

# Rise of a New Kleptocracy: How Dirty Money is Conquering the World | Tom Burgis

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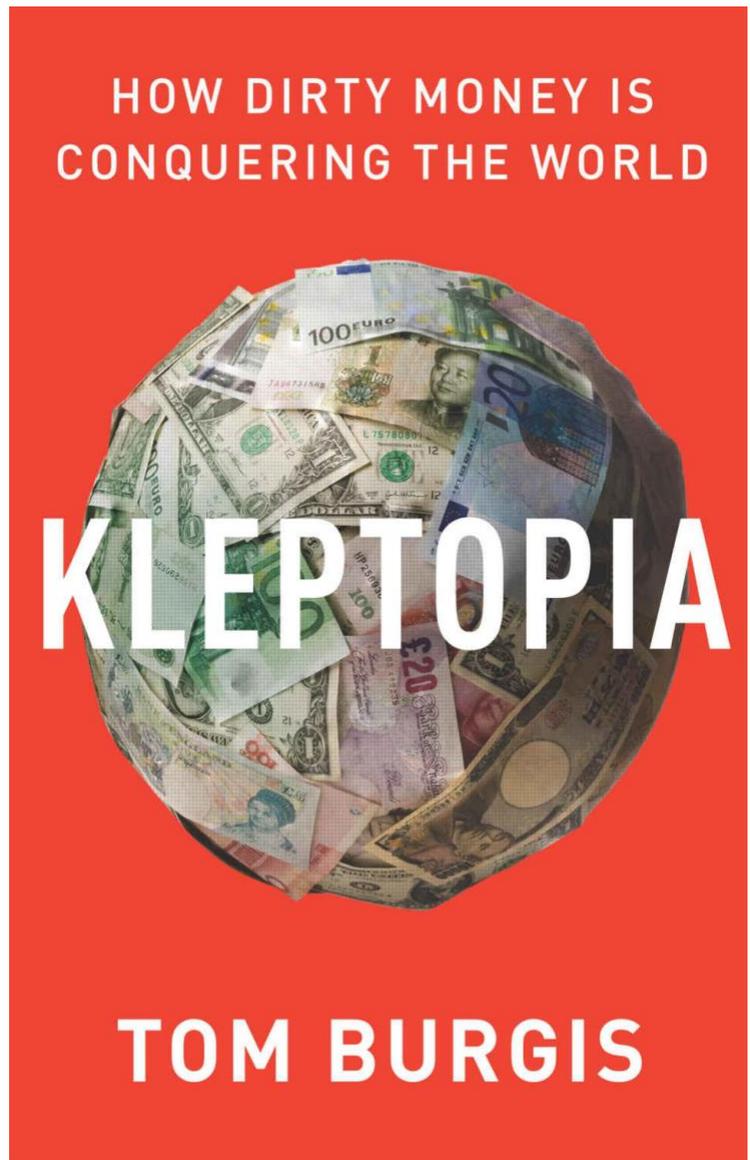
## INTRODUCTION

Tom Burgis is an investigations correspondent at the Financial Times, based in London. Previously, he was the paper's west Africa correspondent, based in Lagos, and Johannesburg correspondent. His latest book, "Kleptopia: How Dirty Money Is Conquering the World," chronicles the world of dirty money and its complex web of criminals, money launderers, and politicians who enable it. The Washington Post calls it a "magisterial account of the money and violence behind the world's most powerful dictatorships." His book, "The Looting Machine: Warlords, Tycoons, Smugglers and the Systematic Theft of Africa's Wealth," was published in 2015. The New York Times called it a "brave, defiant book." Burgis won top prize for investigative reporting at the 2015 Society of Publishers in Asia awards and FT's Jones-Mauthner Memorial Prize in 2013, and was short-listed in 2015 for the European Press Prize and Young Journalist of the Year at the 2010 British Press Awards. Before joining the FT, he did a stint in Chile and traveled the world covering globalization and its discontents.

## WHY DO I CARE?

Tom Burgis weaves together four stories that reveal a global web of corruption: the whistleblower from Basingstoke, England who stumbles on the secrets of a Swiss bank, an ex-Soviet billionaire building a private empire, the righteous Canadian lawyer with a tycoon ex-minister and bank founder client, and a Brooklyn crook protected by the CIA. Glimpses of this shadowy world have emerged over the years. In Kleptopia, Burgis connects the dots. He follows the dirty money that is flooding the global economy, emboldening dictators, and poisoning democracies. From the Kremlin to Beijing, Harare to Riyadh, Paris to the White House, the trail shows something even more sinister: the thieves are uniting. And the human cost will be great.

