

11th International Anti-Corruption Conference: Workshop 6.4

Presentation Abstract

1. Your name: Jason M. Patlis

2. Workshop Title: Corruption in Forestry

3. Title of case-study or paper: A New Battle Front in Fighting Corruption in the Timber Sector: Money Laundering and the Changing Role of Financial Institutions

Illegal logging, whether it is committed by small operators or large transnational companies, is often facilitated (and sometimes defined by) by corruption among local and national government officials. Connected with illegal logging and associated corruption are a host of financial crimes – bank fraud, misapplication, embezzlement, and particularly money laundering. Using the laws prohibiting these practices opens a new battlefield in the fight against corruption. For example, any transaction involving the proceeds derived from corruption constitutes money laundering in many jurisdictions throughout the world, and the proceeds – whether it is the timber or the money derived from the timber – are subject to forfeiture and seizure. Similarly, new laws regulating banks and financial institutions require these institutions to “know their customers” more intimately, to monitor their customers’ accounts more vigilantly, and to report on many more types of suspicious activities than in the past. Financial institutions can thus play a powerful role in using a powerful array of laws to combat corruption and the broader scope of illegal timber activities.

Outline of Presentation

- I. The connection between corruption and financial crimes
 - a. Financial crimes as a means to hide/facilitate corruption
 - b. Corruption as a predicate crime for money laundering
- II. Overview of money laundering and other financial crimes: Case studies of the U.S. and Indonesia
- III. New developments in fighting financial crimes
 - a. Multilateral initiatives
 - b. National initiatives
 - i. Case study: United States and the USA Patriot Act
 - ii. Case study: Indonesia and money laundering
 - c. Private sector initiatives
- IV. Benefits of focusing on financial crimes
 - a. Provides additional laws in timber-producing countries to be enforced
 - b. Provides other venues/jurisdictions with better enforcement records
 - c. Provides a path to the root of corruption – the money
- V. Next steps
 - a. Building a case for prosecution
 - b. Collaboration with government agencies
 - c. Collaboration with financial institutions