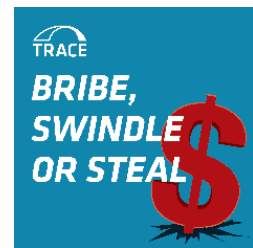


# BRIBE, SWINDLE OR STEAL

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## From Russia with Cash – Roman Borisovich

[00:00:08] Welcome back to Bribe, Swindle or Steal. I'm Alexandra Wrage, and today's guest is the founder of ClampK - that's the Committee for Legislation Against Money Laundering and Properties by Kleptocrats. He stars in the 2015 documentary, "From Russia with Cash," which exposed the money laundering schemes of foreign officials and real estate agents in Great Britain. Now, as a political activist and campaigner against corruption, he organizes "kleptocracy tours" around London. These are bus tours that showcase properties owned by foreign officials directly or through offshore accounts. These foreign officials often have quite modest official salaries, but their properties in London run to the tens, and occasionally hundreds, of millions of dollars. Roman Borisovich, thank you for joining me.

[00:00:53] It's a pleasure to be here.

[00:00:54] Let's start with "From Russia With Cash." You went undercover as a Russian official to purchase property - allegedly - in London with funds that had been stolen, as you told the people, from the Russian government. Can you tell us the story of that video and how it came into being?

[00:01:13] I posed as a Russian fake Ministry of Health official. I go around looking at very expensive properties, talking to the agents and admitting to them that the money I have to purchase the property is dirty. I've stolen the money from the Russian government and, not being an idiot bragging about it, just letting them know that I can't be seen concluding the transaction. Asking them for advice. First off, of course, we get them excited. I come with my supposed girlfriend. She loves the place and, all of a sudden, we want to buy immediately. "Oh, small problem. My money cannot be traced to me. How do I do this?" The idea was to see whether the estate agents would report an accident of money laundering because under the UK laws, there are two "not reporting" criminal offenses leading to potential criminal conviction. These are acts of terrorism and money laundering. My character was confessing of money laundering in Russia, that he was trying to hide and trying to bring the proceeds of crime onto the UK soil to buy a sizable piece of property. That should have been reported immediately by all five of the agents. To our big surprise - shock, in fact - five agents in a row - and these were directors of director-level agents representing five well known, high-street agencies - all not only agreed to facilitate the transactions knowing where the money is coming from. All as one recommended that my character should go via the route of offshore companies. Moreover, two of them suggested that they could help in organizing this transaction with offshore companies.

[00:03:17] You're very convincing on the video and, of course, you're filming the whole thing, and the woman who plays your girlfriend, for purposes of this, is incredibly compelling. She's absolutely giddy about these properties. There is no question at all that the real estate agents believe you and want to be useful, but how many other people have to be complicit for a scheme like this to work? You talked about them referring you to lawyers. It doesn't just begin and end with the real estate agents.

[00:03:52] Of course it doesn't and, in fact, we - I'm talking about Amos Pictures - we wanted to follow the entire chain. We wanted to attempt to at least initiate a transaction. Basically, we wanted to reach out to the lawyers. We wanted to go to see the offshore company directors and to expose the whole

chain. However, Channel 4 didn't have the stamina for the potential legal expenses to do that. But I don't blame them. I think that Channel 4 was brave enough. These guys aired "From Russia with Cash" being convinced that they will be sued by one of the agents. This is bravery that is outstanding in today's UK media.

[00:04:38] I certainly didn't mean to detract from it. I just wanted to underscore that the wrongdoing, the abuse of these offshore accounts is much broader than just the real estate agents.

[00:04:48] That's what I wanted to say, that we wanted to expose the entire chain because every time there is a transaction of this nature, there are at least two other people who are involved. It's the lawyer and the director of the company, whether that is a nominee director or nominee shareholder, but the representative of that offshore shell that is being used to launder money. At least two other people would be informed and, most often, the banker. Three people normally would have the same information or at least reasonable grounds to suspect that the money is dirty.

[00:05:24] How did the real estate agents' firms respond to the publication of this?

[00:05:30] It was pretty lame. They responded with pretty lame excuses. Our viewers can read them because, by law, we need to publish their right response in the documentary. Primarily, the majority said that, "Oh, we always thought that the character is fake," which is completely not true because they were not only involved in further negotiation, they went on to follow-up meetings. We purposely set up the whole series of things to make sure that people can't say that they suspected something. If you suspect something, you wouldn't involve in a chain of events. Or they said that they don't think that their clients violated any anti-money laundering rules, which is also not true because, clearly, as our QCs in the film explain, the clients had more than enough information coming from the source, from the culprit, that the money is stolen, and he was basically asking them to help to hide it.

[00:06:27] You say "basically asking them." You were expressly asking them. You were making it very clear that a certain amount of each transaction in Russia through your minister ends up in your pocket. It's very important - I can't remember the exact quote - but, at one point, you say it's very important that the hole in the ministerial budget not be the same size as this property, which I thought was a great line. You needed to obscure the theft.