This book has given me a new appreciation for the depths and reaches of the world of international financial secrets. Granted, it's been forever since I believed that criminals were an easily caricatured group of people who socialized mainly with each other, but Tom's book helps to illuminate just how interconnected the seedy underbelly of crime is with the legitimate world that we take for granted.



## QUOTES:

Five years ago, in the bar of a war correspondents' club in London, I met a man who had stolen the secrets of a Swiss bank. — [Tom Burgis](#)

The International Consortium of Investigative Journalists published the FinCEN files, details of more than 2,000 leaked suspicious activity reports that banks had filed to the US Treasury. They show that, even when bankers have doubts about the provenance of their clients' money, the financial secrecy system goes on serving its primary purpose. That purpose is not simply to accentuate the concentration of wealth, to abet corruption, or to shift the proceeds of crime, important though all those functions are. No, it is to accelerate a project that had been gathering momentum since the end of the cold war: the privatization of power itself. — Tom Burgis

Many of the names that have emerged in the FinCEN files are figures who got rich under the regimes of powerful kleptocrats and have gone on to build private empires that extend worldwide... While this wealth floated off into the ether of the financial system, the means for scrutinizing money remained local. One of the reasons suspicious activity reports that banks send to the Treasury's FinCEN unit are so ineffectual is that the watchdogs who might seek to act on them are confined to borders that money, dirty or otherwise, does not observe. — Tom Burgis

...while the rest of us surrender ever more of our privacy to online retailers, terrorism databases and track-and-tracers, the global kleptocracy hoards secrecy. Like a democratic government that never accounts to parliament, a kleptocratic regime that keeps its business dealings obscure enjoys unconstrained power. — Tom Burgis

For those who retain that favor – and those who bestow it – the financial secrecy system remains a tool for turning illegitimate power into money, then scraping away that money's past so that it can buy what is on sale in the remaining democracies: legitimacy. — Tom Burgis

In the former Soviet Union, this was a skill prized above all others: the ability to turn the filthy lucre mined from the ruins of the collapsed empire into valid currency of the capitalist world, currency that could buy what they sold there: property, security, legitimacy. — Tom Burgis



Peter could see a dual state like that Fraenkel had depicted emerging in the post-Soviet combination of capitalist economics and authoritarian politics. He understood that the parallel was inexact. 'The goals of the prerogative state in the Third Reich were uniquely horrific,' he wrote as he collected his thoughts. But as he watched Khodorkovsky's defenestration, he grasped what he called 'the utility of legitimacy' to kleptocrats. The state was unable to find anything from the privatisation process – gargantuan rip-off though it was – on which to hang a criminal conviction. 'You don't nail somebody with lies to punish them for something else that they did,' he thought. 'If he did something illegal, nail him for what he did that was illegal.' But that was not what Putin's state was doing. This was, Peter concluded, a political takedown on a grand scale, perhaps the biggest ever if you measured it in money. — Tom Burgis

Nigel's files were a palimpsest: front company upon front company upon front company. But beneath, still just discernible, was the outline of a treasure map. Had anyone wanted to read it, it would have pointed them towards the stashes where power is hidden, disguised as money. — Tom Burgis

Those exposed by the Panama Papers, other leaks or the efforts of unbought journalists, unbent coppers and unbunged judges could be swept away by the people they had vowed to serve, just as Najib was. Voters and parliaments have in recent years brought down governments and replaced rulers following major corruption scandals in Austria, Brazil, Israel, Poland, South Africa, South Korea and many other countries. Like Najib, those deposed thoroughly deserved their fate and the criminal prosecution that often followed. Like Najib, many of them would also be correct were they to argue that they have been the fall guys, sacrifices necessary for kleptocracies to maintain the illusion that they function to serve any interest other than those of whoever captures power. Around the world, corruption has become the primary mechanism by which power functions. The Najibs are just the ones who played the game of secrets and lost. — Tom Burgis

In 2008, Robert Mugabe had been maintained in his dictatorship – the position from which he could dispense access to Zimbabwe's natural wealth – through violence funded by the deal-making of a pair of white Rhodesians, a former England cricketer, a Jewish Wall Streeter and his Australian underling. They had then cashed out to three Central Asian oligarchs through a transaction on the



