

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

**“Confronting Kremlin and Communist Corruption”**

**Committee Members Present:**

**Senator Ben Cardin (D-MD), Chairman;  
Representative Steve Cohen (D-TN), Co-Chairman;  
Senator Roger F. Wicker (R-MS), Ranking Member;  
Representative Joe Wilson (R-SC), Ranking Member;  
Representative Marc Veasey (D-TX);  
Representative Brian Fitzpatrick (R-PA);  
Representative Ruben Gallego (D-AZ)**

**Witnesses:**

**Representative Tom Malinowski (D-NJ), Co-Chair, Congressional Caucus  
Against Foreign Corruption and Kleptocracy;  
Representative Maria Elvira Salazar (R-FL), Member, Congressional Caucus  
Against Foreign Corruption and Kleptocracy;  
Leonid Volkov, Chief of Staff to Alexei Navalny;  
Elaine Dezenski, Senior Advisor, Center on Economic and Financial Power,  
Foundation for Defense of Democracies;  
Scott Greytak, Advocacy Director, Transparency International U.S. Office**

**The Hearing Was Held From 10:34 a.m. To 12:11 p.m. in Room G-50,  
Dirksen Senate Office Building, Washington, D.C., Senator Ben Cardin (D-  
MD), Chairman, Commission for Security and Cooperation in Europe,  
presiding**

**Date: Thursday, November 18, 2021**

CARDIN: Let me welcome everyone to this hearing of the Helsinki Commission on “Confronting Kremlin and Communist Corruption.” We have a really distinguished panel, including two of our House colleagues that have been champions in regards to the anticorruption issues. At the dais, I’m joined by Senator Wicker and Congressman Wilson, the Senate and House leaders on the Republican side on the Helsinki Commission. It’s my understanding that Congressman Cohen will be joining us by WebEx and other members of our – of our Commission.

In the last few months alone, the fight against corruption has advanced more than ever before. This is thanks to the efforts of President Biden, who this June declared corruption a national security threat, and members who we have testifying before us today who have addressed the threat aggressively in the House of Representatives. It’s also thanks to the efforts of corruption fighters like Alexei Navalny and his chief of staff, Leonid Volkov, who we’ll hear from in the second panel, and the many corruption fighters and investigative journalists around the world who have exposed how corruption underpins modern dictatorships.

Corruption is but – is both what sustained dictatorships and helps dictators conduct foreign policy. It is the enemy to democracy, corroding our system from within. Today we will focus on the Kremlin and Chinese Communist Party, but also all strongmen who would be strongmen through corruption. Whereas democracy relies on the vote of the people, dictators must pay off their cronies to retain power.

This leads to a patronage-based system of kleptocracy, but modern dictatorships are unique: Kleptocracy does not remain within national borders. Rather, as the Pandora Papers most recently revealed, it travels west. With the help of unscrupulous Western enablers, money stolen in countries like Russia or the People’s Republic of China is laundered to the West, where the cronies of autocrats live opulent lifestyles even as they steal from their people and deny them basic rights. This is the bargain of strongmen. In exchange for loyalty, cronies are privileged to steal at home and spend the money abroad.

Indeed, modern dictatorships relies on access to the West. This access is a national security threat. It taints our system and undermines democracy.

But the reliance of kleptocrats upon our system is also our strength. By denying access to kleptocrats and their ill-gotten gains, we force them to live in the system they have created. We also protect ourselves and provide a measure of justice to those denied it.

We have many tools for this. The Global Magnitsky Act public visa ban law enforcement is perhaps the strongest tool we have. As we all well know, by creating – by creating even more this Congress with no fewer than six counter-kleptocracy bills in the House NDAA and negotiations ongoing to place – to place these in the Senate NDAA as well, we have a powerful signal that we are united in our fight against corruption.

I want to commend our colleagues who are with us today, Representatives Tom Malinowski and Maria Salazar, for their bipartisan leadership, innovative, and passion in this

fight. Your caucus against – fighting corruption and kleptocracy in the House has proven itself as a standout with its group of members.

I also wanted to thank you for your leadership in together introducing the Combating Global Corruption Act, the sponsor of that legislation in the House. This bill would create a country-by-country tiered reporting requirement on compliance with international anticorruption norms and commitments. We are now very close to making this bill law, and I remain optimistic it will be included in the House NDAA bill. It's a powerful tool, as we've seen in trafficking in humans. When we do these ratings, countries respond. They respond because they don't want to be shamed and they respond because there's consequences if they're not taking the right steps to fight corruption.

We have other bills that are included in the NDAA that we've championed: The Global Magnitsky Reauthorization Act that Senator Wicker and I have been the champions on the House side, also included in the NDAA bill. The Global Magnitsky Reauthorization would renew and expand the Global Magnitsky sanctions, which have been our primary tool for targeting human rights abusers and kleptocracy.

The CROOK Act – again, sponsored by Senator Wicker and myself – would rework U.S. rule-of-law aid to be faster on its feet and take advantage of windows of opportunity for reform.

We've also introduced the Navalny 35 sanctions review, which would require the administration to review all of the Navalny 35 kleptocrats and human-rights abusers for inclusion in the Global Magnitsky list. These are individuals identified by Navalny's Anti-Corruption Foundation as those responsible for looting of Russia and the current historic repression. I want to thank Representative Malinowski for his leadership on this initiative in the House.

At the Summit for Democracy scheduled to take place on December 9<sup>th</sup> and 10<sup>th</sup>, countering corruption is one of the three pillars. For me, it's the most important pillar. The report ordered by President Biden on what the executive branch will do to counter corruption is also due in December. I urge the administration to prepare the most ambitious possible agenda on countering corruption and announce aggressive actions against kleptocrats and their enablers, including sanctions.

Corruption is corroding democratic systems around the world, including our own, but we can fight back. Congress' counter-kleptocracy legislative agenda and today's hearings are demonstrations of our resolve to end global kleptocracy and to cut off all vectors of authoritarian influence.

At this time, let me yield to my colleagues. Senator Wicker.

WICKER: Well, thank you very much, and I do look forward to co-chairman Cohen joining us also. And as two former House members, Senator Cardin and I are delighted to be participating in this hearing with four of our friends and fellow Congress members from the House of Representatives.

Corruption has become a pernicious foreign policy tool in the hands of foreign dictators, as Senator Cardin has just said. (Phone rings.) Excuse me. As the – you could see what my ringtone is.

The corruption has become – the Chinese Communist Party, the Kremlin, and other American adversaries use corruption to undermine and coopt our system and those of our democratic allies. We need to recognize this national security threat and do all we can to curb its influence.

This effort to coopt our systems is nowhere more evident than in Interpol, the international police organization. This organization, meant to accomplish the important mission of coordinating global law enforcement, has instead been hijacked by mafia states and weaponized to pursue political opponents and dissidents around the world. The Chinese Communist Party and the Kremlin are two of the most prolific abusers of Interpol. The TRAP Act, which I have cosponsored, would mandate that the United States work with allies to counter this abuse as well as to prevent our own law enforcement from becoming unwitting henchmen of foreign despots.

Blocking corrupt officials and their illicit money from our system is the most important thing we can do to confront corruption. To that end, I am currently co-leading the Global Magnitsky Act reauthorization and the Navalny 35 sanctions review bills with my friend Senator Cardin. Unfortunately, the Treasury Department has been reluctant to use the full force of U.S. economic power in the fight against corruption and human rights abuse, and this has been true during Democrat and Republican administrations. We've not seen any Russia Magnitsky sanctions since 2019, and no targeting of oligarchs under Global Magnitsky since this administration began. These are long-term national security threats that should receive the highest priority from U.S. policymakers.

So I want to welcome our distinguished witnesses today, Representatives Malinowski and Salazar, two House members who have demonstrated strong bipartisanship – as Senator Cardin and I have tried to do – in the fight against corrupt dictatorships.

I also want to welcome our second panel of witnesses: Leonid Volkov, Elaine Dezenski, and Scott Greytak. They are – we are honored to have – particularly honored to have Mr. Volkov with us today. He serves as chief of Staff to Alexei Navalny. Mr. Navalny's Anti-Corruption Foundation has shown that corruption is not only a strategic tool of dictators, but also a vulnerability for those who practice it. Bringing high corruption into public view exposes the true nature of these despots, and we intend to continue doing that.

