

Symposium on Systems of Financial Secrecy: Summary report

February 2024

Introduction

In February 2024, Open Ownership and the London School of Economics (LSE) International Inequalities Institute (III) co-organised a Symposium on Systems of Financial Secrecy, with support from the Atlantic Fellows for Social and Economic Equity.

The symposium gathered some 50 people in London, UK, and over 100 attendees online, convening academics and practitioners working on a cross-section of issues relating to systems of financial secrecy. By systems of financial secrecy we mean the structures, actors and practices that allow activities such as tax avoidance, tax evasion and money-laundering to take place and to go undetected.

Presenters shared recent and ongoing research and discussed relevant policy developments. The symposium curated speakers from across multiple disciplines and sectors with the aim of identifying and strengthening linkages between different approaches to research and practice on financial secrecy.

The day opened with a welcome from **Professor Mike Savage**, Martin White Professor of Sociology at the LSE. The first session aimed to set the scene, providing the context and background for discussing systems of financial secrecy. It was moderated by **Louise Russell-Prywata**, Deputy Executive Director of Open Ownership. This was followed by a session on understanding the UK's global role in financial secrecy, and evaluating current and future policy solutions. The second session was moderated by **Rachel Davies**, Transparency International UK's Advocacy Director. **Thom Townsend**, Executive Director of Open Ownership moderated the third session which focused on sanctions and national security. This was followed by the final session of the day, which **Victoria Gronwald**, PhD Researcher at the LSE moderated. The topic of the fourth session was taxation, corruption, and public funds.

Please find the agenda, biographies of speakers, presentation abstracts and research links [here](#) and a selection of photos from the day [here](#). This report aims to reflect as accurately as possible speakers' presentations on the day. It does not reflect the opinions of the organisers.

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Session one

Setting the scene: Context and background for discussing systems of financial secrecy

This introductory session covered some key aspects of global systems of financial secrecy, including international progress and reforms to date.

- **Mary Ongore**, Legal Manager Sustainable Finance, International Lawyers Project

Mary opened the first session with her presentation [*Financial institutions that make rules on illicit financial flows and their impact on developing countries*](#).

Mary is carrying out research at the University of Nairobi on illicit financial flows. Her presentation was focused on some financial institutions that set standards and norms for the financial sector related to transparency and secrecy, including the Financial Action Task Force (FATF), the Bank of International Settlements, the Basel Committee on Banking Supervision (BCBS), the Financial Stability Board (FSB), the International Accounting Standards Board, and the International Organisation of Securities Commissions.

She notes that only 8 of FATF's 36 permanent member countries are from the Global South. The BCBS has 45 members from 28 jurisdictions, but only one African country is a member; likewise, the FSB has only one African country as a member. Because of its small number of members in Africa, Oceania, and the Americas, the BIS makes decisions with very little input from Africa and developing countries more broadly.

Overall, her research highlights the significant power held by decision-making bodies in which developing countries lack representation, over the international financial system. She foregrounded the economic and practical challenges that result from global standards that are agreed upon by these actors often being codified into national laws in many developing countries which have no voice in the standard-setting processes. She noted the need for more global representation within the decision-making bodies.

One question in the Q&A at the end of session 1 reflected how the limited representation from the Global South within such bodies is a clear issue which was raised in several of the session's presentations, and asked how it might be corrected. Mary responded: "Rules will hopefully evolve in the global tax architecture, but the current structures still mean that a small number of countries are involved in standard-setting at the global level. Given the economic disparity between Global North and Global South countries, truly representative global tax bodies are necessary to ensure that the rules take these differences into account. Some jurisdictions in Africa, for example, have small transfer pricing units, if at all, and need a lot of capacity building to ensure the rules are effectively applied."



When asked about FATF grey- and blacklisting during the Q&A session, Mary said: “The use of blacklists is very politically driven. More often than not, some large or powerful jurisdictions which are not compliant don’t get added to blacklists.”

Full research from Mary Ongore will be forthcoming.

- **Angus Barry**, PhD researcher at the Blavatnik School of Government, University of Oxford

Angus presented [Exploring patterns of beneficial ownership reform](#). Some of his points are also outlined in this [Open Ownership blog post](#).

Angus began by outlining the four ways in which academic research suggests that countries react to new global standards, through:

- coercion (countries adopt policies to avoid punishment, e.g. blacklisted and greylisted countries);
- mimicry (countries adopt policies for legitimacy, e.g. to signal governance maturity);
- competition (undercutting other countries); and,
- Learning (policy makers replicate successful policies from other countries).

