Submission to the consultation on the review of the Anti Money Laundering Directive

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Submitted by Eurodad
Supported by Latindadd and Jubilee USA

Eurodad is a network of 50 NGOs working on developing finance across 20 European countries. We submit this opinion together with Latindadd representing 17 NGOs in 10 Latin American countries, and Jubilee USA -a network of 75 NGOs and religious, labour, and community groups. All signing organisations campaign on poverty reduction, debt and tax justice.

The signing organisations welcome the review of the Anti-Money Laundering Directive (AMLD) and would like to thank you for this opportunity to input into the review of an EU Directive that is central for living up to commitments on policy coherence for development as set out in the Lisbon Treaty. The Directive can have wide-ranging effects on economic and social development and democracy in developing countries.

The revision of the AMLD represents an opportunity to put in place measures that will significantly reduce the possibilities of evading taxes and transferring illicit capital across borders, thereby benefiting the citizens of developing countries as well as EU citizens. Not only should the EU incorporate the FATF recommendations into the EU AMLD but also further strengthen some aspects to close loopholes in these standards and perhaps most importantly ensure that the standards are complied with.

This submission

- Addresses negative consequences of money laundering for society with a specific focus on tax dodging and its consequences for development. These consequences illustrate the potential positive impacts of a strong well enforced directive;
- Outlines two main challenges in the current AML regulations concerning tax evasion and policy coherence for development, namely lack of transparency and the gap in compliance;
- Presents specific solutions that can be achieved through this review.

We would also like to endorse the views and recommendations expressed in Global Witness's submission to this consultation.

1) Background: The negative impacts of financial secrecy and tax evasion on societies

Illicit capital flight has been estimated to cost developing countries between US$ 775 billion and US$ 903 billion in 2009. In 2008 the figure was estimated to be even higher; US$ 1.26 trillion. These flows comprise proceeds of corruption, crime, tax evasion and avoidance. Whilst tax avoidance is legal and therefore not a form of money laundering, greater corporate transparency including anti-money laundering (AML) measures to increase transparency around beneficial ownership would have the additional benefit of helping tax authorities better understand aggressive tax avoidance schemes, amend tax laws and uphold the original intention of those laws. Greater transparency would also allow civil society and citizens to participate in a well-informed debate about appropriate tax laws. One telling example of the impact of tax avoidance is ActionAid's case study of the UK brewing company SAB Miller, which found that if the tax loopholes the brewer used could be closed,

the additional tax revenues in Africa from SAB Miller alone would likely allow another 250 000 children to go to school. In this instance there was sufficient transparency to identify the ownership structure and identify the avoidance schemes used. This information allowed an informed public debate about tax policy which in many cases would not be possible because of opaque ownership structures.[1]

The above estimates do however not capture losses resulting from the mispricing of cross-border services, the mispricing of merchandise trade via false invoicing or smuggling[2], and rather than suggesting a downward trend however, the 2008-09 decline has been attributed to a drop in trade volumes due to the financial crisis.

The long term trend has been towards rising levels of illicit financial flows, affecting countries and citizens across the globe. The amount of illicit financial flows leaving developing countries every year is estimated to be at least nine times greater than the amount of money the same countries receive in development aid. These outflows are around 20 times larger than the extra US$40-60bn the World Bank estimates poor countries will need annually to meet all the United Nations Millennium Development Goals (MDGs), which aim to halve poverty by 2015.[3] Another more conservative estimate by Christian Aid based on a method which captured less forms of tax evasion by multinational companies estimated it to cost developing countries around US$160 Billion annually, enough to save 1000 children a day if it was supplemented to developing countries' budgets without any change in spending priority.[4] It is estimated that Papua New Guinea loses more than three times as much as total health spending every year to tax evasion. European citizens also pay a high price for loopholes in EU and global regulation allowing illicit capital flowing out of their countries. Combined EU member states lose more than their aggregate health budgets annually.[5]

Corruption is often at the centre of political discussion and rightly a high priority amongst harmful practises to clamp down on. However **tax evasion by multinational companies accounted for more than half of illicit flows over the period 2000-2009.**[6]

Raising more revenue domestically has become a reoccurring theme in development cooperation debates and a stated aim of EU decision makers. The acknowledgement of the importance of domestic resource mobilisation has entailed belated recognition of the positive role of taxation for raising revenues to fund sustainable and equitable development. There has also been a welcome acknowledgement that taxation encourages citizens to hold the state to account leading to better governance. If elites (who often use shell companies and other legal structures to evade tax and/or are helped to launder their undeclared income by European Banks) do not have to pay tax they will be less concerned about the quality of governance, equally if the highest earners don't pay tax the whole population will be less likely to be tax compliant.