Mr. Chairman, the bipartisanship on display today is something the public may not know a lot about, but it is vital as we confront this national security threat. And I look forward to the testimony and the legislation and congressional action that it will beget. Thank you, sir.

CARDIN: Thank you, Senator Wicker.

Congressman Wilson?

WILSON: Thank you, Chairman Ben Cardin and Senator Roger Wicker, for holding this very critical hearing.

Corruption has replaced the failed system of communism as the uniting force of the world's dictatorships. Nothing better reflects the Helsinki Commission's mandate to promote universal values than putting our efforts into countering this pernicious menace. Corruption sustains the rule of the Chinese Communist Party, the Kremlin, the Iranian mullahs, and various socialist dictators of Latin America including Maduro of Venezuela, Ortega of Nicaragua, and the Castro regime in Cuba. It is not an exaggeration to say that corruption is the new communism. And like communism, we can only defeat it by leading our democratic allies in opposing it, which is what we're doing today in a very bipartisan manner.

Besides the position I have of ranking member of the Helsinki Commission in the House, I'm also a member of the Republican Study Committee's Task Force on Foreign Policy and National Security. The RSC has made a major effort to prioritize corruption for the national security threat that it is. We have supported many of the policies we will discuss today and are fully committed to countering the corruption that dictators attempt to export into our system. Indeed, my RSC colleague Congressman and Chairman Jim Banks and I just introduced an initiative to update the truth in testimony requirements to require greater transparency from those who may be secretly taking CCP or Kremlin money. I urge and encourage my colleagues to support this measure. It is a clear, smart, bipartisan move.

All such measures to increase transparency among those taking foreign money are critical because dictators today are different from dictators of the past. Where in the Cold War we were two hermetically sealed systems, capitalism and communism, now corruption from dictatorships seeps into our system through opaque financial channels and unscrupulous enablers willing to accept dictator cash. In so many ways, this is even more insidious than the Soviet threat ever was because the enemy is already here influencing us from within. We need to block corrupt dictators, their cronies from our system, and crack down on their blood money, who practice crony capitalism as they've seen Soviet socialism fail.

This is the reason I have joined with my colleagues Congressman Malinowski – Tom Malinowski, who's here today, Representative Salazar, and Cohen in the introduction of the ENABLERS Act. This bill would create basic due diligence requirements for lawyers, investment advisors, and other professionals who help dictators get their malign money into our country. This is the commonsense kind of reform that we badly need in the United States to protect ourselves from the threat of corruption.

As a member of the House Armed Services Committee, I'm also grateful to see no fewer than six counter-kleptocracy measures from the Helsinki commissioners and counter-corruption caucus members in the House NDAA. I was very pleased to work with my Armed Services Helsinki colleague Ruben Gallego to help place two of these bills in the NDAA through the committee markup a couple of months ago, including the Justice for Victims of Kleptocracy Act, which my colleague Tom Malinowski here today introduced; and the Foreign Corruption

Accountability Act, which Representative John Curtis introduced along with Congressman Malinowski.

This strong bipartisan alliance on fighting corruption is a demonstration that Congress is still delivering for the American people and still standing up for American values. We may look polarized from the outside, but as you can see today we are working together to fight corruption as we are of one mind.

To protect American families, we must have – we must fight corruption. I urge my colleagues to keep building out this emerging alliance and move together with the international group of democracies to close the door to dictators and their corrupt cash. The key reason that democracy did not triumph after the end of the Cold War was global corruption, but we can stop it now – and with that, stop dictatorship at the source. I yield back.

CARDIN: Thank you, Representative Wilson.

We're joined by the co-leader of the U.S. Helsinki Commission, Congressman Cohen, by WebEx.

COHEN: Am I muted? I'm mute.

CARDIN: You're live.

COHEN: I'm live. Can you hear me?

CARDIN: We hear you fine, yes.

COHEN: Great. Thank you. Thank you. I'm pleased to be here by WebEx. I've had every problem you can imagine this morning with – but I'm here. And I thank you for holding this hearing. It's such an important hearing and topic, and I thank all the witnesses for being here as well.

Corruption can be found worsening just about every global issue we face, and it's extremely far-reaching. It ranges from climate change, COVID response, human rights, individual freedoms. It just – it's ubiquitous. Authoritarian regimes survive on cronyism and corruption, and they take care of their pals and their pals probably take care of them. Authoritarian regimes are rising in Eastern Europe and other places, and they're a threat to democracy in other places and certainly a threat to the world order.

Kleptocrats steal from their citizens and hide their wealth in places where they know they'll be – it won't be taken from them, like in the West because the West respects property rights and the rule of law. So they take advantage of systems that they don't have in their own countries to protect the wealth they've stolen from others.

The Helsinki Commission and the counter-kleptocracy caucus, of which I'm a proud member, is doing its part to fight corruption. Four of the seven bills included in the omnibus

Counter-Kleptocracy Act, which we put in, passed the House as part of the annual defense bill, including the TRAP Act to fight Interpol abuse, which I sponsored. This was achieved through an amendment which I introduced. It included the TRAP Act, the Combating Global Corruption Act, and an amendment to Helsinki Ranking Member – put in by Representative Joe Wilson, who we worked together with on this well. And I appreciate Congressman Wilson's efforts here, as he's expressed himself.

While it's important we hold kleptocrats accountable and disable their networks, the problem of global kleptocracy will not be solved until we act against the professionals who enable it. These include lawyers, lobbyists, accountants, real estate professional(s), consultants, and others who keep – help kleptocrats launder their money and reputations in the U.S. and other Western countries – lobbyists, real estate professionals, accountants with good names who you think of, oh, those are nice folks and quality people. Well, sometimes they aren't because they work with these folks to poison the system, and in essence they're agents of the corruption themselves. But they don't have to do due diligence on their clients' funds because that's not a duty. Only banks are required to do due diligence, while all of the gatekeeper professions, some of which I mentioned, can and do accept dirty money, help people with their dirty money, and put it with impunity. This is out of step with American values and our international obligations under the Finance (sic; Financial) Action Task Force.

If we're going to get serious about cleaning up corruption, it's not enough just to target the kleptocrats. We must also clean up our act at home, reinforce our own financial defenses against this national security threat – defenses we've – (inaudible, technical difficulties) – for decades because dirty money's poured in.

I thank our witnesses, who are outstanding, for being here with us today. They've all done extensive work to fight the threat of corruption. And we look forward to what you can help us do with your advice. We look forward to it.

Particularly pleased there are two representatives from the House here. I believe Representatives Malinowski and Salazar, who have worked with us on the floor, they have strong support also of the Helsinki Commission and our missions.

And I'm pleased to welcome our other witnesses, in particular Mr. Volkov, who's the chief of staff to Alexei Navalny, a hero of the world for his standing up to Putin and the authoritarian regime there, and returning to Russia – his home – after he had been poisoned, and now he's in prison in what is, in my opinion, an unlawful step. It may be within the laws of Russia, but it was obviously done to keep him quiet and to try to stifle competition to Putin and stifle his party. But he's bravely stood up. He's somebody we have to admire and he's in a terrible condition. I look forward to Mr. Volkov telling us about Mr. Navalny's health, views on this topic, as well to the future of our – of his organization, the Anti-Corruption Foundation.

Only when it is unthinkable for an American to accept dirty money from abroad will we have accomplished our goal, and we need to do that. And I yield back the balance of my time.

CARDIN: Thank you, Congressman Cohen. Appreciate that very much.

We're also joined by Representative Veasey from Texas, who's a member of the Commission, and Representative Fitzpatrick from Pennsylvania, a member of the Commission.

We're now going to hear from the – our colleagues from the House, the founding members of the Caucus Against Foreign Corruption and Kleptocracy, Congresswoman Salazar and Congressman Malinowski.

Tom Malinowski is the congressman from New Jersey's Seventh District. He served as a senior director on President Clinton's National Security Council, the chief advocate for Human Rights Watch, and in the Obama administration as assistant secretary of state for democracy, human rights, and labor. So he's been deeply involved in the human rights agenda his entire life.