His research has found that FATF greylisting may incentivise beneficial ownership transparency (BOT) reforms – where a country has been greylisted for 10 years, they are more likely to implement beneficial ownership (BO) reforms. He presented the results of analysis using the Global Data Barometer data on implementation of corporate ownership transparency policies, focusing in particular on low and middle income countries.

His work finds that countries that are more democratic, even those with high levels of corruption, are also more likely to implement BOT reforms. The effects of local political issues (e.g. fighting corruption, procurement reform, extractive sector transparency) also have an impact. Additionally, countries with a high level of corruption are less likely to implement BOT reforms. There are also correlations between BOT reforms and governance/legal capacity, including after controlling for GDP per capita.

This year, Angus will continue his research through producing in depth case studies of factors influencing BOT reforms in Indonesia and South Africa. Full methods and the working paper will soon be published.

- **Tyehimba Salandy**, Atlantic Fellow for Social and Economic Equity, University of the West Indies

Tyehimba presented [Invisible wealth. elites and global inequalities: Coloniality and the case for](#)

[reparations.](#)

“We have to be bold about naming structures and systems that have devalued people.” –
Tyehimba Salandy

Tyehimba introduced his presentation with a background on Trinidad and Tobago, where there are expansive corruption problems, particularly with secrecy around the transferral of public resources and goods to private interests. Despite gaining independence in 1962, Trinidad and Tobago has a “saving” clause, tying it to retain laws passed under British colonial rule, which holds back the country’s ability to change earlier laws and foundations.

Tye presents that secrecy is a central part of coloniality and the global economic system. “The invisibility of colonialism”, as Tyehimba explains, is the history shrouded in secrecy, which is not fully recognised. It is the intersection of injustices – who holds power; the international organisations that have legitimacy despite being ideological, having emerged from systems of colonialism, classism, genderism, and racism. These macro processes interact with the micro choices and processes we are all engaged in in our daily lives.

Former colonial powers are now leading producers of knowledge on democracy and economic affairs, but this excludes thinkers from the Global South. This also affects the issues that international standard-setting organisations focus on. Colonial powers have minimised effects of rule: [Operation Legacy](#) was the British act of destroying thousands of colonial records, exposed by investigative journalists such as Ian Cobain, creating “bundles of silence”.

Given all of this, Tyehimba encourages the case for reparations. In the Q&A session, a representative from King’s College London asked who should “pay the bill” for these reparations. Tyehimba explained that “Reparations doesn’t just include money.” He said: “We need to take into account artefacts. We have information about transfers made to certain organisations or even families. Britain has been [shown](#) to have drained 45 trillion US dollars from India, for example, so there are ways that we can work out what needs to be paid. We have to be bold about naming structures and systems that have devalued people.”

- **Daniel Haberly**, Senior Lecturer, School of Global Studies, University of Sussex

Daniel presented [The Regulation of Illicit Financial Flows \(RIFF\) dataset: A new world map of 30-years of financial secrecy and anti-money laundering reforms.](#)

Daniel introduced the RIFF dataset, developed with the Tax Justice Network, which covers 61 jurisdictions and 23 policy indicators over 30 years (1990–2020). By looking at illicit financial flows (IFF) regulatory reform over the last 30 years, he highlighted that great improvements can be seen since the 1990s. By 2010–2015, pressure on offshore jurisdictions meant that they began to catch up and AML regulations improved, but they are still lagging behind on transparency today. He pointed out that this dataset focuses only on the existence of laws and

regulations, not the effectiveness of their implementation.

Most countries that have statutory banking secrecy have signed up to the Organisation for Economic Co-operation and Development (OECD)'s Common Reporting Standard (CRS), but journalists and civil society remain excluded from accessing the information, and banking secrecy laws are used to criminalise journalists. As for BO registers, offshore jurisdictions are more likely than onshore ones to have implemented a register, but are less likely to make it public or to extend them to trusts and other non-corporate vehicles. Although the IFF regulatory framework is state-centric, accountability is led by non-state actors: he argues therefore that there is a need to enable broad, public access to support accountability.

Daniel noted that offshore jurisdictions were not the worst offenders: bad anti-money laundering and countering the financing of terrorism (AML/CFT), as well as secrecy, were the worst in China and the US. Daniel said that “The most powerful economies need to lead by example”.

“The scope of the international IFF regulatory framework needs to be redefined to acknowledge and enable the broad public foundations of government accountability,” Daniel said.

