that after the previous attorney general agreed to return the money to the criminals in Russia, we filed an appeal with the – with the Swiss criminal court. So the prosecutor can say, this is what we intend to do. We had a position where we could appeal it. We appealed it. And what I've seen so far is that the new prosecutor now has responsibility for the case. If the new prosecutor wanted to go back and clean house – which is what needs to be done in order to restore Switzerland's credibility, at least in this area – then he should drop the request to return the money to the Russian crooks. He should stop fighting with us.

So we are now fighting with the attorney general of Switzerland, his office, saying: Don't give the money back to the Russian crooks. And he's saying, we want to give the money back to the Russian crooks. And in fact, we want to kick you off the case so you can't even file legal complaints to stop us from doing this. I mean, it's remarkable. He hasn't changed any of the actions. And then I read this – we were just searching up before this session this thing from the 29th of April. So this was just a week ago. And he's saying he has little desire to reform the attorney general's office.

And moreover, two of the key deputies of Lauber, two individuals – one of them is named Jacques Rayroud and the second is Ruedi Montanari – are not going to be fired. They're not – so basically keep the old crew in, everybody doing the same thing, let's not look at any of the past cases. And let's just declare we're going to be really good in the future. That's not how you clean up a dirty situation. And so I would say that the new attorney general can either prove himself to be a guy cleaning up this mess – and there's a real mess there – or he can just become part of the mess and own it. And I really hope that he chooses to clean up the mess, and not become part of the mess.

But could you just repeat the second question? Because there was some –

MASSARO: It was – it was the second –

PIETH: Shall I pick the SECO up?

MASSARO: I'm sorry, Mark?

PIETH: Shall I pick the SECO up? Because –

MASSARO: Yeah. Yeah. Yes, please. But I just want to acknowledge that we're joined by Mr. Steve Cohen – Representative Steve Cohen, our co-chairman. And I wanted to give him the opportunity, just in case he wanted to say anything, or gather his bearings? What do you think, Mr. Cohen?

COHEN: I think I'll gather my bearings.

MASSARO: OK.

COHEN: But I will count on you to tell me everything that our wonderful panelists and our good friend Mr. Browder has said to you that should be put into any type of official format – whether a bill, or a letter, or whatever. And you are responsible totally. And Bill, nice to see you. And thank you. And thank you to all the other panelists. Now I will regather.

MASSARO: Yes, sir. OK, excellent. We will make it happen. Thank you, sir.

Mark, so that the SECO, the State Secretariat for Economic Affairs.

PIETH: OK. I'll say a few words about these guys. State Secretary of Economy. It's a very small agency, dealing with – or, within the state secretariat dealing with implementing the sanctions regime. You know, it's something between two and 10 people. They were overwhelmed and shocked by what happened. I mean, we all were shocked by what really happened with this Russian invasion. But we – you know, some of us saw it coming. So they could have prepared. And they were not having a lot of preparation because they were not responsible for sanctions at the time of 2014, the Maidan revolution. There was – that was a different outfit.

I know this because I had been on a team investigating the food scandal in Iraq, together with Paul Volcker. And there we had to bring all the evidence. Basically, SECO rubber stamped what we brought so that it could be sent to the U.N. So I had my experience there with them. Their major problem is, now that they have a sanctions list, they don't know who the beneficial owners of companies, real estate, or even accounts are in Switzerland. They are really very, very remote from what is going on in this turmoil. And so they're kind of – they're the people who have to cooperate with the U.S. And that's why I'm saying it might turn out that in the end the good will to cooperate might not necessarily generate the effect that we're hoping for.

MASSARO: Yeah. That's right. And we've got – you know, we've got a comment here, essentially saying there is no will on the part of the federal government to lead the action against Russia and Russian interests. I guess there was an interesting question earlier, and I wonder any takes on this, about – you know, we've got this really strong Western alliance now with the other democracies, G-7 plus Australia. So it's really a democratic alliance. And the EU. And the EU can, obviously, exert quite a bit of influence on Switzerland, as Switzerland is surrounded by EU. And I wonder, you know, will we – is that an effective avenue? Will we see our allies and others exerting similar pressures? I don't know if anyone feels they are qualified to answer that.

