

Waking up to Reputation Laundering as a Mechanism for Transnational Kleptocracy

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Waking up to Reputation Laundering as a Mechanism for Transnational Kleptocracy

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As the response to the recent Russian invasion of Ukraine has shown, transnational kleptocratic regimes have long been using Western institutions to protect and launder illicit gains. While much of the focus on combating kleptocracy has been on addressing money laundering, addressing vulnerabilities that have allowed kleptocrats to engage in reputation laundering—the process by which they try to distance themselves from the illicit source of their wealth—is critical for combating authoritarian influence as well as the health and viability of democracies. The four essays in this Global Insights series illuminate the scope and scale of this transnational challenge and offer recommendations for extending existing anti-money laundering regulations to a range of institutions beyond banking. Such regulations need to support civil society activists and journalists working to expose and combat kleptocracy.

Transnational kleptocracy is distinguished by how autocrats not only hide illicit funds abroad but use these resources in ways that extend their influence and undermine democratic institutions.

Russia's unprovoked invasion of Ukraine has brought the dangers posed by regimes built on transnational kleptocracy into sharp relief. This networked form of corruption is durable and pernicious, with a constellation of figures including oligarchs, top business figures, and family members who pursue and promote policies on behalf of kleptocratic regimes where the distinction between public and private actors is blurred.

The invasion has also forced democracies to look in the mirror and reexamine their own roles in transnational kleptocracy. The destinations for money ferreted out of kleptocratic systems are typically open societies where money is protected by rule-of-law norms and cottage industries created to defend it. The rapid responses to rid democracies of illicit cash have been dizzying, ranging from targeted sanctions of political leaders and oligarchs to asset freezes and seizures. A wide array of cultural institutions, sports franchises, and universities—from the World Economic Forum to the Guggenheim Museum in New York City—have been forced to reckon with their role in helping kleptocrats and oligarchs launder their reputations.

As the essays in this Global Insights series explain, transnational kleptocracy is distinguished by how autocrats not only hide illicit funds abroad but use these resources in ways that extend their influence and undermine democratic institutions. They provide insight into this challenge and the ways that autocrats use these democratic institutions to target their critics at home and legitimate themselves *and* their families.

Addressing transnational kleptocracy is vital to ending the conflict, repression, and inequality that is driven by authoritarian regimes. Equally important, the health and viability of the democracies are at risk of being degraded by their participation in it. When oligarchs masquerade as independent business figures or when the ownership of entities is camouflaged, it is no longer possible to determine who is advocating on behalf of whom. One only needs to replace the word “oligarch” with “Russian state actors” to understand why it is problematic

to have these figures serve on the boards of influential charities or other cultural institutions, donate to universities, or fund policy institutes.

The Mechanics of Reputation Laundering

One of the ways in which kleptocrats exert influence is through reputation laundering that uses illicit funds to distance or erase their association with the illicit sources of their wealth or even their corrupt country of origin. In doing so, they recast themselves as global citizens in good standing in Western societies.¹

The options available to a kleptocrat are vast and varied. They include hiring expensive public relations (PR) firms to focus attention on their “positive” contributions to society; purchasing visas—and even citizenship—in democracies and other countries to obscure their association with their “corrupt” country of origin and allow them to do business and travel abroad; serving on the boards of prestigious charities or art galleries; purchasing popular sports teams; and contributing sizeable donations to think tanks and universities.

The contributors to this Global Insights series analyze the ways in which reputation laundering works, its impact on democracies, and what democracies can do to mitigate and limit this impact. Building on the International Forum for Democratic Studies’ research on transnational kleptocracy, the Forum convened experts on this vastly under-studied field in a series of workshops. Common themes emerge across the four essays—written by Tena Prelec, Matthew Page, Corentin Cohen and Ricardo Soares de Olivera, and Kristian Lasslett and Dilmira Matyakubova—even as they analyze reputation laundering efforts by kleptocrats in different countries and sectors. First, in contrast with research largely focused on corruption within countries, these essays highlight how kleptocrats exploit Western enabling institutions to “whitewash” their reputations and those of their families in order to allow them to become “engaged global citizens.” Second, kleptocrats use this acquired status from reputation laundering to influence and undermine institutions in democratic societies.

Enabling Reputation Laundering

Kleptocrats cannot cleanse their reputations alone; they need “fixers” in democracies to help them. As the authors of these essays point out, there are entirely legal cottage industries comprised of lawyers, accountants, PR firms, and image consultants that teach kleptocratic actors how to rebrand themselves and assist them in so doing. The result is the redirection of attention away from misdeeds committed in their home countries, which helps kleptocratic regimes maintain and strengthen their grip on power.