Session two

Systems of financial secrecy in the UK: Understanding the UK's global role and evaluating current and future policy solutions

This session took a deep dive into the operation of systems of financial secrecy within the UK, focussing particularly on the recent reform to bring about transparency to ownership of UK property held through offshore entities, the impact domestically and internationally of financial secrecy in the UK, and gaps and policy solutions.

- **Dame Margaret Hodge**, Member of Parliament for the United Kingdom

Dame Margaret Hodge, MP opened session two. She began by acknowledging the stain on the UK's reputation that comes from being associated with financial secrecy around the world. Half of the leaks in the Panama Papers were in the British Virgin Islands, and the Paradise Papers showed a range of international actors and politically exposed people including King Charles and the former Queen.

“The more and more you're known for dirty money, the less clean money you'll get.” – Dame Margaret Hodge, MP

She argues that this presents a great security risk for the UK, most clearly seen in ownership of property. The Register of Overseas Entities (ROE) of UK property [introduced in 2022] has been far less effective than hoped, as people hide behind trusts. In 7/10 cases, essential information about the beneficial owner of the overseas entity is unknown. This is a major loophole. It has become impossibly difficult to properly implement the register, although the law passed without political contention, and with great cross-party support.

Public registers for Overseas Territories are sorely needed. Labour must consider options to legislate for the Crown Dependencies, Dame Margaret said, and funding and enforcement are needed to build and use such registers. She shared that she has seen strong legal opinion that it would be possible for the UK to legislate for the implementation of Public Registers of Beneficial Ownership to cover the Crown Dependencies and not just the Overseas Territories. “We need to be bold,” she said, advising the advocates in the room: “Don't think a compromise will get you anywhere”.

- **César Poux**, Research Assistant, LSE III

César gave his keynote speech on [Hidden ownership of real estate in the UK: the route to transparency](#), sharing research from his co-authored [working paper](#).

The research sought to explore offshore corporate ownership of UK real estate, and used data

from the ROE. César explained that people set up offshore entities to own UK property for several reasons, including limiting corporate or individual tax liability (despite many loopholes being closed in the last 10 years); seeking to obscure their ownership for privacy reasons, and that the secret ownership of property through offshore entities represents high risk of financial crime, money-laundering, and sanctions evasion; and, finally, tax evasion. Of the 152,000 properties owned by foreign companies in 2023, 92% were incorporated in a tax haven.

Despite accounting for a relatively small number of transactions, properties worth over GBP 30 million account for almost half of the total value of the properties owned by foreign companies where records can be linked to a transaction price in the Land Registry's Overseas Companies Ownership Data (OCOD) database, and many of these are in London. Of the registered beneficial owners in the ROE, 48% are foreign residents or foreign nationals. The researchers also found that the gaps in the data in the ROE are mainly caused by the use of trust structures.

The research finds that for 71% of properties owned by offshore entities, essential information on the owners is still inaccessible to the public. The largest loophole for transparency requirements is the ubiquitous use of trust structures.

César suggests implementing the "parity principle" would help strengthen the ROE as a measure to reduce financial secrecy. He believes that the holding structures should not affect the nature or level of an entity's transparency, and that distinctions should only be based on asset type (e.g. UK land, UK company, foreign company supplying UK government, etc.) and taking into account characteristics of the owner (e.g. protecting vulnerable individuals).

- **Dr Kristin Surak**, Associate Professor of Political Sociology, LSE and **Johnathan Inkley**, Research Assistant, LSE

Kristin and Johnathan presented [*Why hide? The dynamics of secrecy and tax in UK property holdings*](#), sharing their research on the UK's ROE.

Johnathan explained that the UK, and especially London, has become a hub for international finance. Individuals use holding companies for properties in the UK for two main reasons: tax and secrecy, and these factors drive the way UK property is held offshore. Studying datasets on who *owns* property versus who *benefits* from property, they used data from the Centre for Public Data Freedom of Information, the OCOD dataset from HM Land Registry, the ROE, and the International Consortium of Investigative Journalists (ICIJ) Offshore Leaks database.

Kristin and Johnathan found that only a third of entries have identifiable, individual beneficial owners in the ROE data. However, there is evidence that the information on the identified owners cannot be totally trusted – a degree of "strawman" use seems to be occurring.