PIETH: You know, the difficulty is Switzerland is not in a good situation with the EU. They are – Switzerland is closer to Brexit than to – or, to the U.K. situation, if you look at EU. In fact, it's interesting, probably this brings us closer to the EU than we've ever been. So it's not about fighting. The problem is, every EU country has its own challenges. If you think of Germany, for instance, Germany has finally joined the group of the good guys on arms, but Germany is one of the biggest problem cases for energy, yeah? And it's paying for the war, if you want. So in a way, the pressure that you can expect from Germany on Switzerland is going to be minimal.

Having said that, there's one more thing I have to say. If Germany decides not only to close the oil, but possibly the gas delivery – which is a far way off – Switzerland will again come in because we are the trading hub for oil and gas of the world. So here is the question to Geneva: Are you ready to close Geneva?

MASSARO: Mmm hmm. Great point. Thanks, Mark.

Senator Roger Wicker has his hand up. Senator Wicker, the floor is yours.

WICKER: Hey. Can you hear me?

MASSARO: Sure can, sir.

WICKER: OK. Good. Well, listen, I've been watching, and I do appreciate everyone participating. I wanted to ask Mr. Browder about this idea of a mutual legal assistance treaty. Would you elaborate on that, and explain to everyone listening exactly how that would work, and what that would accomplish, in your opinion?

BROWDER: Senator Wicker, thank you. And thank you for your leadership on all these issues, and on Magnitsky, and everything else you've done to help victims all over the world. The mutual legal assistance treaty – so most countries have mutual legal assistance treaties with other countries. And those treaties basically allow – or, sort of govern how you work together with those other countries in terms of exchanging information, in terms of extradition, in terms of cooperating. And we currently treat – we put Switzerland in a category – so and different countries have different – there are different categories for different countries.

So, for example, the United States doesn't have a proper mutual legal assistance treaty with Russia because we don't trust the Russian authorities. And then the United States has a very robust mutual legal assistance treaty with Canada, because we do trust the Canadian authorities. And we figure that they're running a sort of honest law enforcement operation, are we are too, and we should treat each other as if each country is doing what it can do and what it should be doing. Switzerland falls into the category of Canada, being a country that we have full reliance on their honesty and their goodness.

And if they're not being fully honest or fully good, if they are involved in effectively, you know, conspiracy with Russians – which is what we found – and they're unable to prosecute those people involved in those, then we should look line by line and say: What information are we providing them? You know, maybe the Russians will be asking them to provide information. Or, you know, how are these – you know, what assumptions are we making to the Swiss – with the Swiss that need to be looked at for a second time? And maybe we should put them into a different category, where our trust is not universal. Our trust is conditional on certain things.

And I think just the action of putting into question the mutual legal assistance treaty puts them on the – in the hot seat, which is they have to then explain themselves. They can't just sit there proudly proclaiming themselves to be an honest country when they haven't behaved honestly in this case, and many other cases.

WICKER: I see. Well, you know, I – it happens that I'm planning to be Switzerland on two occasions in the coming months. And I appreciate you bringing that aspect to my attention. Perhaps we can enlarge on that when I am in Davos and then later in Geneva. Just to say, before I yield back, I very much appreciate the Helsinki Commission and our staff and our leadership, Representative Cohen and Senator Cardin, for authorizing this hearing. I think it's most important and timely. And I'm heartened to know that people around the world are listening to this. So thank you very much, and best wishes to you. And, Bill, congratulations on the success of your latest book. Thank you, Paul.

MASSARO: Thank you very much, sir. So, with that, we will actually close the briefing. We've hit time, at 11:00 a.m. So thank you very much, everyone, for being here. Thank you to our distinguished panel. And look forward to following up with everyone to figure out what sort of policy response we're going to take on this. See you around. Thank you very much.

[Whereupon, at 11:02 a.m., the briefing ended.]