In the democratic settings where these laundering processes typically occur, a “clean” kleptocrat can enter society in order to exert influence, lay low, or simply continue to amass the stolen wealth of their countries—with no questions asked. Either way, powerful actors within democracies serve to legitimate and embolden kleptocratic and authoritarian actors.

While the “enabler” professions are often thought of as those providing the services mentioned above, **Tena Prelec** and **Matthew Page** make a powerful argument for the enabling

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role of universities in the United States and United Kingdom in their essays, “The Magic Wand of Reputation Laundering: Turning Kleptocrats into ‘Engaged Global Citizens’” and “The Cleansing Power of Ivory Towers: How Elite Educational Institutions Legitimize Kleptocrats’ Children.” Increasingly reliant on international sources of funding, universities face pressures to accept funding from individuals with questionable sources of income.

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Matthew Page focuses on Nigerian kleptocrats seeking educational opportunities for their children at universities in the United States and United Kingdom which bestow status and legitimacy. Notably, Page observes that most foreign students do not fall into this category, but universities need mechanisms to allow them to distinguish between students connected to political exposed persons (PEPs) and those who are not, without additional burden falling on the former category.

While more research is needed, funding from PEPs, like oligarchs, raises serious concerns for academic freedom and freedom of expression. In addition to the possibility, for example, that a department endowed by an oligarch with links to the Kremlin might be directly or indirectly pressured to avoid certain subjects, there is also the possibility that academics self-censor to avoid sensitive topics.² Even without large donations, the cleansing process of education is nonetheless pernicious. Considering the dynastic nature that characterizes many kleptocratic regimes, universities run the risk of grooming the next generation of kleptocrats.

In addition to universities, renowned media outlets are targeted by kleptocratic regimes to launder their reputations. This sort of reputation laundering can come in the form of advertisements designed to look like news stories in the *Washington Post*, *New York Times*, and other print outlets, or in the form of TV ads to make the kleptocracy look like paradise—“Come for our beaches but ignore gross human rights abuses and the fact that most of our population lacks access to drinking water.”

While these advertisements can be jarring to people familiar with these countries, more troubling is when autocrats target media coverage to distract from their kleptocratic activities. The essay by **Kristian Lasslett** and **Dilmira Matyakubova**, “Rebranding a Kleptocratic State: Reputation Laundering in Uzbekistan,” details a concerted effort by the Mirziyoyev regime in Uzbekistan to rebrand that country to attract investment after decades of horrific human rights abuses. In addition to a broad array of the typical enablers, Mirziyoyev targeted prestigious media outlets to push forward a narrative of a “new” Uzbekistan that is safe for foreign capital. After a sustained campaign by the Mirziyoyev regime, the *Economist* named Uzbekistan the 2019 “Country of the Year,” despite ongoing serious issues with repression, transparency, and accountability.

Courts as Enablers for Reputation Laundering

Once a kleptocrat has distanced themselves from the source of their illicit funds and is firmly established in open societies, they are able to manipulate democratic institutions in their favor, and this influence is how reputation laundering differs from other forms of image management. The U.K.’s infamous libel laws, for example, permit people who do not live in the U.K. full-time to bring libel cases to British courts, making it an attractive destination for

libel tourism. In 2013, authorities attempted to crack down on this practice by requiring that an individual have a “connection” to the U.K. to establish their standing in British courts.³ While the intention behind this reform was a small step in the right direction, it has done little to stem these lawsuits. This “connection” is easy to establish, particularly when kleptocrats have the assistance of powerful enablers.

Tena Prelec’s essay alludes to a case involving Russian oligarch Dmitry Firtash who allegedly attempted to use his donations to Cambridge University to establish this connection in a libel lawsuit against the *Kyiv Post*. The case was dismissed, but winning the case often is not the goal; intimidation is. Kleptocrats have virtually unlimited resources to initiate lawsuits against the bravery-rich but often resource-poor journalists and activists working around the world to expose kleptocracy.