Individuals from 143 countries have been reported as owners in the ROE data, with 35% of all

reported owners listed as British. The British Virgin Islands is a jurisdiction of choice for individuals from most foreign countries using a holding company to own UK property, though people from Kuwait and the USA tend to use Jersey, and people from Botswana and South Africa tend to use Seychelles.

In the Q&A, Kristin addressed questions about policy solutions and secrecy adaptation. She highlighted the limitations to national policy solutions, saying that there is not much that individual governments can do about avoiding displacing secrecy to other jurisdictions if only local policy solutions are used, and highlighted the issue of subnational carve-outs such as freeports which can undermine national transparency policies.

- **Jeanne Bomare**, PhD researcher, Paris School of Economics and Research Fellow, EU Tax Observatory

Jeanne presented [*Avoiding transparency through offshore real estate: Evidence from the United Kingdom*](#), outlining research from her co-authored [working paper](#).

It is estimated that about 8% of global household financial wealth is held in tax havens. In 2013–2014, the OECD’s CRS was a major step to tackle these issues. The CRS is an automatic exchange of information with third-party reporting of foreign financial assets (it currently does not include real estate). Based on previous research on the implementation of the CRS, there has been a reduction in cross-border bank deposits held in tax havens.

Jeanne’s research has found that with the onset of the CRS, an increase was seen in real estate investments, with an additional USD 45 billion entering the UK real estate market over 2013–2016. A back-of-the-envelope calculation suggests that 9% of financial assets that flowed out of tax havens following the CRS were ultimately invested in the UK real estate market. As such, Jeanne argues that asset ownership registers, as well as automatic exchange of information agreements covering real estate assets, are needed.

- **Matthew Collin**, Senior Economist, EU Tax Observatory

Matthew presented [*The end of Londongrad? The impact of beneficial ownership transparency on offshore investment in UK property*](#), sharing research from his recent co-authored [report](#).

The Panama Papers show GBP 4 billion in secret UK property transactions. Matthew and his colleagues’ research is interested in whether the UK’s Economic Crime and Corporate Transparency Act can lead to a significant decline in offshore investment in UK property; if it is possible to separate the effects from Russia’s 2022 invasion of Ukraine; and where there might be substantial effects on local property markets, using data from OCOD, the Land Registry, and the ICIJ’s Offshore Leaks database.

Matthew's research found that new requirements in the Economic Crime Act for offshore companies to file their beneficial owners led the offshore market to stall, though GBP "44-76 billion worth of UK real estate is still owned by companies based in tax havens".

- **Robert Barrington**, Professor of Anti-Corruption Practice, Centre for the Study of Corruption, University of Sussex

As a discussant, Robert noted that there are significant headwinds, including the changing political context caused by a year of elections in the UK and many other countries, including the US. He raised concerns about how well-equipped the UK government is to deal with issues relating to grand corruption and kleptocracy, and how effective a future Labour government could be on issues of corruption – as well as the need for a more robust evidence base linking corruption to national security.

He spoke about the relative merits of greater law enforcement vs norm-changing, the need to move the focus beyond just property, the expertise of civil society in tackling the complexities of trusts, and the role of professional enablers in facilitating the UK's role in global corruption. Regarding professional enablers, he highlighted the weak regulation of key sectors such as law. He drew on new research he is conducting with Georgia Garrod (Sussex) which suggests that the legal profession within England and Wales is largely still in denial about its contribution to enabling kleptocracy and grand corruption.

Robert said that the UK's anti-corruption apparatus is currently not fit for purpose, explaining that there is no anti-corruption agency in the country, but challenges such as Covid and the Teesside Freeport had highlighted how corruption can operate within the UK. Robert concluded that the UK is ill-equipped to deal with grand corruption and money-laundering, and that researchers and campaigners need to be better at taking this into account when they are seeking policy change.

Session three

Sanctions and national security

This session focussed on the systems of secrecy and their impact on national security threats. It explored both academic and practitioner understanding of threats such as sanctions evasion, and the policy solutions that have been identified as key to resolving these issues.

- **Jodi Vittori**, Professor of the Practice, Walsh School of Foreign Service, Georgetown University

This session opened with Jodi delivering her keynote speech on [*Kleptocratic adaptation to sanctions: The role of bridging jurisdictions*](#) with research from her co-authored [report](#).

The presentation introduced the concept of bridging jurisdictions; those which have strong links to international and financial trade systems and act as conduits for ill-gotten wealth to be moved from one country to a destination in another country. In the context of kleptocracy and transnational corruption, these jurisdictions are used by kleptocrats to move wealth from their home jurisdiction into a third country. These jurisdictions may also be authoritarian or kleptocratic themselves, however may not have been subject to sanctions or economic marginalisation due to perceived strategic significance. Potential current or future bridging jurisdictions include Bahrain, Malta, Panama, Saudi Arabia, Turkey, and the UAE.