We're also pleased to have Representative Salazar with us from Florida's 27<sup>th</sup> District. She serves on the House Committee on Foreign Affairs as well as the Committee on Small Business. She's well known for advocacy for human rights and democracy around the world, especially for the people of Cuba, Venezuela, Bolivia, and Nicaragua.

We'll start off with Representative Malinowski.

**MALINOWSKI:** Thank you so much, Senator Cardin, Senator Wicker, Congressman Cohen, Congressman Wilson, members, commissioners. It's my honor to be here with you to talk about this incredibly important issue, and I – and I want to really thank the Helsinki Commission for leading this fight over the last several years, for your persistence in exposing how corruption and kleptocracy threaten America's national security interests.

I very strongly believe that the defining contest today – the contest that will determine above all how our children and grandchildren live in the years to come – is the contest between democracy and dictatorship, between democracy and kleptocracy. And there's not a week that goes by when I don't read an article somewhere that argues that the bad guys are winning that fight. There's a lot of bad news around the world today for champions of democracy. We see the evisceration of freedom and the rule of law in Hong Kong at the hands of the Chinese Communist Party. We see Russia under Putin snuffing out the last vestiges of dissent and opposition. We see what's happened in Venezuela and Egypt and Saudi Arabia and Iran, country after country.

And you know that I've spent much of my career arguing on the side of democracies in that contest as a diplomat, as a human rights activist. And I want to tell you that there's one central lesson that I've learned in my engagement in this fight, and that is that corruption is the key. Fighting corruption is the key to winning this contest for reasons that many of you have mentioned.

Number one, corruption is the thing that sustains and empowers dictators. It's what keeps them in power. Dictators use the money they steal to pay off their supporters, to pay off police and security forces, to take over legitimate businesses.



But, as Senator Wicker rightly said, corruption is also their biggest vulnerability. Corruption is the one crime that embarrasses Putin. It is the one crime that embarrasses Xi Jinping. When we complain about their human rights abuses – when we accuse them of locking up dissidents, shutting down newspapers – they’re not as embarrassed as they should be. Sometimes they can rally public opinion in their countries against the United States and other countries interfering in their internal affairs. But when we catch them stealing from their people, and particularly when we catch them stealing from their people and putting the money they steal in our banks, in our real estate, in a villa in the Riviera or a fancy home in London or a shell company in the United States, that is what truly embarrasses them.

There’s a reason why Alexei Navalny is enemy number one in Russia. Yes, he talks about human rights. Yes, he wants free elections in Russia, as we all do. But the main reason he is enemy number one, the main reason Putin tried to kill him, is because he exposed Putin’s corruption. He exposed the huge amounts of money that Putin and his cronies have stolen and used to purchase palaces and luxuries for themselves, the huge amounts that have been taken out of Russia and stashed overseas, something like half of Russia’s national wealth stashed overseas by these corrupt kleptocrats who support Vladimir Putin.

And we as a country have very potent tools to go after corruption. We have laws that enable us to prosecute kleptocracy around the world. We have sanctions thanks to the Global Magnitsky Act that allow us to directly hold accountable and expose those who engage in this kind of conduct.

So I think the challenge before us to further strengthen those tools and to ensure that the administration, whichever administration may be in office at any given time, is using those tools in the most effective possible way. And I think that’s what we need to be focused on above all right now.

Senator Cardin, you and others mentioned that there are a number of provisions that are before us as we consider the NDAA, the defense bill. And this is incredibly important. It is very easy for us as members of Congress to go to a hearing and to give a speech. It’s very easy for us to cosponsor a piece of legislation. It’s very easy for us to issue a statement. But where the rubber hits the road is when we can actually pass legislation that does something real. And the NDAA, as we all know, is one of the best opportunities we have all year to do that, because this is a piece of legislation that always moves.

We have several bills that made it into the House version of the NDAA, that a number of commissioners have already mentioned. It’s important to stress, each of these bills is bipartisan. Congressman Salazar and I, and our colleagues in the House, have made a point of doing all of this in a bipartisan way. So whether it’s the Combatting Global Corruption Act that Senator Cardin has championed, the bill regarding Interpol, the CROOK Act, the Global Magnitsky Reauthorization Act, the Justice for Victims of Kleptocracy Act, or the Navalny 35 bill.

Which is I think particularly important in that it will require the Biden administration to do what it has unfortunately not yet done, and that is to seriously evaluate whether the Magnitsky corruption prong can and should be used with respect to the people who are responsible for the

corruption Navalny exposed, responsible for the attempt to kill him, and now his imprisonment has a hostage of Putin in Russia, whether they should be and can be held accountable under our laws.

And so I am, first of all, here to appeal to senators both sides of the aisle to use your voice in the coming days to ensure that all of these provisions end up in the Senate version of the bill, or at the very least are accepted by the conference that we are apparently going to have. And then, second, a number of commissioners have mentioned the incredibly important bipartisan legislation that we have introduced, Congresswoman Salazar and I, the ENABLERS Act, which is designed to close a loophole in our laws that has enabled foreign kleptocrats to continue to use the United States as a safe haven for their money. It's incredibly important.

You need a rule of law state to be able to break the law in a country like Russia. You need a safe place to stash your loot. And unfortunately, America remains a safe place for too many people. Our banks have due diligence requirements that force them to ask, where is this pile of cash that you want to deposit derived from? But if you're a real estate company, an accounting firm, a trust company, an art dealer, you don't have to ask those basic questions. And that's a loophole that has been exploited by bad guys from all over the world.

So just as we passed the Corporate Transparency Act last year that President Trump signed into law, I think our next big thing, after the NDAA, will be to come together in a bipartisan way to pass the ENABLERS Act. And I'm sure you're going to hear more today from other witnesses about that. So with that, it's an incredibly important cause. We have immediate work to do. And I'm grateful to all of you – Democrats, Republicans, on a bipartisan basis – for coming together with us to get it done. Thank you.

CARDIN: Thank you, Congressman Malinowski.

Representative Salazar.

SALAZAR: And thank you Senator Cardin, and Congressman Cohen, and the Helsinki commissioners. And thanks for inviting me to testify at this critical hearing. And I agree with my colleague wholeheartedly, corruption is a monumental threat to freedom and human rights. Many of today's dictators rule through corruption. I call them, and we have mentioned this word, kleptocrats – a fancy word for those who steal from their national treasury to enrich themselves. As you know, they plunder, they exploit, they rob their people with no mercy. In the process, they destroy the rule of law and use that stolen blood money to finance marketing campaigns that portray them as the saviors or redeemers of their country.

I know it very well – Putin Russia, Ortega in Nicaragua, Maduro in Venezuela, and Castro in Cuba. And for me, this is a personal tragedy. I have seen this devastation brought by kleptocrats to my most intimate surroundings. As you know, I am the daughter of political refugees who fled the Castro regime with the clothes on their back and \$5 in their pocket. In 1960, Fidel Castro turned Cuba, an island with the same per-capita income as Italy, into a fourth-world Satanic nightmare that lasts until today.

As a foreign correspondent for the United State Spanish television, I reported and interviewed Chavez and Maduro. And those two thugs, in only 20 years, have turned the richest country in South America into a state where the average Venezuelan weighs 15 pounds less today because of lack of food. Venezuela inherited oil, but it also had Hugo Chavez. Chavez implemented his 21st century democratic socialism and promised the end political corruption. But instead, he created another class of even more corrupt useful fools, as I call them, called Los Enchufados, the plugged ones. Another perfect example is Alex Saab who stole millions and millions from an organization that was supposed to distribute food to people's houses in the most underprivileged barrios or neighborhoods in Venezuela.

Meanwhile, Daniel Ortega from Nicaragua. He jailed my ex-husband, Arturo Cruz, who just running for president was his only sin. He was one of the presidential candidates in this last election. Arturo Cruz is currently in a military jail called Chipote. And Ortega just stole another presidential election. So along with fixing elections, Ortega – his family and his friends – took in \$29 million in 2019 alone. So there is nothing these thugs fear more than a free election, because they are in the business of power. They're not in the business of taking care of their own people.

And as you said, these are not far away problems for the United States. Corrupt money flooding our country also destroys American lives. The perfect example is the city of Miami, the city that I represent in Congress. Miami was a hotbed for laundering drug money in the '80s. And this brought violence that spilled into the streets and harmed innocent bystanders. On top of that we got a very bad reputation, with movies like Scarface and the television series Miami Vice. That's what kleptocrats do to our city.