The essay by **Corentin Cohen** and **Ricardo Soares de Oliveira**, “Authoritarian Reputation Laundering in Paris and Lisbon,” highlights that this challenge is not unique to the Anglo-phone world. While the U.K. libel laws provide an extreme example of libel tourism, kleptocrats can use the courts in other European capitals to attempt to silence journalists. Celebrated Angolan anti-corruption activist Rafael Marques de Morais is no stranger to Angolan generals using British courts to harass him,⁴ but he has also been sued in Portuguese courts for defamation. Those cases were dismissed, but not before Marques committed considerable time and resources defending himself.⁵

The Path Forward

While recent events have revealed the presence and influence of reputation laundering by oligarchs on a wide range of Western cultural, educational, and business institutions, they have also highlighted the need for greater awareness and a united democratic response. Tackling the challenge has proven difficult when some of the activities that fall under this rubric are legal, and there are legitimate reasons why non-kleptocrats might undertake them. More research into the ways reputation laundering works and its impact on democracies is sorely needed. Because kleptocracy thrives in the shadows, this task is daunting. Nonetheless, the authors of these essays identify concrete and practical ideas for tackling the challenge that also have implications for addressing the broader global challenges of authoritarian influence.

- Above all, they highlight the need to *expand existing anti-money laundering regulations and ensure greater transparency* such as “know your customer” responsibilities for consular officials, universities, think tanks, lawyers, accountants, PR firms, and others in order to penalize any work with clients with illicit sources of income. Relatedly, *public and verified beneficial ownership registeries and databases that compile lists of PEPs are needed globally* to cut down on the opacity on which reputation laundering—and by extension, kleptocracy—relies.
- In addition to policy responses, *civic activists and journalists working to expose and combat*

The mechanics of reputation laundering may be more subtle than money laundering, but these factors distinguish kleptocracy from other forms of corruption and make it an entrenched and vexing challenge that corrodes democratic norms and values globally.

transnational kleptocracy around the world need more support, and they need to be connected with reform-minded individuals at vulnerable institutions and the service provision industries.

- Democracies also need to *prioritize protections for people who become targets of kleptocrats* because of their work including legal support, relocation services, and digital and physical security. Developing a mechanism to share this information among consular officials, universities, and the like would also be invaluable, since these individuals and groups are the ones who know the PEPs in their countries and often have already assembled PEP identification databases.

These essays should compel analysts and scholars to examine the issues of reputation laundering in greater depth against the backdrop of a dramatically changed political landscape where democracies are starting to recognize the challenge to their own societies. The mechanics of reputation laundering may be more subtle than money laundering, but these factors distinguish kleptocracy from other forms of corruption and make it an entrenched and vexing challenge that corrodes democratic norms and values globally. The authors of these essays recognize the complexity of the challenge but urge us to recognize that tackling transnational kleptocracy will be critical to safeguarding the very future of democracy.

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The Magic Wand of Reputation Laundering: Turning Kleptocrats into “Engaged Global Citizens”

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Reputation laundering, much like money laundering, is the process by which kleptocrats seek to distance themselves from the illicit source of their wealth and recast themselves as “engaged global citizens.” This aspect of transnational kleptocracy occurs in the settings where kleptocrats park their money, typically in democracies, to ingratiate themselves with political elites. By recasting themselves in a positive light, kleptocrats are able to consolidate and maintain their power at home more easily, with the simultaneous effect of degrading the institutions and norms in the destination countries that receive their illicit funds.

It is this rebranding of an unsavory past that is the essence of reputation laundering. By minimizing and obscuring evidence of corruption and authoritarianism in their home country, reputation laundering enables kleptocrats to enjoy their spoils freely around the world.

Transnational kleptocracy is based on a simple recipe: powerful elites systematically steal a state’s resources (usually) at home, they cleanse them in the international financial system, and enjoy these resources anywhere (but typically in democracies, where strong rule-of-law norms keep their investments safe). Kleptocrats hide their criminal activity from public view and suspicion through a series of tried-and-tested methods. They shift blame while muddying the waters; stifle criticism; and, crucially, seek positive publicity in the settings where their loot is stashed. When these steps are followed, the *practices* that led to the illegal accumulation of money are often obscured, and the *perpetrators* recast themselves as “engaged global citizens.”¹

It is this rebranding of an unsavory past that is the essence of reputation laundering.² By minimizing and obscuring evidence of corruption and authoritarianism in their home country, reputation laundering enables kleptocrats to enjoy their spoils freely around the world. It also allows authoritarian governments to manipulate public perception, sometimes even by undermining the functioning elected representatives in national and international institutions.