Jodi further noted that one bridging jurisdiction—the UAE—has historically acted as a secondary offshore financial and economic capital to Afghanistan and Iran. Other bridging jurisdictions and/or sanctioned regimes may also seek to use offshore locations in a similar manner. This use of bridging jurisdictions as an offshore financial or economic capital will challenge the effectiveness of international sanctions regimes in that some of sanctioned regimes' key business and financial activities are not embedded in the sanctioned country but instead are located in compliant offshore jurisdictions

The webinar for the launch of the report's is available on [YouTube](#).

- **Dr Helen Taylor**, Senior Legal Researcher, Spotlight on Corruption

Helen presented [*Tackling sanctions evasion in the UK: Recent policy developments and emerging enforcement challenges*](#). She explored the ways in which sanctions are being enforced, and what threats there are in terms of sanctions evasion.

Following Russia's invasion of Ukraine in 2022, the UK acted swiftly to ramp up sanctions on Russia, with more than 1600 individuals and 200 entities designated as subject to sanctions and new legislative powers granted. There has also been a 200% increase in the UK Office of

Financial Sanctions Implementation staff, and the UK's Economic Crime Plan (2023–26) commits to “combatting kleptocracy and driving down sanctions evasion”, including implementing a cross-government strategy on professional enablers.

Yet, the effectiveness of these early sanctions efforts appears to be limited, with zero fines for post-February 2022 sanctions breaches to date, and only one case of “naming and shaming”. She also shared examples of sanctions investigations and cases that have been dropped or encountered difficulties. She highlighted that there are still limits on private-to-private information sharing as well as barriers to proactive information and intelligence-sharing with public actors. Third-party jurisdictions are also a vulnerability, with UK firms’ offshoring high-risk work, and a potential chasm in enforcement opening up between the US and the UK/EU on targeting firms operating in these bridging jurisdictions.

Going forward, Helen outlined priorities that there should be clearer enforcement strategies and guidance; better coordination among domestic actors on enforcement; and greater transparency as well as stronger parliamentary scrutiny.

- **Joshua Tjeransen**, PhD Researcher, Dickson Poon School of Law, King’s College London

Joshua presented [*Central bank digital currencies \(CBDCs\) and national security: Policy considerations*](#).

Joshua’s presentation asked whether, how, and why foreign CBDCs might pose a national security risk to the UK, outlining key findings. Joshua began by outlining the risks associated with China’s CBDC, the e-CNY). To start, Joshua explained that the e-CNY could undermine the SWIFT system or force nations to pay debts in e-CNY rather than USD currency if internationalised. Moreover, Joshua discussed how, if internationalised, CBDCs such as the e-CNY could be an attractive alternative for countries who rely on non-sovereign currencies.

Additionally, Joshua highlighted how international trade data, when integrated with an operable and internationalised e-CNY could provide China with a worryingly granular view of global trade data. This possibility was said to raise concerns regarding how China may use such data, with nefarious undertones being the primary concern. Lastly, Joshua spoke about foreign CBDCs and how they may affect global norms around financial freedom, the impact they may pose on the UK as a financial centre, and, if left to develop, efforts to limit risks to national security could be costly, difficult, and time-consuming.

Joshua shared some policy recommendations; see the [presentation](#) for details.

- **Simon Lock**, Reporter, the Bureau of Investigative Journalism (TBIJ), and **Tom**

Stocks, Senior Investigator, the Organized Crime and Corruption Reporting Project (OCCRP)

Simon and Tom presented *How Russian oligarchs and officials hide assets and skirt sanctions*. Their presentation focused on a [Cyprus Confidential](#) investigation using leaked data from MeritServus.

They outlined how, in one case, Russian oligarch Roman Abramovich held over USD 2 billion in assets or cash, and his ownership is often obscured through complex corporate structures. For instance, they discussed practices used by oligarchs to hide ownership which the work of investigative journalists had uncovered. For example, an oligarch declaring 49% interest in entities and trusts, with the other 51% being held by his wife, children, or other family members to avoid them being the majority owner. They also shared other examples of alleged wrongdoing related to the world of football finance, as well as alleged possible sanctions evasion linked to oligarchs Konstantin Malofeev and Alexey Mordashov.