Although rising on the political agenda at the EU and globally, the wide-ranging acknowledgement of the economic and human costs of tax evasion and the need to address this has not yet been properly reflected in legislation. The review of the third AMLD represents a key opportunity to

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[1] ActionAid UK *Addicted to tax havens: The secret life of the FTSE 100* http://www.actionaid.org/publications/addicted-tax-havens-secret-life-ftse-100

[2] Global Financial Integrity (2011) *Illicit Financial Flows from Developing Countries: 2000-2009,* http://iff-update.gfintegrity.org/

[3] The Costs of Attaining the Millennium Development Goals, World Bank, www.worldbank.org/html/extdr/mdgassessment.pdf

[4] Christian Aid (2008) Death and taxes: the true toll of tax dodging http://www.christianaid.org.uk/images/deathandtaxes.pdf

[5] http://www.tackletaxhavens.com/Cost_of_Tax_Abuse_TJN_Research_23rd_Nov_2011.pdf.

[6] Dev Kar and Sarah Freitas (2011) Illicit Financial Flows from Developing Countries Over the Decade Ending 2009

change this. Developing countries and their citizens are not the only victims of tax crimes and dangerous secrecy practises. **The EU itself loses about €860 billion a year to tax evasion and tax avoidance costs €150 billion annually. An effectively enforced standard which automatically makes all tax crimes a money laundering predicate offence combined with effective beneficial ownership disclosure would reduce this tax gap.** The recommendations put forward in this and Global Witness' submission could form an important part of a programme of measures to tackle opacity, tax evasion and legal loopholes**,** which could raise enough money to pay off EU member state deficits within 8-9 years without cutting spending.[7]

2) Opaque transactions allow illegality and create systematic risks

Inadequate transparency rules, in this context relating to disclosure of beneficial ownership, and insufficient enforcement of existing standards have devastating consequences by undermining financial stability worldwide. There is widespread recognition that the shadow economy and a lack of financial transparency was a central element in causing the ongoing global financial crisis and in fuelling previous financial crises. It is telling that 1 Euro in every 4 Euros changing hands in Greece or Italy is in the shadow economy.[8] Sovereign debt is destroying confidence as is banking debt abetted by using financial secrecy and legal vehicles to hide losses rather than profits.

Offshore financial centres play a crucial and undisputed role in allowing transactions and structures that contribute to destabilising the global economy. Liquidity is increasingly concentrated in offshore accounts. In his book "Treasure Islands: Tax Havens and the Men that Stole the World", Nicholas Shaxon shows that "*More than half of world trade passes, at least on paper, through tax havens. Over half of all banking assets and a third of foreign direct investment by multinational corporations are routed offshore...."* This is supported by the IMF who estimated that in 2010 the balance sheets of small island financial centres alone added up to US$18 trillion - a sum equivalent to about a third of the world's GDP.[9] Much of this money is channelled into non-productive speculative activity which creates instability and asset bubbles.[10] Equally in 2005, the Tax Justice Network estimated that wealthy individuals hold around $11.5 trillion worth of wealth offshore. That is about a quarter of all global wealth"[11]

As recognised in the report of 11 April low levels of transparency allow companies, whether fronts or those primarily engaged in legitimate enterprise to set up **overly complex structures, particularly relevant for offshore secrecy jurisdictions.** A study by ActionAid reveals that in the UK alone, the four biggest banks have a total of 3,067 subsidiaries, out of which more than half are listed in offshore financial jurisdictions. All but two of the UK's FTSE 100 had operations in tax havens including retailers Sainsbury's and Morrisions who do not have a single shop outside the UK.[12] While there may be various reasons for why entities want to open subsidiaries in secrecy jurisdictions, there is no doubt that increased transparency regarding their transactions and beneficiaries is needed in order to identify illegal transactions. Without knowing who the real beneficiaries and controllers of legal entities are, obliged entities cannot get an overview good enough to fulfil their obligations of carrying out risk based due diligence assessments.