[00:06:53] Yes. I'm grateful to the brave Channel 4 lawyers because they left the wording to myself, and I was free to improvise.

[00:07:01] It was clear that you did a very compelling job. I understand that the real estate firms are claiming, or claimed at some point, that they didn't believe your character, but that's not how it appears in the film.

[00:07:14] And that's not how the regulators took it because the last chap in the film - the one with the most expensive property - he was regulated by the Royal Institute of Chartered Surveyors, and the Institute has expelled him and banned him for life from the profession. The other four firms are regulated by the National Association of Estate Agents, and they were all fined for the actions of their employees, albeit undisclosed amounts, and they decided not to make public their hearings.

[00:07:51] What prompted you to do this? I think everyone in the anti-corruption community is concerned about money laundering and about the use of real estate, not just in London - London, New

York, my hometown of Vancouver, which is a favorite of Chinese government officials. Everyone's concerned about this. What prompted you to embark on the documentary?

[00:08:14] Well, two things. First of all, before that, I spent five years in Moscow, in Russia, in a fairly high-level position. I was the CFO of the largest Russian insurance company, so I had a first-row seat view on the amazing tsunami of corruption that has overflowed in Russia and went through all its government and business mechanisms. That experience - when I came back to London, when I saw how London was turned into corrupt capital by all these dirty flows from all emerging markets - propelled me to start a campaign against money laundering and properties. While we were talking about different ways, different means of starting this campaign, I met a young producer and author who suggested this brilliant idea: a documentary. A hidden camera following the money, following exactly the whole process. As I said, we wanted to display the whole process from the arrival of the kleptocrat to - we didn't have the money to buy a place in London - but at least to initiate the transaction, to come to the meeting at what is known in the UK as the exchange of contracts. That was basically the start of our campaign, and we couldn't have chosen a better medium.

[00:09:44] It's an incredibly compelling documentary. Before we move on from this, I do urge people to just search on "From Russia With Cash." It's available in most countries but through different providers in different countries, so your best bet to be able to watch the whole thing is to find it on the search engine that's most convenient to you. After this documentary, you continued to look at the use of laundered money to buy real estate, or the abuse of laundered money to buy real estate. Can you talk a little bit about your kleptocracy tour, which got a lot of attention when it first came out?

[00:10:22] The tours, they were part and parcel of our campaign. It was just another instrument. However, it happened to be the most publicized one, and they all sort of come from "From Russia With Cash" because "From Russia With Cash" was the start of the campaign, which was purposely designed to provoke the public outrage. And indeed, 1.5 million people watched it initially. The outcry in the local media and the UK press was such that, in less than three weeks, the prime minister had to respond to this. In his famous Singapore anti-corruption speech, he promised to put an end to money laundering in the UK properties. However, after probably seven months of inaction - well, he basically promised two things: to start the drafting of legislation on transparency of all offshore holdings in the UK and to publish the names of the companies that, to date, held UK properties. Now, seven months later, we had 19 NGOs put together in a coalition to start out to continue this campaign, and the government was not doing anything on that front, so we were looking for different ways of re-attracting public attention to the issue. The kleptocracy tour idea just came out of the blue. Basically, it was a way of showing that this is not fictional. The documentary was very real, but we wanted to show the real proceeds of crime being invested, being turned into UK bricks and mortar. So that's how we decided to have a tour. Go and visit, take journalistic politicians, take NGOs, take the government officials and law enforcement - take them and physically show them what we believe are proceeds of crime.

[00:12:19] Can you talk our listeners through what one of these looks like? The bus pull up in front of these enormous houses and then parks there and talks about them? How exactly does this work?

[00:12:32] Yep. Just like that. Most of the properties, obviously, we cannot visit any of the properties from the inside.

[00:12:39] No, of course.

[00:12:40] Yes, and some of them are large enough, and traffic allows us to stop and walk up to the property. I don't think we ever miss the chance to show Ukrainian billionaire Firtash's tube station. He has a 60-million pound town villa and, subsequently, he bought adjacent to it a disused tube station, subway station. That is an enormous building. It's the "wow" factor for all our tours and for all our visitors, and this is where we disembark, and we go and walk around to have a better feel. Otherwise, especially with apartments, we come to One Hyde Park, which is the most expensive apartment building probably in the world, but nobody will let even 30 journalists of most recognized world publications, nobody would let them into the building for the purpose of looking at one of these properties. We have to stand outside. There is not much sense in disembarking from the bus in the midst of London traffic, so we'd slowly trundle along and point out the properties.

[00:13:53] How much did One Hyde Park sell for?

[00:13:55] Different apartments sold for different prices. I believe the most - two penthouse apartments combined sold to another Ukrainian oligarch were priced at 140 million pounds, US\$200 million. Now, the other feature of the tour which makes them so popular is that my role is basically an MC. All my speakers are investigative journalists, NGO activists and political activists, investigators, reporters, those who actually found and traced the proceeds of crimes to London. And not just reporters - famous authors like Oliver Bullough, Luke Harding whose "Collusion," I believe, is now on New York Times Best Seller list, number one. Prominent journalists who wrote and who investigated and wrote books about it like Mark Hollingsworth and Peter Pomerantsev. They come and talk about - they retell their stories. To be able to hear that from the author beats London traffic, basically.