**London Stock Exchange.** In 2013, Mugabe had escaped the power-sharing he had been forced into because of the previous round of violence through a new round of violence, this time funded by a spot of business with an emissary from another axis of the transnational kleptocracy, China. Sam Pa, a Chinese businessman with at least seven aliases and a long relationship with the Communist Party's intelligence agencies, supplied the requisite \$100 million, in exchange for secret access to Zimbabwe's militarized diamond fields. After the Crocodile replaced Mugabe in 2017, he imported Chinese facial recognition technology similar to that used to monitor Uighurs in Xinjiang province. And to that used in the Kazakh capital, previously known as Astana, now, after the father of the nation, as Nursultan. As they hoarded secrecy, the kleptocrats set about harvesting privacy. Covid-19 came as a gift. It was the perfect pretext to assume sweeping powers, expand surveillance states and empty public treasuries with even less scrutiny than usual. They formed a new five families, these international kleptocrats: the Nats, the Brits, the Sprooks, the Petros and the Party. — Tom Burgis



(1) The Nats, they declare themselves the saviours of besieged nations while overseeing the plunder of those nations. Drain the swamp, they cry, as they luxuriate in it. They have taken hold in central Europe, eastern Europe and Russia, with imitators on every continent: Bolsonaro in Brazil, Duterte in the Philippines, Erdoğan in Turkey, Netanyahu in Israel, Maduro in Venezuela, Trump in Washington. Left and Right: these are just their costumes. The mafia would admire the loyalty they inspire: at the Donald's impeachment trial for his Ukrainian favour-trading, Republican senators listened to cast-iron evidence that he had abused his office, then acquitted him. Those who resist them believe that, once they are gone, the institutions they have distorted will snap back to how they were. But like a parasite altering a cell it invades, so kleptocratic power transforms its host. Those who use their public office to steal must hold on to it not just for the chance of further riches but in order to maintain the immunity from prosecution that goes with it. When elections come around, losing is not an option. — Tom Burgis



(2) The Brits, they continue their long fade from imperial power to global network of financial secrecy connected to the City of London and servicing new, private empires. Their new populist rulers take money and inspiration from the Ur of Kleptopia, post-Soviet Moscow. Nigel Farage salutes Putin. Boris Johnson enjoys the amity – and his party the seven-figure munificence – of Alexander Temerko, whose self-professed connections to the Kremlin's security agencies go back decades and on the wall of whose London office hang the British prime minister's autographed ping-pong bats. During the 2019 general election campaign, Johnson refused to



publish a parliamentary report on Russian interference in British politics. The day after he won, he swung by a London party thrown by a billionaire veteran of the KGB's foreign intelligence arm. — Tom Burgis

