

ACTF Executive Director Shannon Green's Testimony
Helsinki Commission Hearing: Countering Oligarchs, Enablers, and Lawfare
Wednesday, April 6, 2022, 2:30pm-4:00pm
Dirksen Senate Office Building Room 562

Thank you. It's an honor to testify alongside these guardians of democracy. As we've just heard, autocrats don't just destroy democracy and the rule of law *in their own countries*. They use lawfare and other subversive tactics to wield influence over *other countries*, stifling open discourse, corroding the integrity of economies, and interfering in politics and policymaking. But they cannot do it alone. Autocrats corruptly enrich their favored cronies and oligarchs, who in turn employ professional enablers to do their bidding: from hiding their dirty money to deploying it toward harmful activities meant to undermine democracy. And yet, there are powerful champions on the side of democracy, such as those serving on the Helsinki Commission and those we just heard testify: the enablers of democracy.

This Administration is dedicating unparalleled energy to what President Biden has called "the perennial struggle for democracy and freedom." This struggle is not exclusive to Ukraine; it has many fronts. One is against the oligarchs and cronies around the world who have reaped enormous benefits from their ties to kleptocratic regimes. That is why the entire U.S. government, as well as our allies in government and civil society, are coming together to defend democracy against corruption, kleptocracy, and autocracy.

USAID plays a vital role in protecting democracy, given our robust in-country presence and deep ties to civil society actors and journalists. We see every day how corruption imperils every aspect of development. When money gets siphoned off through shady procurements, roads and schools don't get built. When politicians use their positions of power to extort and demand payment for basic health services—like vaccines—citizens suffer. And when high-level government officials are persuaded to do the bidding of foreign nations through bribery or coercion, entire ministries are repurposed to advance the needs of another country, over the needs of their own citizens.

That is why USAID is expanding upon its robust anti-corruption programming at the national and local levels and initiating bold new initiatives, announced at the Summit for Democracy, that take aim at kleptocrats and their networks. This programming will (1) support global coalitions of reformers, (2) protect anti-corruption activists and journalists, and (3) strengthen the capacity of our partners to detect, track, and expose dirty money.

Supporting Global Reform Coalitions: Empowering Change Agents

Much of what we have learned over the years about the corruption of Russia's ruling elite and how the Kremlin's proxies try to undermine democracy is thanks to heroic reporting, including the research and journalism of my fellow panelists today.

We are deepening support to civil society and investigative journalists around the world through our *Empowering Anti-Corruption Change Agents Program*. This Program will strengthen civil society investigation, research, public outreach, and advocacy to demand change, and fund partnerships of investigative journalists to expose transnational corruption schemes, using big data to turbo-charge their work.

These journalists have tremendous reach, and one respite from the horrors of the past month has been seeing the energy with which they have tracked down the wealth stripped from Russia by Putin and his cronies, developing new tools such as the Organized Crime and Corruption Reporting Project's (OCCRP) Russian Asset Tracker. Civil society organizations are similarly hard at work, pushing to document abuses and promote accountability, from global yacht hunters to USAID's local partners in Ukraine.

Confronting Lawfare: Protecting Anti-Corruption Activists and Journalists

Too often over the past decade, autocrats and oligarchs have escaped accountability by abusing the legal system, filing defamation lawsuits that are not meant to be won in court but are instead an attempt to bully journalists and watchdogs into silence. Sometimes these lawsuits are filed in outside jurisdictions favorable to claimants – so-called “libel tourism.” As a result, even journalists who enjoy strong constitutional protections in their home countries can be harassed and intimidated through this novel form of transnational repression.

As we have seen in investigations done by my fellow panelists – and in the ways in which the subjects of those investigations have responded – corrupt actors are highly networked, agile, and resourced. And to date, those standing in defense of integrity and accountability have been outmatched. We aim to change that.