[00:15:02] When you were in the documentary "From Russia with Cash," you played character you called Boris. Boris was clearly a thief. He disclosed that openly to the real estate agents. You've also, though, just referred to a Ukrainian oligarch. I'm curious if you distinguish between people who have just looted the coffers of their countries and the oligarchs who used loopholes, in many cases presented to them by the government, to nominally legally take the money out of the country. Do you make that distinction or do you say, "These are people with ill-gotten gains, and we're lumping them all together"?

[00:15:47] No. We think that they are equally corrupt or equally guilty of pillaging their countries and hiding the proceeds of crime in the West. From that perspective, I think you've just pointed out the best example - Dmytro Firtash, who will hopefully be very soon extradited from Austria to the United States at the FBI request. Dmytro Firtash has made his billions being an intermediary in the gas trade between the governments of Russia and Ukraine, as if they need an intermediary, as if a broker is needed to trade between two governments that close. Clearly, that trade was used as a vehicle to support the bloody regime of Yanukovich in Ukraine. Firtash, with his brokerage, was just the mechanism in this looting machine.

[00:16:40] Is the common theme, then, amongst all of these people, that they are holding the properties in anonymous companies and shell companies and offshore companies? None of the people that you're looking at in this tour hold the property in their own name. Is that accurate?

[00:16:55] In most of the cases. Again, Firtash happens to be one exception. He's registered his town villa in his name, and he bought the tube station from the Ministry of Defense of the United Kingdom in his name.

[00:17:10] Do you have a sense of how big this problem is? I know you are a tireless campaigner on this issue. Do you have a sense of the amounts of money that are being hidden through London and nearby investments?

[00:17:26] That pretty much is the problem. We have a guesstimate. We know that according to the NCA - the National Crime Agency - money laundering in the UK is going on in the range of hundreds of billions of pounds. But this is the most vague definition, and the real size remains to be ascertained. The only way to ascertain is to provide transparency. That's why our campaign has been always not against a particular oligarch country or, god forbid, sale of real estate to foreigners. We were arguing all the time that we need to make this process transparent, that we need to know who is the beneficial owner behind all of these secretive shell companies. We need to know who is the ultimate owner of real estate and how exactly they made their money.

[00:18:18] What is being done? How is the government responding to this problem? Are you making some progress with that push for transparency?

[00:18:27] Absolutely. In fact, as soon as we started our kleptocracy tours, the conversation moved from that point onwards, and the consultations with the business department started. We've had a second round of consultations earlier this year that already pretty much identified, basically produced a blueprint of the future legislation. It was made public on the ministry's website at the time, so I'm not disclosing anything secret here. It will be very much in the style, in the way that Companies House provides information of persons with significant control. In the same way, Companies House will provide information on the beneficial owners of all offshore companies that hold property, any other assets or do any other business on UK territory. Now, that registry will be public, available to everyone and will include ongoing purchases as well as already purchased assets. This is something that we've asked the government to deliver in the first instance, and we're very happy to see all our recommendations included in the draft legislation. However, Brexit subsequently completely paralyzed the government will to implement it. Right now, we were seeing that the government has missed the deadline to publish the document, so it will not be on the list of the approved documents, of the list of the approved bills in 2018. Under enormous pressure from not only ourselves - 19 other NGOs - the government has moved and announced and promised in a recent statement by the Home Secretary to publish the draft legislation next year. If we keep the pressure, we believe that we'll see the draft law passed in 2019.

[00:20:25] That's cause for optimism, although I can see that Brexit has rather distracted the legislators. Could you comment as well on recent EU initiatives towards more transparency around beneficial ownership?

[00:20:40] Absolutely. We welcome that, and we think that this is the way it should be done. The problem with the EU initiative is that it leaves national governments to decide in which form this will be open. Again, that leaves a lot of room for national NGOs, for local campaigners to convince the governments, as we did in England, that this register needs to be open to the public because our law enforcement, even our investigative journalists, they never know exactly who are all these foreign people. They don't know who are these Russian, Nigerian, Chinese businessmen or members of the government. However, local investigative journalists, local tax authorities, local tax inspectors, local anti-corruption activists - they know their names, and having an open register for them, it's the best facilitation of their anti-corruption fight and we need to deliver it to them.

[00:21:42] We hear over and over again from the citizens of countries that are routinely looted by their government officials that there is far less incentive to steal if there isn't somewhere that they can take and safely hide their money. The developed countries with these real estate markets need to do their part in reducing the incentive to loot. Roman, thank you so much. I urge people to watch "From Russia with Cash." It's amazing. There are parts of it which are both sad and funny just because the whole thing is so brazen, but it's a very compelling summary of the problem and the level of complicity in the problem. Thank you so much, Roman.

[00:22:28] Thank you very much, Alexandra.