Rise of International Enabling Institutions

The reputation launderer’s toolkit has expanded and been refined over time. Authoritarian governments have long used a range of repressive tactics to muffle and suppress criticism in their home countries and have progressively transnationalized their methods of repression along with increased mobility and information flows brought by globalisation.³

In implementing this toolkit, the reputation launderer is not alone. Today, those wanting to rebrand themselves can rely on a vast array of services to help them achieve this aim, albeit only for the right price. In global centers of wealth, such as London, New York, Monaco, and Dubai, whole industries have emerged to make sure that the trillions of dollars tied to authoritarian regimes, and the criminal networks with which they often operate, can quickly become clean and legitimate.⁴

Though the cost of kleptocratic and corrupt behavior is borne at home, the role of Western companies and politicians in helping advise (semi)-authoritarian regimes on how to create

winning narratives with their electorates cannot be overlooked. There are numerous examples of Western politicians advising semi-authoritarian regimes, including Tony and Cherie Blair’s consultancies in notoriously corrupt parts of the world like the Balkans,⁵ Central Asia,⁶ and parts of Africa⁷ and Bell Pottinger’s work in advising South Africa’s “Zuptas” (the unholy union between the Zuma regime and the Gupta brothers that captured the country).⁸ The positive publicity kleptocrats garner through these partnerships is a third part of this equation and it happens mostly, if not exclusively, in developed democracies.

Boutique companies in this new industry also offer to help enhance high-net-worth individuals’ reputations, using such phrases as helping clients “understand and react to media perception” by crafting a “coherent narrative” about their identity. They will often work with law firms who will be able to assist their clients in relocating themselves and their families hassle-free (for instance by applying for golden visas⁹), while fending off negative attention by issuing cease and desist letters to journalists and NGOs.¹⁰ Kleptocrats will also employ law offices to help them purchase property and suggest wealth managers who can place their funds in safe projects that can generate even more capital.

Seeking Positive Publicity in Developed Democracies

Kleptocrats are not satisfied with just any form of publicity for its own sake. They are keen to have their names associated with only the most distinguished and renowned institutions. It is for this reason that prestigious higher education institutions and think tanks are ideal targets for governments and individuals looking to burnish their reputations.¹¹

In a study of elite U.K. and U.S. universities conducted with Alexander Cooley, John Heather-shaw, and Tom Mayne, we found that, despite some positive developments in this sphere, significant problems remain.¹² The huge increase of private gifts to universities over the past decade (a considerable amount of which comes from China) is compounded by the marketization of the higher education sector, whereby universities are increasingly pushed to look for funds from private donors. In the U.K., the LSE-Libya scandal, in which the university accepted money linked to the brutal Muammar Gaddafi regime, has provided a partial spur for change, with university managers being more aware of the importance of vetting donations.¹³ Still, few universities implement anti-reputation laundering policies (such as having an independent gift committee) adequately, and transparency about the donations received is almost wholly lacking.

Controversial oligarchs, like Dmitry Firtash, have been shown to attempt to use their donations to universities as proof of their respected social standing in U.K. courts, a vital step in developing libel cases against journalists anywhere in the world.¹⁴ Furthermore, opaque charitable foundations are still used for channelling gifts whose contours and purposes are questionable. In 2018, the British Foundation for the Study of Azerbaijan and the Caucasus (BFSAC) gave a £10 million endowment to the University of Oxford. This endowment helped establish the Oxford Nizami Ganjavi Centre, which studies “the Cultures of Azerbaijan, the Caucasus and Central Asia.” No real effort was made to hide the BFSAC’s connection to Nargiz Pashayeva, the sister-in-law of the President of Azerbaijan, Ilham Aliyev.¹⁵

Still, the exact origin of these funds remains murky. Who issued the £10m donation, and how was this money obtained? When asked about the due diligence process that was con-

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ducted, Oxford University stated that “the Committee was made aware of the original source of funds for this gift, which does not come from a government, and this was considered and approved through our usual due diligence process,” without providing further details.¹⁶

Given the chronic underfunding of many humanities departments, and the constant risk of their closure, such generous donations are highly tempting for universities to accept, but they come at a potentially terrible cost to academic freedom. Scholars affiliated with the Oxford Nizami Ganjavi Centre claim resolutely that their research independence is wholly respected. For example, Professor Edmund Herzig stated that the composition and remit of the board are “designed to guarantee that academics . . . retain control over the work and academic direction of the Centre,” highlighting the importance of being able to fund early career scholars and research into an otherwise neglected area studies specialisation.¹⁷ Yet in such and other cases, the elusive ‘spectre’ of self-censorship is omnipresent: why bite the hand that feeds you if you can simply circumvent a “vexatious” topic instead?