That is why I'm committed to fighting corruption, a fight that could not be more quintessential American – quintessentially American. We have already made enormous progress this Congress. And I am proud be a founding member of the bipartisan congressional Caucus Against Foreign Corruption and Kleptocracy. We are striking at three pillars of the counter – of counter-kleptocracy. We're keeping dirty money out of the United States, we're creating tools to dismantle these corrupt networks, and we're helping freedom fighters to build free societies abroad.

I'm honored to testify and to work alongside my colleague, Tom Malinowski. Together we had led several bills to fight dictatorship, as he just explained to you. We introduced the House version of Chairman Ben Cardin's bill, called the Combating Global Corruption Act. This would create an open reporting system for all countries, based on their compliance with anticorruption norms and standards created by the United States.

In the wake of the Pandora Papers investigation, Congressman Malinowski and I also introduced the ENABLERS Act. This bill would require the private sector to question those professional enablers who help dictators to bring money into the United States, to inform the federal government the source of that suspicious money. Business with our country is a privilege, is not a right. Their family members should not be allowed to travel, dine, and lavishly spend stolen money on our restaurants or our shopping malls. In other words, no more Saks or Broadway.

By working together, Congress and this administration can block these murderous thugs from coming into our country. Thanks to you, to the efforts of the Helsinki Commission, we have recognized the existential nature of this threat, and we are responding with force. Thank you again for the opportunity to testify today in front of you, and I look forward to continue efforts to curb corruption and end brutal dictatorship, and work across the aisle with members of Congress.

CARDIN: Well, let me thank both of our colleagues for your passion on this issue, your leadership on this issue, and effectiveness in getting action in the House, particularly in the National Defense Authorization Act. As of last night, the two bills, including Combatting Global Corruption Act and the Global Magnitsky Act, both had cleared the relevant committees. So there was no objections raised by the Senate Foreign Relations Committee or the Banking Committee, and are included in an amendment for the NDAA.

Now, that doesn't mean we're going to get to the finish line, because in the Senate we have individual member objections that can cause us a delay in getting some issues resolved. But it does mean that we're going to get to the finish line on those bills. And that I hope it's in our version of the NDAA bill. If it's not, we will make it clear that we will accept that in conference. So I'm optimistic that we're going to get those to the finish line.

The other bills you mentioned, we're going to work on to get them done. And the other bills that we have followed we are going to try to vehicles to move it. All of our legislation is bipartisan. And your testimony here today underscores the fact that we have strong bipartisan interest in recognizing the national security threat of corruption. And we know it's the fuel for corrupt leaders.

So thank you both for being with us today. And we're going to move onto the second panel, but we thank you all for your contributions to this hearing.

(Break.)

CARDIN: We'll now turn to our second panel of witnesses. We have Leonid Volkov, who is the chief of staff and political director for the Alexei Navalny team. Leonid was campaign manager for Alexei Navalny's 2013 mayoral campaign for Moscow, as well as the Navalny attempt to get registered for the 2018 presidential elections. Since 2018, he has been in charge of the smart voting, a tactical voting campaign that successfully managed to defeat hundreds of members of Putin's party, United Russia, in regional elections.

We have Scott Greytak, who is the director of advocacy for the U.S. Office of Transparency International, where he manages the office's legislative agenda and oversees its anticorruption legislation lab. He's a well-known anticorruption attorney. And then we have Elaine Dezenski, who is board of advisors of the Center for Economics and Financial Power at the Foundation for Defense of Democracy. She is an internationally recognized expert and thought leader in security policy, with special expertise in anticorruption, security, and risk management.

So we have three real experts in the challenges that we have on corruption. We look forward to your testimony. Your entire testimony will be made part of our record, without objection. You may proceed as you wish. We'll start with Mr. Volkov.

VOLKOV: Dear Mr. Chairman, dear members of the Commission, for me it is not only a big honor to take the floor here today, to be invited, but also great pleasure to be among like-minded people, in a room where everyone can agree that one of the biggest threats to the world now is corruption – global corruption, to be more specific. Which is a rather new phenomenon made possible by globalization of financial markets, modern technology better connectivity. The world has become small, which provides great new opportunities for expats, digital nomads, travelers, businessmen, but also for kleptocrats.

President Biden will soon be hosting the first global summit for democracy. And according to its official website, there are three main topics to be addressed during this summit – defending against authoritarianism, addressing and fighting corruption, and advancing respect for human rights. Our experience in Russia teaches us that these are not three different topics, but actually one. The opportunity to steal money uncontrollably is the key motivation for very many leaders to convert their rule, even after they have been elected democratically, into an authoritarian one, and to demolish human rights and basic democratic institutions is just their way to protect their stolen assets.

A corrupt government has no choice but to silence the independent press, because they can't allow their crimes to be investigated. A corrupt government has no choice but to rig elections, because they can't allow themselves to become outvoted. A corrupt government has no choice but to destroy independent courts, because they can't allow themselves to be challenged in court with an unpredictable outcome. So in order to be able to censor the press, rig the elections deprive the judiciary from any independency, they have to become authoritarian. That's the very sad path that Russia has taken during the last 22 years under Vladimir Putin, a path very well documented by the Anti-Corruption Foundation, an experience we believe is worth sharing with other countries.

So let me make just a few observations based on this experience that the Anti-Corruption Foundation, created by Alexei Navalny, as obtained in Russia over the past 10 years. During this decade, we have investigated hundreds of cases of corruption among the country's top government officials, including the Foreign Minister Lavrov, the then-Prime Minister Medvedev, and President Putin himself, of course. Our investigations feature palaces, private jets, yachts, jewelry, and other luxury items with the total worth of billions of dollars, stolen from Russian taxpayers. But even more importantly, they allowed us to reveal several very significant patterns that repeat themselves in the course of action of every corrupt government official, be it a government minister or a mayor of a small town with dilapidated roads and public schools.

Here is most important takeaway, based on our experience: Every successful kleptocrat operates not in one but at least in two countries. Their home country, where the absence of rule of law makes it possible for them to enrich themselves enormously, and the other country, where they would transfer and preserve their assets. No kleptocrat engages in corruption for the

purpose of swimming in gold coins, like some cartoon character. On the contrary, they aim to create sizable assets which they would be able to pass to their children. And they, the kleptocrats, know better than anyone else that it's impossible in their home countries for the exact reason that they are able to steal so much there. There is no rule of law. There is no protection for their wealth. They need to enjoy the rule of law in democratic countries to protect their assets.

This makes corruption a global phenomenon. And this also makes it possible to fight against corruption on both fronts. We know too good what it takes to fight corruption in a country where there is no rule of law. My friend, Alexei Navalny, carried on this fight for many years. He got poisoned by novichok, he got imprisoned, he got tortured. He continues to pay an enormous cost for his fight against corruption in Russia. Luckily, on the demand side, in a country driven by the rule of law, the fight against corruption does not require enormous risk. It could be done through legislation. It could be done through law enforcement, through public opinion.

So that's why I'm here now, on behalf of Alexei Navalny and the entire team of the Anti-Corruption Foundation. I'm here to endorse in all possible terms the activities of the Counter-Kleptocracy Caucus and the of the Helsinki Commission against kleptocracy. We endorse the Foreign Corruption Accountability Act, the Justice for Victims of Kleptocracy Act, the TRAP Act, the Combating Global Corruption Act, reauthorization of Global Magnitsky. And, of course, last but not least, the act that would require the Biden administration to determine whether the 35 kleptocrats and government officials named by Alexei Navalny meet the criteria for sanctioning under the Global Magnitsky Human Rights Accountability Act. And believe me, all of them meet.

So let's fight this fight together. We are doing whatever we can in Russia. But a lot of things to fight global corruption could be done here using legislative tools first of all. I want to assure you that President Putin will hate these bills. And this is something that makes them so good. Thank you so much.

CARDIN: Well, thank you very much for your testimony. We really appreciate your courage on these issues.

Mr. Greytak.