[7] Richard Murphy for the European Socialists and Democrats in the European Parliament 'Closing the European Tax Gap / Relaunching the Economy and Creating Jobs'

[8] http://www.tackletaxhavens.com/Cost_of_Tax_Abuse_TJN_Research_23rd_Nov_2011.pdf.

[9] Nicholas Shaxon (2011) *Treasure Islands: Tax Havens and the Men Who Stole the World* .p8

[10] [10] Richard Murphy for the European Socialists and Democrats in the European Parliament 'Closing the European Tax Gap / Relaunching the Economy and Creating Jobs'

[11] Nicholas Shaxon (2011) *Treasure Islands: Tax Havens and the Men Who Stole the World*, p.26

[12] ActionAid UK *Addicted to tax havens: The secret life of the FTSE 100* http://www.actionaid.org/publications/addicted-tax-havens-secret-life-ftse-100

Setting up overly complex company structures is another way of circumventing regulations and hiding illegal business, also contributing to financial instability. Many banks used complex and indeed illegal structures to hide losses before the financial crisis. One example is Northern Rock, who used an investment vehicle registered in Guernsey to hide its losses (which would later be bailed out by taxpayers) but registered the beneficial owner as a Downs Syndrome charity, without the knowledge of the charity's staff. This clearly raises questions as to whether the appropriate checks had been properly carried out. The example also supports the argument for public registries so people and institutions can know if their identity is being abused.[13] By strengthening transparency rules regarding beneficial ownership of companies, trusts, foundations the EU can take a step towards preventing such highly profitable illegal, unscrupulous, non-productive and/or destabilising activities being carried out at the expense of the majority of citizens and the broader economy.

Opaque legal structures and vehicles are also key tools for facilitating criminal activities such as terrorist financing. It is well-known that European and EU based financial institutions have handled the assets of some of the recently deposed dictators of North Africa. Unwittingly Luxembourg based financial institutions managed former North Korean dictator Kim Jong Il's assets, some of which were believed to have been amassed selling nuclear technology, increasing the risk of it falling into terrorist hands. When this was discovered the government in Luxembourg said there was no indication that the assets were associated with the North Korean regime. This is because the North Koreans used complex structures spanning several secrecy jurisdictions know as 'laddering' to disguise the ultimate beneficial owner, however this defence merely underscores the fact that covered institutions should not accept business in such circumstances and in fact should not be allowed to.[14]

The EU is in a position to take a significant step towards increased financial transparency by requiring obliged entities to make sure they know who they are doing business with. Standards must make sure such information is readily available in public registries of the beneficial ownership of all companies, trusts and foundations.

If the covered institution cannot identify the beneficial owner, their business should be refused. FATF has proposed risk based due diligence which, if fully operationalised, will be an advance which would remove unnecessary regulatory burden and focus attention where there can be results. Under article 8 financial institutions are required to identify the beneficial owner of their customer *unless this proves too difficult*. This creates a self-defeating loophole which must be closed seeing as identification of the beneficial owner(s) and control structure are a necessary condition for carrying out an adequate risk based assessment.

Legal persons, trusts and similar legal arrangements should all be subject to risk based assessments, so no legal vehicles can be created simply to circumvent the requirement. The current directive defines a beneficial owner of a company as the natural person(s) who owns 25% or more of a company, directly or indirectly. The 25 % threshold is however relatively simple to circumvent and is not helpful in identifying the other aspect of beneficial ownership, namely "the natural person(s) who otherwise exercises control over the management of a legal entity". [15] At the very least a lower threshold would make such chicanery more difficult. In order to avoid unnecessary administrative burdens there could be sensible clearly defined and discreet exemptions for companies which do not pose significant money laundering risk such as public companies, state

[13] Nicholas Shaxon (2011) Treasure Islands: Tax Havens and the Men Who Stole the World, p. 230
[14] Nicholas Shaxon (2011) Treasure Islands: Tax Havens and the Men Who Stole the World . P.14, P.26
15 Third AMLD, article 3 (6) a.ii.

owned companies and regulated investment firms. For companies such as these, it makes sense to identify senior management, as laid out in FATF's revised recommendation 10.[16]