Broader Societal Costs to Citizens around the World

The risks associated with rebranding extend beyond the immediate perpetrators, causing broader societal damage. Kleptocracy’s influence on inequality has been widely studied.¹⁸ Properties bought with laundered money are complicit in driving housing prices sky-high, while their owners purchase them with funds that are often stolen from the world’s poorest communities. As with money laundering, the reach of tainted money used to launder reputations is pervasive, as it can influence and distort intellectual inquiry, public opinion, and even political choices.

The recent Pandora Papers revelations concerning the influx of dark money from questionable sources—including Azerbaijan’s elite—underscore the staggering global scale of this problem and the significant extent to which we are forced to reckon with these questions.¹⁹ Taking a wider perspective, the risk of political influence is also clear. For instance, judicial inquiries²⁰ into the Council of Europe’s ‘caviar diplomacy’ scandal²¹ have confirmed that Azerbaijani officials are no strangers to bribing politicians in order to present a better image of their government. In another example, donations by Russian politically exposed persons (PEPs) to the U.K.’s Conservative party have worryingly accelerated from £3.5 million in the nine-year period from 2010 to 2019²² to £2 million in the two years that followed.²³ A U.K. parliament inquiry concluded in 2020 that PEPs are gaining “connections at the highest levels with access to U.K. companies and political figures.”²⁴

When discussing the risks of global elite participation in policy and philanthropy, Anand Giridharadas declared that “it is this extraordinary elite generosity of our time that upholds a system of extraordinary elite hoarding.”²⁵ Indeed, the millions elites invest in politically-motivated philanthropy and education enables them to steal trillions from the public around the world.

Reputation laundering renders such behavior, if not legitimate, at least invisible. By allowing kleptocrats and their cronies to slip into the background of the global elite, the magic wand of reputation laundering obscures their criminality and allows such exploitation to continue at the expense and cost to citizens around the world.

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Endnotes

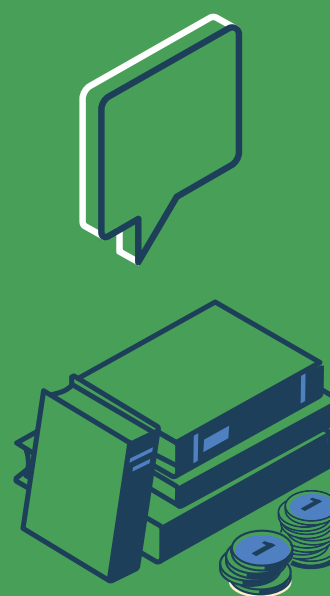
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The Cleansing Power of Ivory Towers: How Elite Educational Institutions Legitimize Kleptocrats' Children

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Kleptocratic leaders and officials often send their children to elite universities in the United States, United Kingdom, and other democracies, while the children of citizens in their own countries are left with substandard educational institutions at home. This tendency poses both money laundering and reputation laundering risks, as it distances the money (and children of kleptocratic officials) from its illicit source and recasts them and their children as upstanding, respectable global elites untainted by corruption. By ignoring the link between the money and reputation laundering services, the world's top educational institutions are incentivizing and rewarding official corruption, state capture, and other criminal activities that threaten those living in the world's most unstable and least developed countries. To minimize the risks to academic freedom and integrity, policymakers should update their anti-money laundering rules to include academic institutions, and universities should diversify their sources of funding.

By accepting their tainted cash, private schools and universities in the United States, United Kingdom, and other democracies present kleptocrats and their associates an opportunity to rehabilitate their reputations and that of their families.

There is more to the world's top private schools and universities than meets the eye. Whether housed in modern glass and steel edifices or built of ivy-clad brick, they offer the world's kleptocrats a means of converting their ill-gotten gains into priceless cultural capital.¹ As one U.K. law enforcement official observed, a top-notch education doesn't just legitimize kleptocrats' wealth, it legitimizes their children.²

Regrettably, educational institutions that accept illicit funding and welcome students from families with ties to criminal activity currently do little to counteract this threat. By accepting their tainted cash, private schools and universities in the United States, United Kingdom, and other democracies present kleptocrats and their associates an opportunity to rehabilitate their reputations and that of their families. It is through the refurbishment of their standing that these individuals gain elite status and respectability, both domestically and internationally.

