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Priya Sood

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Program Advisor, Global Organization of Parliamentarians Against Corruption (GOPAC)



Money Laundering Hinders the Fight to End Poverty

Posted: 09/02/2014 12:25 pm EDT | Updated: 09/02/2014 12:59 pm EDT

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Efforts to reduce global poverty are working. Research published by Oxford University forecasts that the poorest of countries could see acute poverty eradicated within 20 years.

These figures should give us hope, and yet G20 leaders still need to remain cautious. To help ensure that poverty is indeed eradicated, particularly in the world's poorest countries, we must overcome a fundamental challenge that puts that potential achievement at risk -- money laundering.

According to a report released by **The ONE Campaign** (<http://www.one.org/scandal>) this week, the world's poorest countries are deprived of at least \$1 trillion each year by criminals who siphon off cash through corrupt acts -- money laundering, tax evasion and embezzlement.

Corruption is a killer that robs countries of resources that could be invested in health care, access to clean water and education for those who need them most.

To minimize the risk of getting caught, money launderers naturally seek out countries with the weakest anti-money laundering regulations. Two particularly secretive types of financial vehicles--anonymous shell companies and trusts--are easily abused by criminals to hide money, yet current laws in Canada and other G20 countries allow them to operate with little or no oversight.

If we do nothing, are we not simply accomplices?

It is astounding that according to **The ONE Campaign report**, one-third of Ukraine's former president's, Victor Yanukovich, home was owned by an anonymous UK shell company and two-thirds by an Austrian bank. A complex web of secrecy hid the identity of the real owner. What is even more astounding is that the research found 70 per cent of the 213 biggest corruption cases between 1980 and 2010 involved anonymous shell companies.

Part of a strong anti-money laundering regime is transparency of financial

transactions. One important aspect of this is full transparency of company and trust ownership, through [Beneficial Ownership Declarations](#).

A Declaration of Beneficial Ownership is a legally binding instrument which requires individuals to declare and disclose the actual ("beneficial") owners of a company, trust, or property before entering into a transaction with a financial institution.

Why is this so important? When beneficial ownership information is publicly disclosed, it enables financial institutions, law enforcement authorities and citizens to track the source, movement, and destination of illicit funds, and to crack down on money launderers and tax evaders. It helps make stolen asset recovery efforts more efficient and effective. And it promotes free-market exchange by enabling entrepreneurs to know with whom they are doing business.

The UK is the first country to commit to implementing a public registry of beneficial company ownership. The European Parliament has since amended their anti-money laundering rules in the European Union by approving the establishment of beneficial ownership registers. Canada now has the opportunity to lead the fight in North America.

Canada has committed itself to the [Open Government Partnership \(OGP\)](#)--an international initiative to make governments more open, accountable and responsive to their citizens. It provides a great opportunity for Canada to take a leading role on transparency by eradicating anonymous shell companies.

Legislators can mitigate the proliferation of money laundering by strengthening laws, policies and processes. They have the power to pressure their governments to ensure that information on the beneficial ownership and control of companies, trusts and foundations is available on public record to facilitate effective due diligence. Canadian leaders need to act now and support the adoption of an OGP national-level action plan on beneficial ownership transparency and commit to making this information publicly available.

This is a concrete way to ensure that \$1 trillion is spent on people living on \$1 a day rather than lining the pockets of the criminal and corrupt.

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