To ensure that there is adequate and accurate information available in a timely fashion, as set out by FATF's recommendation 24, at the very least a registry of beneficial ownership must be available to governments' security, justice and taxation departments as well as covered institutions. However this information should be made publically available so that civil society and members of the public can also draw attention to tax evasion and aggressive tax avoidance and also investigate other forms of corporate malpractice. This would equally benefit those seeking redress for corporate malpractice.[17] This approach would reflect the position of the European Parliament which called for greater transparency of beneficial ownership in two separate resolutions in 2011 and 2012.[18]

As legal persons are the creation of the state we strongly believe that government authorities have particularly strong responsibility to collect, verify and publish beneficial ownership information. The administration cost can be recouped from private companies, possibly in instalments over a period of time in the case of small firms and start-ups, this would represent value for money for the insurance of limited liability. However **information about the beneficial ownership of trusts and foundations should also be made available in public registries** as these structures often play a crucial role in the process of laddering, to hide corruption and tax evasion or even facilitate terrorism.

Moreover, as set out by the European Court of Justice 2007 ruling, client confidentiality applies during the preparation of trial for the purpose of allowing a fair trial, not otherwise.[19] This legal ruling should be explicitly referred to in the Directive and fully transposed by member states and widely disseminated to the legal profession. Clarity on this point will lead to greater compliance from this sector. In tandem implementation and enforcement of the directive should make this critical but underperforming and under-compliant sector a priority target.

3) Compliance and enforcement

This review has, as outlined, significant scope for making the AMLD an efficient tool for closing existing loopholes in EU regulations relating to illicit financial flows. However, enforcement remains a main challenge. Ensuring compliance with the directive requires that the obliged entities are not only provided the necessary information about their customers, but also the right incentive structure to conduct proper and efficient due diligence.

A. Risk based approach

In this context we welcome the risk based approach that the EC proposes as a basis for implementing the Directive. A risk based approach will allow and encourage the obliged entities to spend their resources on going in depth on the real cases rather than conducting the same box-ticking exercise across the board.

When establishing the framework for a risk based approach to DDC, Eurodad believes that the following aspects need to be regarded as signs of high risk:

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[16] It is worth acknowledging that the shareholder registries of listed companies are often obscure, given the prevalence of owning shares through intermediaries or nominees.

17 The Guardian: Human rights abuses? Blame the parents http://www.guardian.co.uk/global-development/poverty-matters/2011/dec/09/human-rights-abuses-blame-parents

18 'European Parliament resolution on the EU's efforts to combat corruption', 7 September 2011 and 'European Parliament resolution on the call for concrete ways to combat tax fraud and tax evasion', 17 April 2012.

[19] ECJ C305/05, Ordre des barreaux francophones et germanophone et al. V Conseil des Ministres, Para 33, Judgement of theCourt, 26 June 2007.

Nominee Directors: The presence of nominee directors and shareholders should be considered a red flag during AML risk assessments, given that they can be used to hide the true beneficial owner. In fact the question of whether nominee directors should be allowed and whether they contribute anything to fair competition and/or add any value to a legitimate business at all should be the subject of official consideration and public debate. Meanwhile where there is a nominee director or shareholder that fact should be disclosed along with identity verification for the nominees. It should be recognised that this is not a substitute for information on the real beneficial owners and managers. Considering the money laundering risk nominees pose more measures need to be taken so that nominees are always identified and possibly titled as such, to draw covered institutions attention this high risk category of customer. With or without such provisions we would support the measure suggested by the Deloitte study that covered institutions *"establish whether the economic or personal activity of the beneficial owner is related to the economic or personal activity of the customer".*[20]

Transactions to secrecy jurisdiction: Where regulation is weak, there will be little possibility of information exchange and a high risk of tax evasion.

Unclear beneficial ownership and unjustified complexity in legal structure: Unclear ownership or unjustified complexity in legal structure should be considered an indicator of risk rather than a barrier to risk assessment. We agree with the position of the respondents to the Deloitte study that there is a need for*"more willingness to strictly reject clients with unclear or unknown legal structure, unclear ownership or business profile"* therefore providing a clear incentive for those with nothing to hide to clarify their ownership structure and keep proper records so they can open bank accounts and use other services.[21]

B. Tax evasion as a predicate offence

The revised FATF recommendations set out a crucial incentive for covered institutiosn to undertake proper due diligence, namely to define tax evasion as a predicate offence.