More information on the case is available from [TBIJ](#) and [OCCRP](#).

- **Steph Muchai**, Programme Director, Governance and Accountability, International Lawyers Project

Steph presented [An empirical study of the impact of Magnitsky sanctions on the earliest corruption designees](#), which discussed findings from a recent [report](#) she contributed to as well as related [case studies](#).

In order to understand how sanctions can best be used, Steph argues we need to understand the impact of sanctions on the individuals who are subject to sanctions, rather than broadly evaluating the ‘effectiveness’ of sanctions. Her report outlined desk-based research and research interviews with 27 participants such as journalists who have followed sanctioned persons.

She discussed four categories of impact of sanctions that were discovered: direct impacts resulting from travel bans or asset freezes; impacts resulting from private sector actions such as banks and businesses ceasing to do business with the individual; personal impacts such as loss of job or political influence; and behaviour change by the sanctioned persons and members of their network,

Based on this research, she recommends that governments should:

- not assess the effectiveness of sanctions purely in terms of measurements like the amount of assets frozen;
- seek to identify corporate networks associated with targeted individuals;
- prioritise individuals who rely on international financial systems so are more likely to

be affected by the designation;

- develop a clear understanding of the added value that the designation would have, depending on the circumstance.

Find out more about the research [here](#).

Session four

Taxation, corruption, and public funds

In this session, international experts presented on how financial secrecy enables the misappropriation of public funds through tax evasion, money-laundering, and corruption, and outlining the ways in which international standard setters are attempting to tackle these issues. This session's presenters spoke on the interlinks between corruption and tax crimes; beneficial ownership and public procurement and contracting; and trusts and tax evasion/avoidance.

- **Diane Ring**, Professor of Law and Dr. Thomas F. Carney Distinguished Scholar, Boston College Law School

Diane opened this session with her keynote presentation [*Beyond bribery: The interconnections between corruption and tax crime*](#), presenting joint research with Costantino Grasso.

In her research, Diane was struck by the degree to which corruption and tax crime are often connected and intertwined, yet for regulatory purposes they are often considered separately. She believes that corruption and tax crimes are both too narrowly defined to capture their full breadth and, as such, they are underestimated.

Both corruption and tax abuse are forms of economic crime and involve those with power: they both regularly involve businesses, government officials, and professionals (e.g. bankers, lawyers). Diane encourages broader definitions of both, to more effectively capture and respond to deeply problematic conduct.

As examples of the range of conduct, Diane shared several cases.

- The first, a bribery case related to Walmart's Mexican subsidiary, included abuse of the entity's accounting and tax reporting to hide underlying corrupt conduct.
- The second was the famous SwissLeaks case in which a bank employee obtained data revealing that the bank was helping conceal client account information from tax authorities. The underlying data on taxpayers was eventually shared with the relevant taxing jurisdictions, including Greece. Once in the hands of the Greece finance minister, the list disappeared, and then reappeared minus the names of three of the Finance Minister's relatives.
- The third case revealed the shifting US government position on Apple's ongoing tax issues with its Irish subsidiary. In 2012, Apple was brought before the US Senate's permanent subcommittee on investigations regarding the shifting of profits away from Apple US to Apple Ireland, but four years later, in 2016, US government leaders defended Apple and its same tax conduct against EU state aid inquiries.

To conclude, Diane said that "how you frame behaviour really matters", and sees this as a

reason to push for a broader framing of both corrupt conduct and tax abuse. She said that it is harmful to fail to acknowledge the power dynamics in these cases.

Research available [here](#) and [case studies here](#).

- **Costantino Grasso**, Associate Professor in Business and Law, Manchester Law School

Costantino presented [Exploring potential conflict of interest in anti-tax abuse policymaking](#). To stimulate reflection on the effectiveness of anti-tax abuse, Costantino presented two complex cases: the implementation of Italy's Legislative Decree 231 (2001), and the UK's Bribery Act.

In Italy, the legal gap meant that criminal liability was personal in law, and personal was interpreted as "natural persons" not "legal persons". The Legislative Decree 231 introduced a means to hold corporations liable for specific predicate offences, though tax evasion was excluded from the otherwise extensive list. Only in 2020, after the European Union compelled all member states to extend the liability regime to corporations for tax crimes, such offences were eventually included in the list, but limited to those relating to the financial interests of the Union. Costantino emphasised how this reflects the hesitance within Italy's legal system to prosecute corporations for tax crimes. Like Italy, Chile and Georgia also exclude tax crimes from similar legislation.