While the overwhelming majority of international students pose little or no corruption risk, policymakers and educational institutions need to take stronger steps to address the twin challenges of money and reputation laundering. Additional scrutiny of the small minority of students linked to politically exposed persons (PEPs) is needed without creating new hurdles for those who are not. The world's elite private schools and universities must balance their growing focus on international student recruitment with their ethical and legal obligations to deter and disincentivize corrupt practices. They must ensure that they do not aid and abet kleptocrats' efforts to rehabilitate or reinvent their dynastic reputations through their children's education.

Laundering and Learning

The world's elite educational institutions are more accessible to kleptocrats and their beneficiaries than ever before. This access is enhanced by their growing appetite—driven by increased competition and higher overhead expenses—to recruit students from wealthy elite families from around the globe. These institutions' financial reliance on international students, who typically pay higher tuition fees than domestic students, has grown. As a result, senior policymakers now view international education as an important export and driver of economic growth, especially in the United Kingdom and Canada.³ Some Western schools and universities have even opened satellite campuses and partnerships with institutions in China, the Middle East, and Africa to gain greater access to those markets.

Educational institutions linked to PEPs in high-risk corruption jurisdictions such as Russia, China, and Nigeria (among others) could pose money and reputation laundering risks to even the most reputable institutions. For example, in one banking scandal known as the Troika Laundromat, a now defunct Lithuanian bank served as a conduit for £4.2 million belonging to corrupt politicians and criminals to be channeled, via anonymous shell companies, to U.K. private schools and universities, including the prestigious Charterhouse School.⁴ According to Moldovan police, another alleged £14 billion money laundering scheme involved fund transfers to bank accounts belonging to a top U.K. private school.⁵

Likewise, in 2013, investigators discovered that Nigerian politician James Ibori—convicted of money laundering and fraud in the U.K.—sent his three children to a £23,000-a-year school in Dorset, U.K.⁶ Even after his conviction, his children continued to attend boarding school, with one later graduating from a top U.S. university while another attended university in the U.K. Despite their close connection to a convicted money launderer, their continued attendance at elite schools did not draw the attention of law enforcement, the international press, or the institutions themselves.

The schools or universities involved in these schemes never recognized the clear money and reputation laundering risks they faced by accepting tuition fees from anonymous shell companies or those paid on behalf of a convicted kleptocrat. These and many other examples of money and reputation laundering involving educational institutions indicate that kleptocrats are relatively free to leverage their connections to prestigious institutions of learning to legitimize their ill-gotten gains and launder their family's reputation.

Chasing Legitimacy and Burnishing Legacy

Reputation laundering may not be the only reason why kleptocrats want to send their children to the world's top schools and universities. Like their law-abiding peers, kleptocratic elites have historical and cultural reasons for seeing Western educational institutions as a means of burnishing their family legacy while gaining access to a broader range of legitimate career opportunities for their children and grandchildren.

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Yet, in the case of known kleptocrats and others suspected of possessing illicit wealth, this normally harmless process becomes problematic because it becomes a form of reputation laundering. Put simply, they pursue these educational opportunities to convert ill-gotten funds into a luxury good—a world-class education—that burnishes their public image, legitimizes their family name, and positions their children to become reputable global elites. Furthermore, because familial dynasties are common in countries deeply captured by kleptocratic networks, universities could be, in some cases, grooming the next generation of kleptocrats.

A recent study revealed that established elites view U.K. private boarding schools and universities as a mechanism for preserving and sustaining their social status from one generation to the next.⁷ Top Western institutions' soft-sell strategy reinforces this perception by making parents feel they are not so much being *sold* an expensive education as they are being *permitted to buy it*.⁸ For example, In Nigeria, deeply held socio-cultural attitudes toward Western (especially U.K.) private education inform many wealthy and upper middle-class parents' decision to send their children to foreign boarding schools and universities. These include longstanding family traditions and ties, and links to diaspora communities in the U.K., U.S., Canada, and elsewhere.

Nigeria's nouveaux riche and aspiring elites—including many inexplicably wealthy politicians—see the decision to educate their children abroad as an ascension strategy that will consecrate their newly heightened position in domestic hierarchies.⁹ Many even view U.K. private schools' complex, lengthy, and expensive admission process¹⁰ as proof of their "world classness."¹¹ In the words of one Nigerian education agent:

Boarding schools in the U.K. are not for the average person or people who are gathering *kobo kobo* together [scraping pennies]. No, you can get away with that if you send your child to Ghana or maybe Hungary or Canada but not schools in the U.K. My experience tells me that people who can afford the U.K. are self-made millionaires and billionaires or top politicians of "high calibre." They are people with household names.¹²

This snapshot suggests that academic institutions are not just centers of learning: they can become venues for the legitimization and reproduction of elite status for kleptocrats. As such, their offers of admission are an asset—much like an offshore bank account or high-end London property.

