

Recovering the loot

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During six years as president of Liberia, Charles Taylor stole \$100 million. Taylor is one of a fraternity of leaders — including Mobutu Sese Seko of Zaire, Sani Abacha of Nigeria and Ferdinand Marcos of the Philippines — who looted a significant portion of their nation's wealth.

Some progress has been made to prevent such larceny. Three years ago, a group of the world's leading banks agreed on standards to prevent money laundering, starting with more rigorous efforts to determine who is behind deposits. Wealthy nations now keep a blacklist of countries that facilitate money laundering, which has pushed Panama, the Cayman Islands and others into some reforms.

But much more is needed. Zurich, London, Hong Kong and New York are still prime sites for laundered money and are still taking too much of a passive and piecemeal approach. Peru's efforts to recover the illicit funds of former President Alberto Fujimori are being blocked by Japan, the country most implicated. Britain's office of Mutual Legal Assistance, which responds to foreign petitions for legal help, had 1,500 requests last year and eight people to handle them.

Other obstacles are found in the looted nations themselves. Officials who take over after a corrupt dictator's death or flight often inherit a government looted down to the light bulbs. In such chaos it is hard to prepare a trail of evidence that can stand up in U.S. or European courts and resist challenges from top lawyers paid with the same dirty money nations seek to recover. Poor countries lack legal expertise and are often too broke to hire it.

Political will can also lag. Investigations often go great guns but die after a few months, blocked by officials who are either protecting the kleptocrat or fear their own stolen money will be next in line. This happened with Indonesia's efforts to recover President Suharto's stolen loot. In the case of Haiti, much of ex-dictator Jean-Claude Duvalier's assets in France and the United States were frozen, but the dictator and his family apparently paid off Haitian officials to drop their attempts to repatriate the money.

The world can help with a treaty, or common set of laws, on money laundering that sets uniform requirements for recovering assets, seals loopholes and commits countries to taking needed measures, such as requiring banks to open their books when there is a reasonable suspicion of fraud.

Jack Blum, a Washington investigator, suggests creating an international nonprofit agency to handle asset recovery. It would need a large initial loan but would later be self-financing, taking its expenses from proceeds recovered. A global group would solve the problem of how looted countries can find and pay for expertise, and it would insulate investigations from political interference.