This AMLD review is a unique chance to make sure that not only individuals and companies committing illegal tax evasion, but also the financial institutions facilitating it are held to account for their insidious activities. We welcome FATF's recommendation that tax crimes are made a predicate offence and consider this extremely important as tax dodging makes up the majority of illicit financial flows.

Deterring tax evasion by explicitly recognising it as a predicate offence will have immediate benefits for states and citizens in the EU and worldwide, particularly for those that are now suffering the worst consequences of the financial and economic crisis. Tax evasion affects all honest citizens globally and for the poorest it can be a matter of life and death. Therefore regardless of the sentence attributed in light of the grave consequences of tax crimes presented above they must be regarded as a serious crime with real victims, which must be punished or preferably deterred. In the current system covered institutions will be in the situation of acting knowing that they may or may not be acting illegally. Covered institutions should be incentivised as much as possible to consider tax evasion risk in their due diligence and to turn down potential customers who put them at clear risk of laundering the proceeds of tax evasion.

[20] Deloitte, 'AML Study', p. 64.
[21] Deloitte, 'AML Study', p. 64.

Importantly, transposing this new FATF recommendation into the revised EU Directive would send a strong political signal to tax evaders and their facilitators that the EU is serious about preventing tax evasion, and help to sanction the wrong-doers. Higher risk would also likely decrease financial institutions' willingness to enable tax crimes.

The EU should reflect the changes to the FATF recommendations by explicitly listing tax evasion as a predicate offense in the revised AMLD. Failing to do so would signal a refusal of international standards and encourage an international race to the bottom at a time when the EU is trying to discourage unfair tax competition. Failing to transpose the FATF recommendation would also send a strong political message saying that the EU is not serious about reducing tax crimes, despite the fact that the majority of illicit financial flows are considered to originate from tax evasion and avoidance.

One example to illustrate the potential impacts of this change and the importance of international cooperation is the recent case of UBS. The real threat of prosecution resulting from the US Internal Revenue Services (IRS's) recent crackdown on American tax evaders in Switzerland, complete with the threat of prosecution for bankers who were complicit in tax evasion, compelled UBS alone to pay the US government a US$780 million settlement for facilitating tax evasion by its US clients. The Swiss authorities eventually consented to the names of many suspicious account holders being supplied to US authorities. This is a clear indication that banking secrecy is not an immovable feature of the legal landscape in any jurisdiction.[22] It shows the power of prosecution and legal threat against those who facilitate tax evasion. UBS faced serious consequences, but because of the unilateral rather than systematic way it was targeted many customers left UBS for other banks making their illegally acquired assets hard to recover. Helvea analyst Peter Thorne's estimates that Swiss bank accounts hold 726 billion Swiss Francs of EU citizens'' undeclared assets. Because of the crackdown UBS has created a new code of business conduct and ethics which declares *"UBS does not provide assistance to clients in acts aimed at breaching their fiscal obligations."* Whether this will be generally observed in the bank remains to be seen.

The FATF recommendations do not define "tax crimes" and the concept varies considerably between jurisdictions. While we encourage the EU to follow FATF's move on tax crimes, for this change to be meaningful, the EU should not leave it up to individual member states to define the terms which would allow the current situation in which certain jurisdictions do not recognise certain activities as tax crimes while others do to persist. International discrepancies even between EU member states, lead to uneven application of the legal concept and to a lack of international cooperation in cross-border enforcement, in contrast to the effective collaboration against money laundering.

Eurodad recommends that tax crimes should be defined as: *"Any deliberate act that results in tax not being paid on an economic event whose substance occurs within a jurisdiction contrary to the law of the jurisdiction where that economic event either occurs or is recorded or that results in tax not being paid contrary to the laws of the jurisdiction in which a benefit of that economic event arises."*

Any other definition should specifically refer to tax evasion. This would provide transposition of "tax crimes" that is harder to circumvent. It is also a more common definition and would allow for greater international cooperation. The experience from countries which distinguish between tax fraud and tax evasion, suggest that this is an arbitrary and subjective distinction, one which is arguably created merely to protect a business model based on assisting foreigners to circumvent their national tax laws.

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[22] Reuters *Special Report: How the U.S. cracked open secret vaults at UBS* http://www.reuters.com/article/2010/04/09/us-banks-ubs-idUSTRE6380UA20100409

There is a precedent for this in an advanced economy, Canada introduced tax evasion as a money laundering predicate offence in 2010.[23] In Canada a person is considered to have committed tax evasion if they have "…made, or participated in, assented to or acquiesced in the making of, false or deceptive statements in a return to evade payment of tax [or] …destroyed, altered, mutilated, secreted or disposed of records, made deceptive entries or omission in records or books of account of a taxpayer."[24] This ruling meant the relevant institutions in Canada then do more thorough due diligence to look for tax evasion.