As part of the Presidential Initiative for Democratic Renewal announced at the Summit for Democracy, USAID has launched a global *Defamation Defense Fund* to insure and protect journalists against lawsuits that are designed to deter them from doing their work. We plan to provide up to \$9 million in seed funding, subject to the availability of funds, for a new economically viable nonprofit insurance entity, tentatively named “Reporter's Mutual.” The nonprofit entity will provide liability coverage at modest cost to journalists who seek protection from strategic litigation against public participation (SLAPP) and/or meritless libel or defamation lawsuits.

This insurance system is expected to be active in 2023. We have already commissioned through the OCCRP an actuarial study, which several partners helped guide, including the Global Investigative Journalism Network and the Cyrus Vance Center of the New York City Bar Association. The study confirmed that such an insurance product for investigative journalists would be welcomed and likely highly utilized, that investigative journalists get sued over four times more frequently than other journalists, and that insurance coverage could be priced at affordable levels.

Following the Money: Strengthening the Capacity of USAID's Partners to Detect, Track, and Expose Dirty Money

Less than four months ago, the Biden-Harris Administration committed to an ambitious whole-of-government approach to elevating the fight against corruption, especially the transnational dimensions, releasing the first-ever U.S. Strategy on Countering Corruption.

This Strategy outlines major new steps the U.S. is taking to reduce the ability of oligarchs to use the U.S. and international financial systems to hide assets and launder the proceeds of corruption, such as the Treasury Department's actions to implement the Corporate Transparency Act and enhance the transparency of U.S. real estate.

Of course, there is more that remains to be done. As noted in the Strategy, deficiencies in the U.S. regulatory framework mean various professionals and service providers—including lawyers, accountants, trust and company service providers, and others—are not required to understand how their clients or prospective clients came by their wealth. Cognizant of existing legal constraints, the Administration is considering additional authorities to cover key gatekeepers, working with Congress every step of the way as necessary to secure those additional authorities.

Just as we strengthen our approach at home, USAID is also developing new programming to take on kleptocracy abroad.

First, USAID is bringing our *Grand Challenge* model to bear on this issue - building on more than a decade of USAID experience taking on “wicked problems” in a much more open-ended and collaborative way than our traditional model allows. Our anti-corruption Grand Challenge will build coalitions with diverse partners, particularly the private sector, and source novel tools, technologies, and approaches to curb the corruption that strips entire countries of their wealth and moves it offshore.

Second, our *Global Accountability Program* will work in key countries to build resilience against kleptocracy and illicit finance, including by supporting beneficial ownership disclosure, strengthening the integrity of government contracting and procurement, and improving anti-corruption investigation and disruption efforts.

Third, we are drawing lessons learned by governments on the front lines of “de-kleptification” or uprooting kleptocratic structures in strategically contested countries. The populations of several nations across the former Soviet bloc – Georgia, Romania, Armenia, Ukraine, and now Moldova and Bulgaria – have gotten fed up with kleptocracy and innovated radical transparency and accountability measures that safeguard their democracies from foreign oligarchs, intelligence services, state-owned companies, and other foot soldiers of Russian strategic corruption. We are making programming and process improvements to better support our partners as they try to free themselves from the clutches of foreign-backed kleptocracy.

Closing: Be not Afraid. We Stand with You.

As we are seeing play out in real-time, progress against corruption and kleptocracy often invites backlash from the powerful and corrupt. Seeing his subversive influence over Ukraine wane, Putin turned to an alternative means to subjugate the Ukrainian people: an unjust and brutal war of choice. Since then, the world has come together to provide for the brave people of Ukraine with incredible levels of military, economic, and humanitarian assistance.

And as President Biden said in Warsaw, Russian forces have met their match with the brave and stiff Ukrainian resistance. President Biden advised Europeans: "*Be not afraid.*" And he assured the people of Ukraine: "*We stand with you.*"

Well, Russian *oligarchs and cronies* have also met their match, thanks in no small part to the fearless reporting and bold advocacy of journalists and civil society activists who dedicate their lives to uncovering the truth and pursuing justice.

Anna, Bill, Daria, Scott, we draw inspiration and courage from your example as well. And the U.S. government's message to you and all your fellow change agents around the world is: "*Be not afraid. We stand with you.*"