Admission to these institutions transports kleptocrats' children from their parents' world—one characterized by backroom deals, secret bank accounts, and bareknuckle politics—to a global playing field characterized by more salubrious activities, such as alumni networking events or internships with banks and corporate law firms. In other words, top schools and universities allow kleptocrats and their children to rewrite their origin stories.

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Start by Recognizing the Risks

The rapid growth in the international education sector carries real corruption risks that many educational institutions have been slow to appreciate, anticipate, or address. How can international policymakers and education sector stakeholders prevent kleptocrats from using the world's top schools and universities to launder their family reputations?

First, they can admit that reputation laundering—alongside money laundering—is a reality. Sustainable long-term growth in the international education sector depends on strengthening anti-corruption safeguards and mitigating the reputational risks kleptocrats pose to respected centers of learning.

Although some schools and universities are more attuned to significant money laundering risks than others, few recognize the reputation laundering opportunities they unwittingly provide. Admittedly, assessing reputation laundering risks can be even more challenging and subjective than gauging money laundering risks, especially when it can be hard to define who is ultimately responsible for these opportunities. Indeed, one is compelled to consider whether this burden of risk assessment lies with immigration or consular officials who grant student visas, law enforcement agencies, or collegiate admissions staff. Ideally, these gatekeepers should avoid finger-pointing and instead focus on cooperating and communicating more effectively.

Second, policymakers should codify the anti-corruption gatekeeper role played by consular officials by incorporating basic anti-money laundering (AML) checks into student visa issuance guidance. When seeking proof of whether visa applicants have sufficient funds to pay their tuition fees, officials should also investigate the source of those funds.

These changes should allow policymakers to develop corrective policy changes that address anti-corruption challenges holistically without unduly burdening educators or international students. For example, if governments change or tighten student visa rules, they should increase scrutiny on politically exposed applicants instead of adding to the obstacles other applicants already face.¹³

Third, policymakers and legislators should work together to update national AML rules to clarify the responsibilities of education institutions and specify the type of suspicious activity they must report to law enforcement. They should also require schools and universities to have detailed AML policies in place before allowing them to sponsor student visas. As a preventative measure, policymakers, law enforcement, and civil society organizations should increase their outreach efforts to top educational institutions to increase their awareness of corruption risks.

The world's top private schools and universities have a vested interest in protecting the international education sector from illicit financial flows. Welcoming kleptocrats' children inflicts damage on their reputation and could expose them to legal liabilities. To start, they

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should strengthen internal policies and procedures designed to identify and respond to potential corruption risks. Both staff and institutional governing bodies should play a role in implementing them and monitoring their effectiveness.

Institutions that lack detailed AML policies should seek help from the growing number of education-focused compliance professionals. They can also make greater use of due diligence services—or even basic internet searches—to assess the money and reputation laundering risks associated with students linked to high-risk corruption jurisdictions. Many already scrutinize their international students' ability to pay tuition fees; it would not be burdensome for them to also look for any red flags related to the assets and income funding those students' education.¹⁴

The Shadow of the Ivory Tower over Democracy

By ignoring the link between money and the reputation laundering services they unwittingly provide, the world's top educational institutions are incentivizing and rewarding official corruption, state capture, and other criminal activities that immiserate those living in the world's most unstable and least developed countries. As educational institutions become more accessible to wealthy foreign students, their willingness to turn a blind eye allows kleptocrats to get more bang for their ill-gotten buck.

Not only do they allow corrupt officials to launder unexplained wealth, they also enable them to use that wealth to pay for a world-class education that recasts them and their children as upstanding, respectable global elites. These reputation laundering schemes also beget a range of harmful effects including poverty and underdevelopment in their home countries, the erosion of democratic institutions, electoral rigging, and human rights abuses at the hands of venal, authoritarian regimes. Until their tolerance for kleptocrats abates, the West's tallest ivory towers will continue to cast a shadow over democracy worldwide.