In the UK, prior to the Bribery Act, corporate liability only arose when offence was committed by a natural person "directing mind or will of the organisation", meaning that unless a top official was involved, it was not possible to prosecute a corporate entity for bribery. The Bribery Act was shown to be effective in enabling prosecution of corporate entities for bribery, through a 'failure to prevent' offence. Similar failure to prevent legislation was introduced for tax evasion in 2017, however the use of (legal) loopholes and aggressive tax avoidance means that things have remained largely unchanged.

Though countries may aim to enforce strict measures against corporate tax abuse, Costantino said that some are "too big to jail", highlighting the power dynamics at play.

- **Dr. Mihály Fazekas**, Associate Professor, Central European University and **Irene Tello Arista**, PhD Researcher, Central European University

Irene and Mihály presented [Using beneficial ownership data for large-scale risk assessment in public procurement](#).

While running an NGO in Mexico for five years, Irene uncovered many cases of corruption with companies that had no listed beneficial owners. She decided to do her PhD to understand the policies in place to prevent procurement corruption in Europe, with the view to also

improve things in Mexico.

Mihály and Irene are now conducting research in Denmark, Latvia, Slovakia, Ukraine, and the UK, with the aim to test common indicators used to measure money-laundering risks and generate hypotheses about the impact of BO registers on financial crime. Their research suggests that higher risk indicators lead to higher instances of a company's involvement in wrongdoing in public procurement. Their underlying hypothesis is that BO registers on their own carry little information on corruption risk, but mistakes in the data, as well as the presence of certain risk indicators such as the company being very new, or a BO being a citizen of an offshore jurisdiction, indicate increased risk of corruption.

They also discussed the challenges faced when working with BO and procurement data, with missing identifiers making it difficult to link data, and BO information missing in many cases. "To our surprise, BO and procurement datasets, despite being very noisy, are high enough quality for systemic, large-scale risk-flagging." – Dr. Mihály Fazekas

Their research has generated other interesting hypotheses, including: BO registers make offshore linked firms cleaner; BO registers induce a move from offshore to strawman evasion techniques and other ways to conceal beneficial ownership; BO registers have no impact in countries with low anti-corruption enforcement capacity, as knowing the illegitimate owners does not lead to sanctioning.

- **Andrej Leontiev**, Managing Partner, Taylor Wessing

Andrej presented [*The Slovak experience: a special BO register as the main know-your-customer tool for public contracting.*](#)

Andrej discussed the case of BOT reform in Slovakia, focusing on its Register of Public Sector Partners, the law for which he co-authored. As a post-socialist society, Slovakia has had problems with conflicts of interest, especially between businesses and politicians. In 2016, Slovakia created the unprecedented Anti-Shell Companies Law with the objective of eliminating shell companies from public contracts and stopping them from doing business with public funds and public assets.

Since then, Slovakia has also excelled in hitting FATF Recommendation 24 revisions with this tool. The three pillars of its register are: broad scope of relations covered by the law, including all types of public contracts, transferal of assets, etc.; verification of BO data by gatekeepers, with a requirement for registration of foreign and domestic companies doing business with a public hand; and a shifted burden of proof where there is suspicion that BO information is not accurate.

Since the register went live seven years ago, 90% of the most economically significant Slovak companies are covered by the register and its very solid verification, and the [Legal Certainty](#)

[Index](#) called it the “third most positive legal measure in 2018”.

- **Andres Knobel**, Lead Researcher on Beneficial Ownership, Tax Justice Network

Andres presented [The abuse of trusts for tax evasion and avoidance](#). Andres explained that trusts have two basic strategies: secrecy, and asset protection (e.g. from creditors), and he explained that because trusts are so sophisticated, they need at least as much transparency as companies.

There is no data on how many trusts exist, who benefits or controls them, nor the value of assets they hold. Because there is no requirement to register trusts, it is easier for people to back-date or falsify trust documents. Andres also explained that modern trusts can have very complex structures with many more parties than classical trusts, making it harder to identify all relevant beneficial owners. Modern trusts’ parties could include: legal and economic settlors, protectors, corporate trustees (controlled by whoever holds shares in them), discretionary and indirect beneficiaries, purposes, etc. .