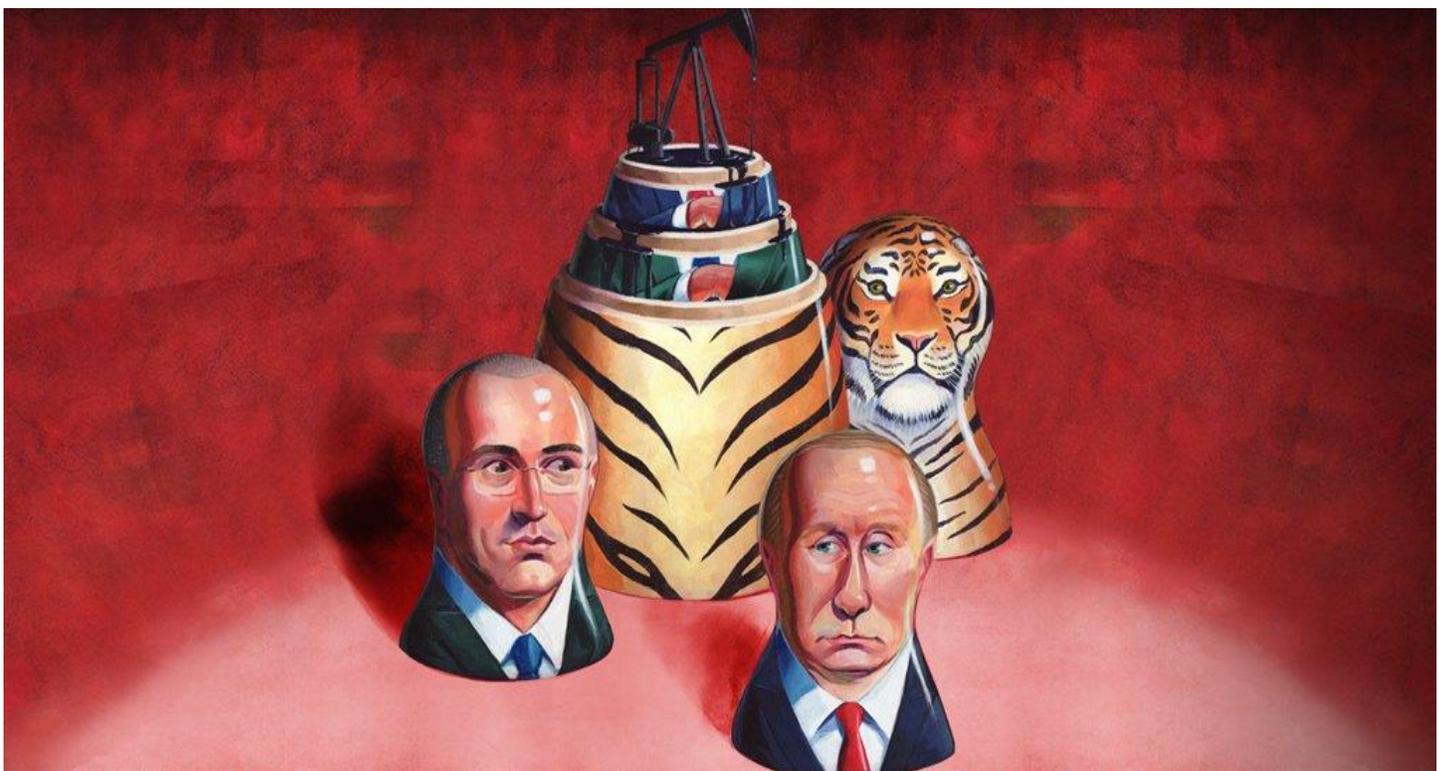
(3) The Sprooks—spooks & crooks in indistinguishable union—have a Moscow base too. Semyon Mogilevich, the Brainy Don, is said to be a guest of Putin's security services on the city's periphery, permitted to manage his criminal endeavours but, like Ramzan Kadyrov down in Chechnya, subordinate to the ex-KGB ruler. They are true globalists, however, the Sprooks. In Washington, in London, in Paris, the spirit of national security has given way to the profit principle. Sometimes intelligence officers don't even wait for their early retirement before taking on private clients. — Tom Burgis

(4) The Petros, they have a mechanism for setting the price they charge for the oil they steal from the countries they have invaded from within: they call it OPEC. — Tom Burgis

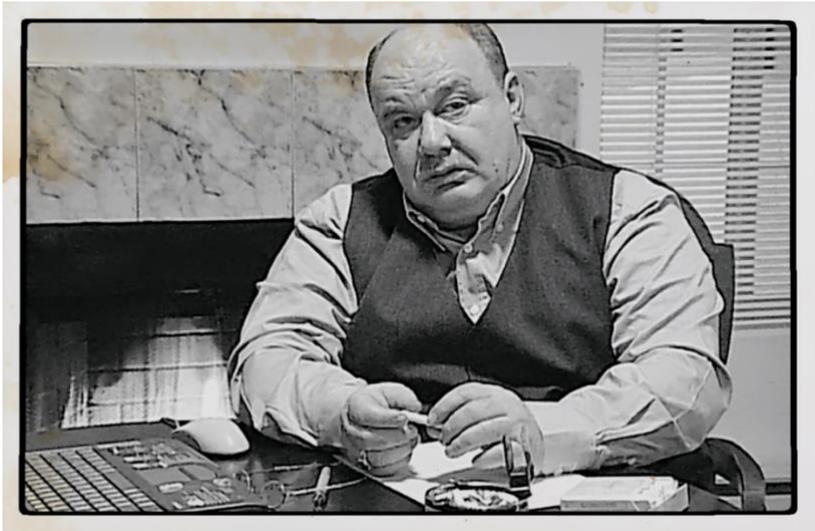
(5) The Party, they are insatiable. Money, land, technology, its leaders in Beijing want it all; no resistance will be tolerated, certainly not from Hong Kongers quaintly attached to antiquated notions of freedom. — Tom Burgis