GREYTAK: Chairman Cardin, Co-Chairman Cohen, Ranking Member Wicker, Ranking Member Wilson, and members of the Commission: Thank you for holding this important and very timely hearing today, and for inviting Transparency International and me to talk to you about four actions that Congress can take right now to destabilize foreign corruption and kleptocracy.

As illustrated by Leonid and as Elaine will talk about, corruption is the lifeblood of authoritarian governments. But at the same time, it's the inadequacy of our own laws here at home that compounds these problems. Just last month the Pandora Papers revealed to a global audience yet again how the United States continues to serve as a leading secrecy jurisdiction for

stashing offshore funds and plays host to professional enablers who help the world's elite move, hide, and grow their money. Congress can act by passing a series of bills to disrupt foreign corruption and kleptocracy, both as their practiced abroad but especially as they're enabled here at home.

First and foremost, Congress can make sure that the six anticorruption bills that were already included in the House's version of the NDAA are also included in the final NDAA. These bills are the Global Magnitsky Human Rights Accountability Reauthorization Act, the Combatting Global Corruption Act, the Navalny 35 measure, the Foreign Corruption Accountability Act, the TRAP Act, and the Justice for Victims of Kleptocracy Act. Collectively these bills would enhance the U.S.'s ability to deny kleptocrats access to our country and to our financial system, they would increase transparency, they would encourage cooperative efforts among the United States and its allies, and they would provide actionable information to the victims of kleptocracy.

Second, congress can ensure that the Treasury Department issues a strong rule when it's implementing the Corporate Transparency Act. In January, Congress made a historic milestone by passing this act, and effectively abolishing anonymous shell companies. In doing so, it explicitly recognized how malign actors seek to conceal their ownership in order to carry out acts of foreign corruption. Right now, the Treasury Department the FinCEN are drafting that rule. And Congress can ensure that they meet the intent of that law and deliver robust, comprehensive, and highly effective rules that ensure that corporations, LLCs, and all other similar entities are no longer able to serve as the getaway cars for corruption.

Third, Congress can pass the Foreign Extortion Prevention Act, or FEPA. Nowadays more and more American workers and American companies are having to do business overseas, often in highly corrupt environments. And they're being targeted specifically by corrupt officials there for bribes. Dozens of other countries across the world have responded to this dynamic by criminalizing bribe demands by foreign officials. The United States should follow suit, protect its workers and its companies, by passing FEPA, a bipartisan act that is already supported by an enormous political tent, including the U.S. Chamber of Commerce and Greenpeace USA.

Finally, Congress can crack down on American enablers by requiring key professional service providers here in the United States to perform full due diligence on their prospective clients. The Pandora Papers revealed how an advisor to the former prime minister of Malaysia was able to use an American law firm in order to set up a network of companies, despite that advisor fitting the textbook definition of a high-risk client. The advisor went on to use those companies to steal over \$4 ½ billion from the public investment fund of Malaysia. There are too many stories like this. Congress must end American complicity in foreign corruption. And one compelling approach to do so is the bipartisan ENABLERS Act.

Writ large, strong action from Congress on these issues would be met by a growing and engaged civil society community that is more committed than ever to eradicating kleptocracy and corruption across the world. We have already seen productive, fruitful partnerships between government and civil society. Just this past June, this Commission helped bring together members from across the aisle, informing the Caucus Against Foreign Corruption and

Kleptocracy, which has served as the launching pad for nearly every significant global anticorruption and counter-kleptocracy measure before this Congress, and with which we've been fortunately able to work very closely.

In the words of the administration's National Security Study Memorandum designating the fight against corruption as a core national security interest, fighting corruption allows the United States to secure a critical advantage and is essential to the preservation of our democracy. I look forward to discussing these and other opportunities for Congress to turn those words into action. Thank you.

CARDIN: Well, thank you for your testimony, and specifically your recommendations are very helpful.

Ms. Dezenski, glad to hear from you.

DEZENSKI: I'm not sure if the microphone is on. Can you hear me?

CARDIN: You're on.

DEZENSKI: OK. Great. Thank you so much. Chairman Cardin, Co-Chairman Cohen, members of the Helsinki Commission, thank you so much for the opportunity to be part of today's discussion.

Over the next few minutes, I would like to share some observations on the growing challenges of foreign corruption and China. To be sure, there are many ways that we can observe the problem of corruption in the context of China. But perhaps the best lens that we can use is to examine China's Belt and Road Initiative. In less than a decade, the BRI has changed the contours of global development, but in ways that are threatening to democracy and democratic norms. Endemic corruption, high levels of debt, and long-term dependences in Beijing are eroding good governance and contributing to China's growing political and economic influence. It is time for the U.S. to address these challenges and offer a better model.

Today, the U.S. faces growing aggression from authoritarians who seek to erode our open, rules-based system in favor of closed, opaque, highly centralized regimes. Chief among these threats is China. To build deeper support for its governance model, the Chinese Communist Party is seeking to rewrite the rules of engagement with many, if not most, developing nations – those that are most in need of vital infrastructure investment. The primary vehicle to achieving this reframing is the Belt and Road Initiative.

Launched in 2013, the BRI is much more than an infrastructure program. It has been more accurately described as a geopolitical enterprise, and how China seeks to redefine its engagement with more than 140 countries. That is, most countries in the world. It gives us a unique view into how China is building global influence, and how corruption has become a key mechanism to support this, because where the BRI goes, corruption follows.



It is true that corruption may proliferate more easily in countries that already suffer from weak governance and high levels of corruption. In fact, the vast majority of countries within the BRI fall below the median levels of control of corruption, according to recent World Bank indicators. But this does not adequately explain why corruption is so prevalent in the BRI. Rather, it's the CCP's formal policy of non-interference with BRI recipient governments that sets the stage for corruption on a much larger scale.

The BRI is designed to undercut quality development because it eschews the normal safeguards that typically accompany infrastructure investments. These safeguards, also referred to as conditionality or Western conditionality, include anticorruption standards, transparent bidding and procurement processes, environmental standards, labor standards, and other good governance practices. The BRI could, in theory, help close the global infrastructure gap, but it is heading in a different direction – principally as a tool of China's aggressive global expansion, long-term dependencies on Beijing, fueled by corruption, spiraling debt, and made worse by the impact of COVID.

Detailed case studies of BRI projects in Malaysia and Kenya, as noted in my testimony, demonstrate the consequences of China's failures to engage in open and transparent conduct. Corruption has been reported in countries from Ecuador to the Maldives, Indonesia, Sri Lanka, Pakistan, Belarus, Mozambique, Vietnam – the list goes on. New data tracking BRI investments and other Chinese investments is telling. Thirty-five percent of BRI projects have struggled with challenges related to corruption, labor violations, environmental pollution, and other governance issues, while only 21 percent of China's non-BRI infrastructure projects have encountered these same issues.

Since 2013, China has steadily shifted the majority of its financial support away from loans to sovereigns, instead favoring loans to foreign state-owned companies, state-owned banks, special purpose vehicles, joint ventures, and private sector entities within recipient countries. Shifting away from loans tied directly to governments allows those liabilities to be treated as off the books, raising concerns that recipient countries are underreporting their total debt to China. More than 40 countries now have levels of public debt exposure to China in excess of 10 percent of their GDP.

China has acknowledged that the BRI is facing governance and corruption risks. Xi Jinping called for launch a Clean BRI, or Silk Road of Integrity. But this vision of a Clean BRI is, at most, lip service to transparency and anticorruption norms. There is very little to suggest China is committed to any of it. And it's doubtful that Beijing, or many of its partners, truly want a BRI free of corruption. Why? Because this would change the operating model, to the detriment of China's political ambitions.

However, it also offers an opening for the United States and its partners to put forward a different model. What is the path forward for the U.S.? Recipient governments are increasingly waking up to the risks of China's model, and a window exists to work with governments seeking alternatives. So I'd like to highlight just a couple of the recommendations from my written testimony.

First and foremost, of course, we need to fully support the counter-kleptocracy legislation moving forward within the NDAA. This is a comprehensive set of measures put forward to combat foreign corruption by closing our loopholes –money laundering, immigration loopholes, enforcement loopholes, all of which can limit the ability of kleptocrats to use our systems to their advantage.