By introducing tax evasion as a predicate offence a wider range of red flags need to be considered during due diligence. For example when providing guidance to clients Canadian Law firm MNP suggest 10 tax evasion risk factors to look out for when conducting CDD, such as: *"Transactions to or from a known tax haven centre to carry out atypical business transactions. For example, claiming it's a loan made to another company or advanced payments for products/services to different companies that do not match business operations. Particularly those routed to the account of a lawyer, accountant, or financial advisor."* And another risk factor is "*Deposits of funds into accounts under a nominee name."* Classifying tax evasion as a predicate offence would make covered institutions more likely to identify and report suspicious activity and to turn down illicit funds.

C. Group Compliance

Currently in some instances information for CDD cannot be shared between different transnational subsidiaries of a group because of data protection laws in one of the states. More work is needed to ensure a coherent balance between data protection laws and laws designed to combat-money laundering and terrorist financing; data protection laws should not simply supersede such concerns. Jurisdictions with such data protection laws can be used as an access point to financial institutions with more stringent standards.

D. Whistle Blower Protection

There should be facilities for anonymous whistle-blowers and provisions to protect those who uncover not only suspicious activity but also non-compliance and ignorance of regulations within covered institutions. This can be particularly relevant for compliance officers who are often isolated within financial institutions, research has found they often feel that due diligence performed by their colleagues is insufficient.[25]

4) Eurodad recommendations:

- All companies should be required to submit beneficial ownership information, along with the documentary proof, to a government authority, in most cases a registry of companies. This authority should collect beneficial ownership information. Identification should be verified with the following information: taxpayer identification number, date of birth place of birth and passport or ID number and country of registration. This would make it easier for covered institutions to verify beneficial ownership information and for tax authorities to obtain and verify information.

[23] Amendments to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) effected by Bill C-9 and effective August 25, 2010 have made tax evasion a designated (predicate) offence for money laundering.[1]) MNP LLP Anti-Money Laundering Compliance in Canada http://www.amlcompliance.ca/2010/10/07/top-10-tax-evasion-indicators/

[24] section 239 of the *Income Tax Act* quoted by MNP LLP Anti-Money Laundering Compliance in Canada http://www.amlcompliance.ca/2010/10/07/top-10-tax-evasion-indicators/

[25] The Task Force on Financial Integrity and Economic Development (2011) Response to FATF consultation paper: Review of the Standards – Preparation for the 4th Round of Mutual Evaluations: Second public consultation http://www.financialtaskforce.org/wp-content/uploads/2011/09/Task_Force_Response_to_the_Second_FATF_Consultation.pdf?9d7bd4

- A government registry of all trusts and foundations should be created. Beneficial ownership information should be collected and verified in the same ways as for the registries of companies.

- Nominee directors should be required to identify themselves (and the beneficial owners and real managers that they represent). The directive should explicitly state that nominees must be held responsible for the actions of the company in terms of AMLD compliance and to the same extent as would be expected of any other director. Nominees are a warning sign of AML risk, they can muddy the waters and make it impossible for covered agencies to carry out their due diligence.

- The AMLD should set out that formation agents and nominees should be considered as covered institutions that are liable for failures of due diligence and engagement in money laundering.

- The EU should add tax crimes entailing all forms of "tax evasion" to the list of serious crimes under Article 3(5).

- Tax evasion should be defined as "Any deliberate act that results in tax not being paid on an economic event whose substance occurs within a jurisdiction contrary to the law of the jurisdiction where that economic event either occurs or is recorded or that results in tax not being paid contrary to the laws of the jurisdiction in which a benefit of that economic event arises."

- There should be facilities for anonymous whistle-blowers and provisions to protect those who uncover not only suspicious activity but also non-compliance and ignorance of regulations within covered institutions.

Failing to establish proper anti-money laundering regulations, including beneficial ownership disclosure and defining tax crimes as a serious crime, is likely to have negative impacts on the lives of millions of poor people across the world. Please see Global Witness' submission for more details and further concrete recommendations for the review.