Because many countries do not have laws to create domestic trusts or do not cover trusts under their BO registration laws, they are not able to properly deal with trusts involved in company ownership chains. Andres highlighted the shortcomings of merely applying rules to determine the BO of companies to trusts, as using thresholds for company ownership and applying these to trusts can result in ownership being obscured. He also described the asset protection features of trusts (especially the discretionary trust), enabling the “ownerless limbo” where trust assets do not belong to anyone’s personal wealth (the settlor claims the assets were transferred into the trust, the beneficiary claims they haven’t received any distribution yet, and the trustee claims to be a mere legal owner of the assets). This asset protection feature can be used to facilitate tax avoidance and defraud creditors.

Andres ended with policy recommendations, including: requiring registration of trusts and their beneficial owners as a precondition for legal validity or distribution of assets held in a trust; not applying BO thresholds where a party to the trust is an entity; prohibiting discretionary trusts, or treating such trusts as wills; and considering the settlor as the remaining owner of the trust assets until distribution to beneficiaries, in order to prevent the “ownerless limbo”.

“I’ve been researching trusts for seven years and the more I learn about them, the more outraged I become about what is allowed to happen.” – Andres Knobel

- **Michael Vaughan**, Research Fellow, LSE III

Michael then closed the session with thoughts as a discussant. Focusing on the common themes across the session, he noted that:

- Panel presentations centred the role of the state and government in the nexus of state–corporate power relations.
- There is a difference between legal concepts and political/economic realities: the de facto operation of legal regimes does not reflect their legal design.
- These differences foreground the importance of norms and ideas – how different norms prevail among political elites, professional services.

Michael also noted certain tensions in the various papers discussed during the day, raising the following questions:

- If we take seriously the call from Diane Ring to expand the definition of corruption and tax crimes, do we need a common definition?
- When we centre the “systems” that underpin secrecy, do we mean the political and economic systems or the policy systems? This varied between the papers.
- As we get a large dataset, for example on BO data, do we run the risk of focussing too much on data analysis, and by doing so insulating powerful actors from scrutiny?
- Finally, he prompted us to think further about the utility in cross–national comparison, and how it contributes to tackling transnational secrecy.

The discussion highlighted the political nature of labels such as “offshore jurisdiction”, and that there is much technical work to be done in order to effectively tackle financial secrecy.

Conclusion by Louise Russell–Prywata and Victoria Gronwald

This symposium highlighted how financial secrecy can have negative impacts on public funds, a fair tax system, sanctions enforcement and fair public procurement, as well as fostering financial crime. Several presenters highlighted that while there are solutions developed often in international fora and implemented nationally, these solutions have important weaknesses – such as loopholes or weak enforcement. One such loophole that received particular attention in the symposium was the legal arrangement of the trust.

There is a case made to reflect on whether we currently define tax crimes and corruption too narrowly and therefore let certain practices go unnoticed or unregulated. Regulation against financial secrecy, and the use of sanctions and measures such as greylisting, is also not equally implemented and enforced across jurisdictions. Related to this we need to pay attention to the continuing inequality of representation in international standard–setting, with in particular developing countries being underrepresented in many important fora.

The logical solution to secrecy is transparency, and this logic is increasingly well supported by the evidence, including the research presented in this symposium. Transparency however can only be part of a solution to systems of financial secrecy and cannot be taken for granted. This for two reasons:

1. Transparency is never complete. There are always decisions involved in what is being made transparent, and what isn't. Sometimes the gaps are intentional and justified exemptions while sometimes they are unintended loopholes. We constantly need to review what falls under transparency requirements and what doesn't, and whether the scope is fit for purpose.
2. Transparency needs to be accompanied by accountability. Just because information is out there does not mean that it is communicated, understood or utilised. Transparency measures in law need to be accompanied by effective implementation of these in practice, and use of the information to prevent and detect wrongdoing. All of this requires adequate human capacity and financial resources.

The variety and quantity of excellent submissions we received for this event, and the diverse programme of academics, policy makers, advocates and journalists, proved to be fertile ground for exchanging ideas and forging new connections. We hope that we, along with participants, will leverage these going forward to continue to deepen the links between academics and practitioners working on financial secrecy issues.

Finally, we wish to thank all the speakers, and everyone who helped organise and participate in the event. In particular, our gratitude to Prof Armine Ishkanian, Executive Director of the Atlantic Fellows for Social and Economic Equity programme for her support of this event both in concept and in co-funding, Prof Mike Savage for his encouragement and support for this collaboration between the III, AFSEE and Open Ownership, and Miranda Saul of LSE III, Isabelle Kermeen and Kathryn Davies of Open Ownership for their organisational work.