The Party, the Nats, the Brits, the Petros and the Sprooks are like the clans of the Cosa Nostra that came before them. On the surface they are rivals. But ultimately they are engaged in a common endeavour: to seize power through fear and the force of money, and then to privatise that power. As has been said of the British Establishment, they are a committee that never needs to meet. They have their Others, against which to unite populations whose interests they can make no credible claim to represent. Uighurs do nicely, or Mexicans, Muslims, refugees, Jews. — Tom Burgis

Perhaps what drives them all is fear: the fear that soon there will not be enough to go round, that on a simmering planet the time is approaching for those who have gathered all they can unto themselves to cut free from the many, from the others. There's only one side to be on if you wish to avoid destruction: theirs. You are with the Kleptopians or you are against them. The Earth cannot sustain us all. We are hoarding, we will be ready. Do you want to learn to love Kleptopia and be



brought within the wall? Or would you rather be outside, in the wilderness that we used to call the commons, defenseless as the water rises? Choose.  
— Tom Burgis



If there is an antidote to kleptocracy, it is honesty, the sort of indomitable resistance to lies, obfuscation and bullshit that Nigel Wilkins embodied. It is a struggle without end: the struggle for who gets to tell the stories by which we live. On one page of his notebook, Nigel had set out why he had to steal the documents from BSI, and why he had to keep them. It seemed that his mind had drifted beyond questions of the law, of the rules. 'Can't think of much I have done that I am ashamed of,' he wrote, there on a sheet of paper that no one was ever supposed to read. He had also started to sketch an idea for a book. There were the beginnings of a pitch to a publisher: 'This book will expose the world's largest ever fraud.' He would explain why it mattered, all the money that could have paid for teachers to teach, doctors to heal, but had instead been ripped from the commonwealth. A title had come to him. It was the words the moneymen had used to silence him when he spoke up. 'Just normal business, Nige.' — Tom Burgis

In its imperial heyday, London facilitated trade with the colonies. But after global power ebbed, some of the smaller outposts developed other activities. Instead of producing tobacco or tea, islands like the Bahamas provided shelter for banks and tax avoiders. The French economist Gabriel Zucman estimates \$7.6 trillion ended up offshore. — Aimee Donnellan

The year that Lehman Brothers collapsed, just half of Britain's commercial properties were registered to a named person...the district includes 2,000 homes which are mostly empty. — Aimee Donnellan



## QUESTIONS:

**Background** — **Q:** How did you end up as an investigative journalist? **Q:** What attracted you to this line of work? **Q:** Are there any particular types of stories that you like to work on more than others? **Q:** What do you think is so compelling about the subject of global kleptocracy?

**Kleptocracy & Dirty Money: Perceptions vs. Reality**— I think most people think of illicit funds and laundered money as money that legitimate businesses don't want to deal with. **Q:** How accurate is that? **Q:** How much of our political system is being funded by such illicit sources of capital? **Q:** How much of our banking system relies on the liquidity that dirty money creates? **Q:** How does this impact our ability to police such funds through our democratic institutions?

**How to Launder Money 101** — **Q:** If I want to launder money, what is the process by which I would undertake such a task? **Q:** How difficult is it to do? **Q:** Are some better than others? **Q:** How effective can the laundering be in making the money untraceable?

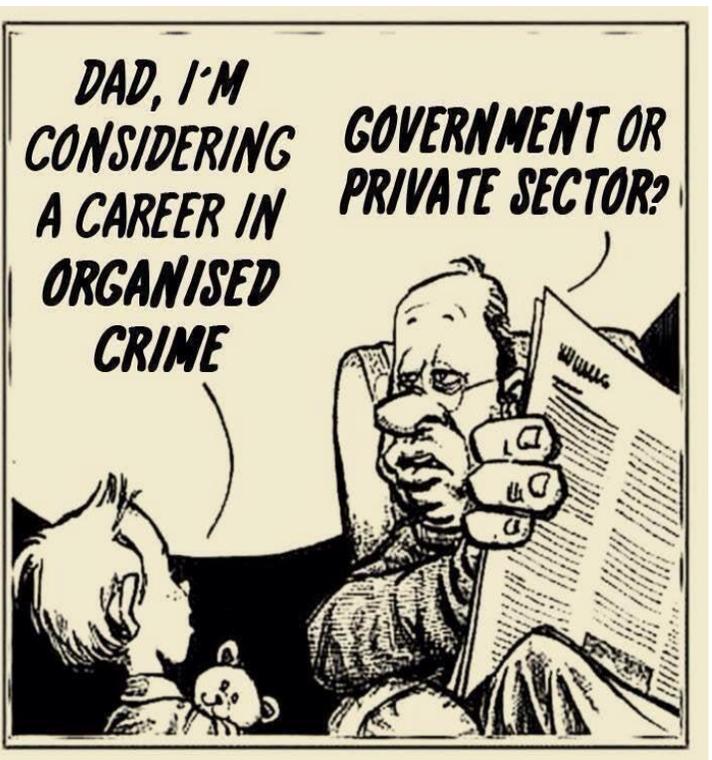
**An Offer You Can't Refuse** — **Q:** What is the distinction between corruption and kleptocracy?