Second, we need to double down on investment strategies that offer clean alternatives to the BRI. The U.S. is now engaging with allies through initiatives such as the Build Back Better initiative, launched under the G-7, the Blue Dot Network together with Japan and Australia. These efforts should be fully supported and expanded to include more partner nations and to include increased funding not only from the public sector, but from the private investors, the institutional investors who really hold the key to closing the global infrastructure gap.

Third, we need to increase our efforts to educate citizens and support the great work of civil society and journalists who report on corruption risks. We need to declare war on combatting the misinformation and disinformation campaigns that shroud the corrupt practices of China and other regimes across developing economies. Authoritarian gaslighting obfuscates the actions, objectives, and outcomes of opaque deals. It is time to call out this behavior.

Fourth, let's pivot our critical supply chains out of China and towards allied countries. COVID-19 has laid bare that any dependencies on regimes like China put us at risk when global shocks affect our critical supply chains. Ally-shoring, relying on our democratic partners, could reduce dependencies on China for critical materials and supplies and helping bring production, jobs, and long-term economic security closer to home. Ally-shoring can help revitalize and extend our networks of partners and allies, further reinforcing democratic norms and anticorruption standards, providing an economic backstop to the corrosive effects of the authoritarians.

Finally, we should support BRI countries in impartial adjudication of corruption disputes, including disputes over stolen asset recovery, and provide technical support to help understand and mitigate risks of doing business with China. In that context, we should also explore the establishment of an international anticorruption tribunal that would hold kleptocrats accountable.

Finally, we need to take special care as we move forward with our own massive infrastructure investments in this country, ensuring that hidden CCP interests sometimes disguised as private-sector companies are in no way siphoning our hard-earned tax dollars into their corrupt coffers. The CRRC – China's manufacturer of rolling stock – is now producing in the U.S. for two mass-transit systems. It offers us a view into how states and localities may be at risk of CCP influence, so we need to be very mindful of it.

Renewed public trust will be the dividend of these efforts. The United States should seize this opportunity now to offer a better way forward. Thank you very much.

CARDIN: Well, thank you very much for your testimony. Also, we believe in the National Defense Authorization Act on the Senate side will be our competitiveness bill that deals with many of the issues that you were referring to on supply chain with China. So it's a – we

hope that we'll have an opportunity to get that also to the finish line, many of the points that you – that you raise.

We'll start questioning with Congressman Cohen, who's by WebEx.

COHEN: I think I'm with you. Thank you, Mr. Chair.

Mr. Volkov, I want to start with you. And first I want to know, how's Mr. Navalny's health?

VOLKOV: Thank you, Congressman Cohen, for your question. Well, we are now in the situation when, like, the absence of bad news is the only good news we have. So Mr. Navalny is imprisoned unlawfully. His health is currently stable, but of course it could happen any moment that the situation will start to deteriorate again. It is very important that international attention is paid to his situation because we don't have to forget he's in custody of that very people who tried to kill him one year ago. And, like, if he gets forgotten, then they will definitely try again. So the situation is dangerous.

We have learned recently from a media report published by the only remaining Russian independent TV station, TV Rain, that they actually created a solitary confinement situation for him without putting him in solitary confinement. He is in a barrack with, like, 20 other inmates who are not allowed to talk to him, to communicate to him, even to wave to him. So there is actually a lot of, like, psychological torture applied. But his spirit remains high, and that's the most important thing.

COHEN: Well, thank you. So public attention and notice on his circumstance is important to his success and his survival, is that correct?

VOLKOV: Yes, very much so.

COHEN: You have moved out of Russia, is that correct?

VOLKOV: We operate from abroad after our organization has been outlawed. We have been designated as an extremist organization, so something like al-Qaida. And, yeah, we had to move our operations abroad just to protect our employees. Otherwise, it would be too dangerous for them to stay inside the country.

COHEN: How has this affected your health and your employees' health and your work?

VOLKOV: We are very determined to make President Putin regret that he has pushed us out of the country. Of course, while many opportunities are now lost – we had to close our, like, physical offices inside Russia, so it's not so easy for us to communicate to our supporters in the country as we used to. But also, operating from abroad yields us many new opportunities that we try to use.

Just to give an idea, we have tripled the amount of the content that we are producing – so video investigations and other type of content – operating from abroad, because in Moscow we were always, like, bootstrapping because, like, every second month someone from law enforcement would come with a search warrant and just seize all our equipment, pretending this to be, like, material evidence for yet another criminal case. Now, when such a risk doesn't exist anymore, our hands are untied and we can operate at a broader scale.

COHEN: You've seen, I presume, the list of 35 folks who've been recommended for sanctioning. The Anti-Corruption Foundation – your group – has recommended 35 kleptocrats to be sanctioned. And then Senator Cardin and Wicker and Representatives Malinowski and Curtis have introduced a measure that would require the administration to undertake a sanctions review of those 35 names. Are there other people that you believe should be included beyond those 35?

VOLKOV: Yes. Yes, there are quite a few. Well, let's make the first step and then we will come up with more suggestions.

COHEN: OK. Russian oligarchs largely hold their money and live their lives in the West, as I understand it. A lot of them apparently bought property in New York in a certain individual's properties, we understand. But where, in your opinion, does the dirty money of Russian oligarchs – first, where does it originate? How do they get it? And then once they get it, who do they use in the United States – lawyers, accountants, et cetera – to help them keep it? And where are the destinations for those stolen, purloined funds?

VOLKOV: Yeah. Indeed, kleptocrats are very smart in abusing, like, legal system of the Western countries where there is rule of law and where they can protect their assets. In this regard, I do very much endorse the ENABLERS Act, which would make it much more challenging for the kleptocrats to engage with Western enablers of corruption.

In Europe, the main destination of the assets stolen from Russian taxpayers is definitely London. And so we believe very much in the possible – hopefully possible – U.S.-U.K. cooperation on sanctioning the Russian oligarchs. This would be more efficient.

Well, as you know, like, European Union is very complex. Twenty-seven countries needs to agree upon everything with every country able to execute a veto right. But, like, luckily, London remains the main destination for Russian taxpayers' money, and U.S.-U.K. cooperating on the sanction list, on Global Magnitsky, on other measures such as ENABLER(S) Act would, I believe, be the most efficient way to proceed.

COHEN: In the United States I guess New York and Palm Beach or that area in the Florida Gold Coast, as they call it?

VOLKOV: In the U.S., yes, there are a few locations – New York, Florida, Miami – that – a few more. They are discovering new destinations for them. They are looking for interesting spots. Well, just recently, here in Washington, D.C., we discovered about Oleg Deripaska's enormous mansion, one of the most expensive properties in town. So it's not limited to New

York and Florida only. But, well, if we would have to set priorities, these two destinations are, indeed, the most beloved by Russian kleptocrats.

COHEN: Let me ask you just a few more questions, then I'm going to yield. In 2021, the Duma elections, Google and Apple censored the Navalny Smart Voting list at the behest of the Putin regime. You were, as I understand it, connected to and in discussions with both Apple and Google. Could you elaborate on their role in censoring those elections and how that affected the election?

VOLKOV: It had an effect, and thank you for bringing this up. Indeed, this censorship act was, well, very painful, actually. Also, like, it was – it came all out of a sudden. Like, Google and Apple didn't give us, like, ahead warning, so we didn't know this is going to happen. We didn't expect this to happen.

As we know from media reports, Putin threatened to start arresting their employees, the Russian employees of Google and Apple, if they wouldn't remove our list of voting endorsements for the Duma elections. So Putin actually threatened to take hostage employees of American companies. And we believe the way Google and Apple dealt with this crisis, well, was definitely not the best way to deal with a terrorist who is taking hostage. We, as the developers of this voting application and of this endorsement – like, the Navalny team, the Navalny foundation – we yet to get an official explanation from Google and Apple, not to say an apology, for what happened.

So I anticipate that it could happen – like, realistically, the pressure was so strong that they were not able to withstand. It happens sometimes. But they had to acknowledge it publicly. They had to be vocal. They had to reach out to us to give us warning, to help us develop some other tools to deliver the content to our supporters. And most importantly, I believe we have to work together with them to prevent this from happening again. And of course, such actions of the government which considers it's a proper thing to, like, really blackmail companies with the fate of their employees, this has to be punished. And this didn't happen yet.

