**Senator Sheldon Whitehouse**

**Senate Ranking Member**

**Commission on Security and Cooperation in Europe (U.S. Helsinki Commission)**

**Opening Statement – “The Cost of a Bad Deal in Ukraine”**

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***\*\*\* As Prepared for Delivery \*\*\****

Thank you, Chairman Wicker.

As I noted on the Senate floor upon Russia’s full-scale invasion of Ukraine in 2022, kleptocracy is on the march in Eastern Europe. Vladimir Putin’s corrupt regime fabricated a pretext to invade Ukraine, a sovereign and peaceful nation. Putin’s war helps divert the Russian people from his festering corruption and misrule, as Alexei Navalny bravely exposed.

Putin for decades deployed corruption and kleptocracy, to strengthen his grip on Russia’s government, and to project influence throughout the region. In the process, he decimated Russia’s free press, ended all political opposition, and grew his personal fortune to what is thought to be the largest in the world. I say “thought to be” because Putin’s wealth is hidden behind shell corporations and nestled in tax havens, far from view of the people he robs and oppresses. Along the way, he’s cultivated a group of oligarchs who serve him as they too feed off riches that belong to the Russian people.

As in many criminal enterprises, oligarchs launder dirty money through legitimate businesses and assets. Recognizing this, previous U.S. administrations and their international partners created agile task forces to target corrupt oligarchs.

But in one of her first moves after being sworn in, Attorney General Bondi pulled down DOJ’s Kleptocracy Asset Recovery Initiative, which has recovered billions of dollars in ill-gotten gains from foreign kleptocrats—many Russian, many close to Putin. AG Bondi also inexplicably shut down DOJ’s Task Force KleptoCapture, which was working to seize the assets of sanctioned Russian oligarchs who bankrolled the illegal invasion of Ukraine, and to provide those assets to the Ukrainians for rebuilding and defense.

For a long time, I have warned that America is engaged in a clash of civilizations, with democracy and the free market on one side, and kleptocracy and corruption on the other. We will prevail in this clash by pursuing one powerful value of a rule-of-law society: transparency. Kleptocrats and criminals seek the protection of America’s rule of law and secure financial system to stow their illicit money. They don’t want to hide what they stole in their own corrupt and crooked country. But they need secrecy.

The Pandora Papers and the Panama Papers revealed webs of American shell corporations and trusts hiding dirty assets. They revealed professionals wittingly or unwittingly helping criminals and oligarchs hide dirty assets. Former Treasury Secretary Yellen, said “there’s a good argument that…the best place to hide and launder ill-gotten gains is actually the United States.”

My bipartisan Corporate Transparency Act, enacted in 2020, was one beam of light. The law established a “beneficial ownership” register to sort out this anonymous shell company mess—helping law enforcement and national security officials identify who’s behind the webs of American shell companies. In March, the Treasury Department announced it would enforce the CTA’s reporting rule only for foreign reporting companies, less than one percent of corporations and LLCs. The proposal was panned by national security experts and law enforcement. Senator Grassley and I joined forces in a bipartisan comment letter urging Treasury to rescind this misguided rule and fully implement the CTA as envisioned by Congress.

It’s not all doom and gloom. Treasury recently finalized proposals to shine light into the private investment advisor industry and into the residential real estate sector. The administration should also extend commonsense guardrails to commercial real estate purchases.

Another bipartisan effort to combat kleptocrats is my Foreign Extortion Prevention Act, signed into law last Congress, and co-led by several Helsinki Commissioners, including Co-Chairman Wilson, Senator Tillis, and the late Representative Sheila Jackson-Lee. The law empowers the government to go after foreign officials that request or receive a bribe from a U.S. individual or corporation, or from any person while on U.S. territory.

Our bipartisan ENABLERS Act would crack down on the aiders and abettors of our enemies among American professionals – lawyers, accountants, and corporate formation agents – by requiring basic anti-money laundering guardrails that are commonplace in peer rule-of-law countries.

To prevail in this clash, we should reconstitute Task Force KleptoCapture, the Kleptocracy Asset Recovery Initiative, and provide greater resources to the offices at DOJ, Treasury, and other federal agencies on the front lines against financial crime and corruption.

Finally, we need to work together with allied nations to close off hidey-holes for oligarchs, bolster the rule of law, and increase access to justice in struggling jurisdictions.

Kleptocrats, traffickers, and international criminals can be defeated. Free societies and the rule of law can win out. This is a national security matter, and the tools of transparency will secure our victory.

And with that, I yield to Chairman Wicker.