**Nigel Wilkens**— **Q:** Can you tell us the story of Nigel Wilkens? **Q:** Why did you choose to make his story the thread that runs through the entire book?

**FinCen Files**— The FinCen Files describe over 200,000 suspicious financial transactions valued at over US\$2 trillion that occurred from 1999 to 2017 across multiple global financial institutions. The documents appear to show that while both the banks and the United States Government had this financial intelligence, they did little to stop activities such as money laundering. **Q:** What can you tell us about the FinCEN files? **Q:** What explains this lack of interest in oversight and prosecution?

**Purpose of the System**— **Q:** What is the primary purpose of the international system of "financial secrecy," as you call it? **Q:** Why is it so hard to shut down?

**Importance of Post-Soviet Russia** — **Q:** How important is Russia itself and the end of the Cold War for explaining the increased prevalence of this type of international kleptocracy? It seems as though—with the opening of China, Russia, and former Soviet satellites, along with the increased participation of once non-aligned nations in Africa—huge pockets of the world once unavailable to the forces of international capital have become



available for plunder in recent decades and that this as result in a bonanza of money that has been used to buy power. **Q:** Is this the right interpretation? **Q:** How much of this story results from the fact that money and crime is international but laws and enforcement agencies are largely local?

**Reconsolidation of Power** — **Q:** Is there a reconsolidation of power that is happening in the world around these poles of privatized power purchased through the international kleptocracy?

**Kleptocracy + Surveillance Technology** — **Q:** Is there an intersection between this kleptocracy and surveillance technologies & information warfare?

**Legitimacy** — **Q:** Why is it important for the people described in your book like Nursultan Nazarbayev and Semyon Mogilevich to “buy legitimacy?”

**Euro Pacific Scapegoat** — 60 Minutes Australia recently did a story on a company called Euro Pacific Bank, whose founder, Peter Schiff, has long-been a gadfly of governments and tax authorities who he openly despises. It turns out that he is now being investigated by international tax authorities for a facilitating tax evasion by roughly 100 Australian citizens. **Q:** Is this an example of tax authorities identifying a lamb that they can sacrifice in order to appear as though they are doing their jobs?

**Driving Fear** — **Q:** What drives them all? **Q:** How powerful are the forces corrupting the world's elite?

**An Offer You Can't Refuse** — **Q:** Is joining the global kleptocracy one of those “I'll make you an offer you can't refuse,” type scenarios, where you either take the money or forever suffer exile outside the walls of the citadel of global power?

**Nats. Brits. Sprooks. Petros. & Party** — **Q:** Who are the Nats, the Brits, the Sprooks, the Petros and the Party?

**Solutions** — **Q:** Is there any way to combat this type of kleptocracy? **Q:** Were we ever better at it than we are today, or are we just more aware of it now than ever before?

**DLT International Monetary System** — **Q:** Would the introduction of central bank digital currencies and the use of open, public ledgers by private institutions help to solve much, if not all of the transparency part of this problem?

**Panama Papers** — **Q:** What were the panama papers? **Q:** How did their release in 2012 impact the regulatory landscape? **Q:** Did it make it harder to launder money?

**Intelligence Agencies** — Over and over again, in all of these stories, you see that global intelligence agencies, including those of our own countries, are part of these criminal networks. **Q:** Can you help explain to me how this works?

**Rules Not Apply** — **Q:** How much stuff can you get away with if you have enough money to buy enough access? **Q:** Can you get away with murder? (e.g. diplomatic passport)

**Real Estate** — **Q:** How important is real estate in the international money laundering game? **Q:** What makes real estate such an especially good vehicle for laundering money?