COHEN: Thank you very much. There are so many more questions I'd like to ask you and the other witnesses, but I've taken enough of my time for now. And I yield back the balance.

CARDIN: Thank you, Representative Cohen.

We'll go to Representative Wilson.

WILSON: Thank you, Chairman Ben Cardin.

This positive bipartisan hearing featuring three superstars as witnesses who are so impressive and informative, thank you so much. It is encouraging, the professionalism that each of you have indicated to expose corruption, your courage to do that, and – which destabilizes democracy. So what you're doing is good for the people of Russia and the people of China, but particularly democracies around the world that are at risk.

And Chief of Staff to Navalny, I'm so impressed and honored to be in your presence, and how extraordinary your service on behalf of the people of the Russian Federation. And your hometown of Yekaterinburg is beautiful. I've had wonderful visits there. And my family's – my family's had numerous visits across the Russian Federation, from St. Petersburg to Novosibirsk, Tomsk, Chelyabinsk, and I've been so impressed by the people of Russia. And it was just so inspiring to see the architecture, the art, the literature. And that's why it's so disappointing, truly, to see the level of corruption in Russia and how that holds back what could be such a dynamic and impressive community and country.

With that in mind, Alexei Navalny – and to show the extraordinary bipartisanship, Congressman Steve Cohen is absolutely correct. And that is that Alexei Navalny is a hero of the world. He has written an op-ed, which is in The Guardian newspaper of the United Kingdom, which has plans for – calls for action against corruption, and it's – and revealing that it's the lifeblood of the Putin regime, and underlining the problem behind so many global problems. With that op-ed, how can we act on the – Alexei Navalny's recommendation to fight global corruption?

VOLKOV: Thank you so much for your kind words and for your question.

First of all, I would say that many of things that Alexei Navalny mentioned in his op-ed to The Guardian and Le Monde and Frankfurter Allgemeine have already been reflected by the six bills that were House NDAA amendments and that are now up to be considered on the Senate floor, because he actually also addressed this issue of a demand side and of fighting corruption with legislation in these countries where legislation could be enforced, unlike in Russia. So I think that the Congress is on a very right track here, and we are very thankful. And as I told already, we are here to endorse it.

Russian people will applaud to these measures. It's funny, Putin's propaganda spent 20 years explaining that, like, these oligarchs and Putin's friends are actually, like, evil. Like, why the life quality standards are so bad in Russia? Because, well – because of the oligarchs and because of the legacy of the '90s. And so I believe, like – and of course, there is also, unfortunately, like, a lot of anti-American propaganda in Russian state media. So there is, like, "evil America" in their perception, but also evil oligarchs.

I believe this could actually cause quite a short circuit if evil America sanctions the evil oligarchs. I can't wait to see how the Russian propaganda will try to explain what's actually happening.

But I mean, on a serious note, you're right; Russian people deserve much better. It's a nice country, well-educated people, enormous resources. But even in the best country, when the average kickback rate for any government procurement contract is 70 percent in cash – so if you want to build something like a school, hospital for, like, \$10 million, you have to bring back 7 million (dollars) in cash to the – to the government official responsible for the procurement. No economy could be successful, and there's such burden. And that makes corruption, like, the primary target and the – and the primary problem in the country.

WILSON: And with the – that’s shocking to hear of the 70 percent. What do you see as the future of Russia in the next five, 10 years?

VOLKOV: I do very much hope that Putin will not be able to carry on for 10 years because the global trend is quite bad for him. Young people don’t like him. There has been, like, 22 years of Putin with no alternative, and people are just tired. And we see that, like, among younger voters, Putin is doing very bad.

His most powerful tool to stay in power is his TV propaganda machine, which is enormously sophisticated and successful. But young people, digital normals, are much less subject to this propaganda. They are not falling victims to this propaganda.

So the clock is ticking in our favor. Putin’s approval ratings are at historic lows. And younger people want change and know that they deserve change. It could take time, unfortunately, though, because while he’s still very strong – he has all the law enforcement in place and all the repression machine, and actually the amount of repression is unprecedented. Russia now has more political prisoners than Soviet Union ever had after Stalin. Khrushchev and Brezhnev and Gorbachev had less than Putin has. And he has shown that he’s ready to increase the pressure and even increase the amount of repression. At some point it’s going to crack, just that’s – and Russia will have a democratic transition to rule of law and to democratic institutions. But this will take a lot of time, I’m afraid, or at least some time. Targeting corruption – making corruption less fun for Putin’s friends, for his elite, for his oligarchs – could contribute to internal tensions within the regime, could create splits that probably will make this process faster.

WILSON: Well, we all hope for the best for the people of Russia.

And Mr. Greytak, Transparency International is the world’s premier anticorruption organization and chapters in most countries. What corruption today do you see differs from corruption of 30 years ago?

GREYTAK: Thank you for the question. I think to echo what Leonid is saying. It’s just become much more sophisticated. Basically, a group of extremely well-educated Westerners have developed these incredibly complex financial vehicles – arrangements like trusts, the role of private equity and investment advisors, really futuristic opportunities that kleptocrats and their enablers have been able to take advantage of. We are well past the days of rats chewing holes in cash in Pablo Escobar’s home. These funds are now shipped offshore. They are now hidden in Western economies that have relatively stable and solid growth trajectories for that money. We are in an age where the anticorruption movement has to be extremely fluent in how our corporate laws and finance work in order to be able to track and recover and repatriate that money.

WILSON: Well, thank you again for your expertise on doing that.

And a final question from me for Ms. Dezenski, and that is – and we certainly appreciate the Foundation for the Defense of Democracies. What a difference they make. And as we

address the subversion by the Chinese Communist Party, my perspective is from birth I was inspired by my father First Lieutenant Hugh Wilson, who served with the Flying Tigers in China in 1944 where he adopted a great affection for the people of China in Xi'an, Chengdu, and Kunming. And I'm also grateful that my family's had numerous visits across China and the people of China have just been so impressive to me as being talented, and we just hope for change in that country.

But at the same time, we have a situation where China has – CCP has a long-range view as opposed to Russia for what they would like to see, dominance by the CCP in the world. What would you comment on their long-range view? And how would that be at odds of values to the people of the United States?

DEZENSKI: Thank you so much for the question. I think you hit on something incredibly important. The long-range view, the long-term commitment that the CCP has to effectuating its plan, its global ambitions, is exactly that. BRI is a great example. It's not enshrined in the constitution of China. They take these plans and these programs very seriously. So the idea that COVID, for example, is canceling out the BRI couldn't be further from the truth. We'll see ebbs and flows in terms of how China uses its influence and its corrupt tactics, but they will continue to keep their eyes on that long-term plan.

I think this is a challenge for us because we tend to think in shorter time periods, and I think China has probably exploited that to some extent. So when we think about our responses, we need to be, I think, more strategic about the short-term implications of what we can do and the longer-term commitment to democracy and democratic norms. And this is something that has to transcend all other political conversations because it's about the future of this country. So perhaps it's exactly the kind of wakeup that we need to get refocused on the kinds of long-term objectives that keep our democracy safe.

WILSON: Thank you very much.

And I yield back, Mr. Chairman.

CARDIN: Thank you.

We now have Representative Gallego on WebEx from the great – representing the great state of Arizona.

GALLEGO: Thank you. Thank you.

My first question is for Dr. Volkov. Thank you for your testimony. Particularly interested in one of your lessons you shared in your written remarks about Russia, listing former high-ranking European politicians with what you described as alternate retirement plan to serve on the board of directors for Russian state-owned companies. One example that stands out to me is former German Chancellor Gerhard Schröder taking a leading role overseeing Nord Stream, a project that started during his term in office. What do you see as potential solutions to this



problem? And how can we more effectively tackle the strategic corruption that has such a concerning impact on the Western democracies?

VOLKOV: Yes, indeed. Thank you for your question. And unfortunately, not only former Chancellor Schröder. The former French Prime Minister François Fillon is another member of a board of huge Russian state-owned company. And the former prime minister of Finland and the former foreign minister of Austria, Karin Kneissl, and a few others. The problem is not even that some of them becomes employed by the Russian state; the problem is that they know such an option exists. And, well, it affects their judgment.

I know that Germany develops now a law that effectively prohibits German former government officials to become – to accept such kind of job offers. I believe there should be some legal framework developed on a global Western scale to prevent this from happening because otherwise, yeah, it's a – it will remain a huge problem that people will just have a second thought: Should I – should I say something bad about Putin or not, because this would kind of strip me of some nice options in the future?

GALLEGO: (Inaudible.)

VOLKOV: It is a very sophisticated way for them to distribute corruption efficiently.

GALLEGO: Yeah. We certainly have seen some of that even in our sector here.

Mr. Greytak, in your written remarks you referred to corruption as the lifeblood of authoritarian governments like those in Russia and China. You also highlighted some of the steps that both countries are taking like suppressing free speech and strengthening organized crime. I wonder if you can talk more about whether Russia and China have similar approaches to corruption. Are there certain parts of Russia's playbook that you think China's adopted? And if so, what do you think would be the best way for us to counter Chinese corruption if it, in fact, is using the Russian playbook?

GREYTAK: Thank you for the question. You know, I think it's two sides of a similar coin. Russia has perfected sort of the large-scale embezzlement of public funds that allows it to remain in power, and has really utilized a lot of these Western vehicles for moving and hiding that money overseas. China has adopted corruption strategically as a way of growing its geopolitical influence in particular in developing parts of the world. They have many common features to the extent that they reward those in close positions of power, that they employ bribery in order to gain access into important parts of the world. For Russia, it's many Soviet states. And for China, it's a good share of Africa and South America. These are all really one and the same. It's a patronage network – I think the term was used earlier – that these states are able to use and grow in order to leverage, you know, the money and the assets they take from their people in key parts of the world.

One of the most important things that we can do about that, I think, is to take a very 21<sup>st</sup>-century view in response to how these networks work. It was asked how corruption has changed over the last 30 years. It is far more global and transnational, maybe just simply by the fact my

organization, Transparency International, was formed and will celebrate its 30<sup>th</sup> anniversary soon. This is really reflecting the global nature of these networks. And so whether it's through sanctions or law enforcement authorities over corrupt officials like the Foreign Extortion Prevention Act, whether it's through coordinated actions with our allies to sanction these officials and break up those networks, or whether it's working with our financial institutions and other financial institutions in other countries, we really need to be looking at this holistically because that is how governments of China and Russia are thinking about this.

And one of the most important developments that I think can come from this renewed focus on fighting corruption is to make sure the U.S. government speaks in one voice in a whole-of-government, coordinated effort, understanding how corruption iterates and is used by America's adversaries, and responds to that with the full strength of the federal government.

GALLEGO: Thank you, Mr. Greytak.

Last, Ms. Dezenski, I wanted to ask you about Chinese corruption specifically. In your written remarks, you highlighted the Belt and Road Initiative as the primary vehicle to redefine how China engages economically and politically with the rest of the world. I immediately think of Huawei and how China is using 5G companies to gain influence abroad. Are there particular BRI projects that concern you the most? And which types of projects do you think are most important for us to prioritize as we not only monitor Chinese infrastructure investment, but also seek to provide alternatives to it?

DEZENSKI: Thank you. It's an excellent question. I would probably highlight a couple of different types of projects that should be high on the radar.

I think you've hit the mark with anything related to digital infrastructure. These kinds of projects have popped up all over Africa and other parts of the world that are currently underserved by digital networks. Why is this so important? It's so important because 5G networks in particular offer mechanisms for digital authoritarianism, the ability to manage communication lines for the benefit of closed regimes. So this has been, of course, a topic of much conversation, and I think there are a lot of good efforts underway in that regard. But we need to keep a close eye on what's happening there.

The other area that I would pinpoint are those projects that would potentially give Beijing military influence. So these would include strategic ports, for example, in the Indian Ocean, along the South China Sea. Any type of project that improves the connectivity and allows greater access for Chinese military should certainly be high on our radar.

I would also look at projects in South America a little bit more closely. A lot of the focus of the BRI projects has been Asia and Africa, but for us anything in the Western Hemisphere is really at our doorstep. And China has already made inroads in Ecuador, in Argentina, definitely in Venezuela, and other countries. This sets us up for a very serious negative dynamic in our own backyard, and we need to be able to avoid that. So when we think about where we can double down on our investment strategy, I think the first place we need to look is south of our border.

Thank you.

GALLEGO: Thank you.

And I yield back.

CARDIN: Well, let me thank my colleagues. I want to thank all of our witnesses.

A few observations. First, Mr. Volkov, one of our principal objectives in the Helsinki Commission in the Helsinki Final Act was the health of civil societies in countries. Today, in Russia, civil societies cannot function. As you've indicated in your testimony, that you actually can function – you couldn't function in Russia. You would like to be able to function in Russia, but you have to function in another country in order to be able to do any work at all. That's totally contrary to the commitments made under the Helsinki Final Act. So I mean, it just underscores again how far Russia has gone from its commitments that they made in 1975.

Ms. Dezenski, you really connected some dots for us on the supply chain issue. You know, we've looked at the supply chain here as a matter of security to have product, but as you're pointing out it's a source for corrupt resources for China. That's where they're making their – getting their money in order to finance their corrupt system that they're now trying to turn around to expand to control international trade rules so they can even do more corrupt business. So it's a very important issue. And as I pointed out, we are really trying to deal with this in the National Defense Authorization Act, which is probably the right place for it to be.

The Senate's already acted on this. The House has not. That's one of the reasons why we have to have a conference. We're going to try to resolve the substance of this bill in conference. And I'm going to take back from this hearing your testimonies as to how we have to deal with recognizing this as a source of corrupt revenues for China being able to advance its objective of controlling world commerce.

And then, Mr. Greytak, I just really want to underscore the issue of enablers. Legislation is moving in the House, but I was listening to the testimony of Mr. Malinowski pointing out art dealers. I don't know how you get at art dealers, for example. So I think we're going to need to get a little bit more technical. We are looking at expanding the Magnitsky sanctions to enablers, and we've talked with our global partners as to the expansion of the statutes to include the enablers. But I worry that, can we stay one step ahead of what is – of the people who are enabling this by any legislative efforts that we do in this area? So I'm going to welcome your technical assistance as we go forward to try to figure out how we can, in fact, tie down those areas because we have to deal with that. There's no question about it.

So I'm encouraged by this testimony. As I said in my opening statement, yes, corrupt leaders want the protection of rule of law in our country in order to protect their assets, but they also put themselves at risk because we can use our system to stop their illegal activities, their corrupt activities. So it gives us a nexus to be able to really make effective change.

And I'll conclude the hearing. A hearing that we had yesterday in the Senate Foreign Relations Committee was on lessons learned from Afghanistan. And there's a lot of lessons to be learned from Afghanistan: failures in four administrations. But to me, one of the center mistakes we made is that America poured in billions of dollars to fuel corruption in Afghanistan. We never had an honest leader in that country. It was always taking the money for themselves rather than for the people. We lost the support of the people because they didn't benefit from the type of programs that we put forward. Sure, we advanced human rights. Sure, we advanced women's rights. That's all important, but we didn't get to the welfare of the people generally. And when problems developed with the Taliban, they were able to offer little resistance to the Taliban coming in and taking over their government.

Now, I use that example because there is another example in history known as South Korea. South Korea suffered from corruption from back before they were liberated, and look at this country today.

So my point is U.S. involvement can make a difference. We don't have to accept corruption as a way in which a country's traditions are based upon patronage and corruption. Yes, we don't change that with our system. We don't change that with our governance. But we do plant the seeds so that we can advance the welfare of all the people, which is where the climate for democracy will flourish.

So I just really want to thank all of you for your testimony today. I think you've added greatly to our hearing. I can assure you this is our top priority of the Helsinki Commission. We're going to follow up on all these issues. Right now we're laser-focused on the National Defense Authorization Act because that's our best avenue right now to get to the finish line on some additional legislation.

Our thoughts/prayers are always with Mr. Navalny. We recognize he's at risk. Please, if you have a chance, let him know that we are watching everything that's being done. And we're going to do everything we can to advance the rights of the people of Russia and to do everything we can to keep Mr. Navalny safe.

With that, the hearing will be adjourned with our thanks.

[Whereupon, at 12:11 p.m., the hearing ended.]