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Authoritarian Reputation Laundering in Paris and Lisbon

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Research on the financial and reputational dimensions of international kleptocracy largely focuses on the United States and United Kingdom, which draws attention away from other European, and increasingly Asian, financial centers that enable authoritarian reputation laundering. Paris and Lisbon are particularly informative case studies, where reputation service provision is considered mainstream and ties to former colonial networks have facilitated reputation laundering in different ways for authoritarian leaders and their families. Greater transparency is critical to addressing this challenge about which much remains unknown. Recommendations include creating a mandatory lobbying registry; requiring media, universities, and think tanks to report external funding; and scrutinizing political party financing.

Focusing solely on London, however, draws attention away from other European, and increasingly Asian, financial centers that enable authoritarian reputation laundering such as Paris and Lisbon.

Research on the financial and reputational dimensions of international kleptocracy largely focuses on the links between elites of autocratic states and financial centers in the United States and United Kingdom—especially on the role of the City of London’s financial services system in connecting U.K. capital with former British colonies and Overseas Territories.¹ This focus is understandable to some degree as London’s lightly regulated yet law-abiding environment has proven to be welcoming of politically exposed persons seeking to shelter their ill-gotten wealth. Elites from authoritarian and illiberal states believe it desirable for their families to adopt British residence, education, and mannerisms—and of course, citizenship—creating a sophisticated pipeline that allows politically exposed persons (PEPs) to transition from disreputable outsiders to legitimate, even respected, members of the city’s elite.

Focusing solely on London, however, draws attention away from other European, and increasingly Asian, financial centers that enable authoritarian reputation laundering such as Paris and Lisbon. Far from unique to London, this phenomenon is systemic across Europe. Virtually every European financial and political center possesses an intricate web of such connections to various degrees, and leverages their unique historical links, political stability, and legal certainty in a similar manner as the United Kingdom.

Beyond London as a Center for Reputation Laundering

Major elements of reputation laundering widely recognized in London can also be found in Paris and Lisbon. Reputation laundering has made significant inroads into French legal firms, banks, and PR agencies, among other industries, building on a longstanding pattern of informal elite networks with Francophone Africa and, later, the Persian Gulf states. France’s political parties, cultural institutions, and media space have also been affected. Lisbon pro-

In both capitals, political communications and other PR firms are hired to improve the visibility and respectability of their autocratic clients, which in turn makes it less politically costly for French and Portuguese elites to maintain close and high-level diplomatic relations with them.

vides a narrower example of a bilateral relationship with a former colony, Angola, escalating in the aftermath of the 2008 financial crisis into a thorough penetration of Portuguese elite circles (including nearly all service provision sectors as well as parts of the political system) by oil-rich Angolan elites.

In both capitals, political communications and other PR firms are hired to improve the visibility and respectability of their autocratic clients, which in turn makes it less politically costly for French and Portuguese elites to maintain close and high-level diplomatic relations with them. Facilitating the legitimization of oligarchs and their transnational lifestyles in turn generates political resources that authoritarians and their cronies can redeploy in their home countries to strengthen their grip on political power. Finally, this for-profit engagement with kleptocrats eventually has significant political impact on Western financial centers as their own domestic politics and political economies become intertwined with their authoritarian clients or partners.

Paris as an Indispensable Hub for Reputation Laundering

France has a complex history of post-colonial relations with Francophone Africa, where it has exerted enduring influence. Elites from most former colonies, including in the Maghreb, have also maintained strong links to Paris, as it is a major hub of their political world. This link to the French capital is simultaneously financial, political, and cultural. One dimension of this close relationship is Paris's role as an indispensable services hub, providing public relations support, lobbying, and banking for authoritarian regimes and PEPs across Africa and, especially over the last three decades, the Middle East and beyond. From Paris, they seek to influence their reputations with French institutions and with critical global institutions such as the European Commission and the International Monetary Fund (IMF).

The market for reputational services in Paris includes agencies of different sizes and scopes, ranging from small boutiques and middle-sized operators to global agencies such as the Publicis and Havas groups, generalists for whom such autocratic business is a relatively small part of their wider portfolio. Havas and Publicis agencies in Europe and the United States have also provided key services for Saudi Arabia and its institutions, organizing meetings with journalists and PR events,² including after it was revealed that MBS allegedly ordered the assassination of Jamal Khashoggi.³

Reputation services provided by these agencies may seek to influence local markets—commissioning “special issues” in magazines, placing “puff pieces” that portray autocrats in an uncritically positive light in European media, and providing access to, and opportunities to influence, French elites—as well as products for international markets, like media or electoral campaigns for incumbents in their own countries.

Access to French elites is critical to establishing the acceptability and insider status of PEPs as well as stabilizing diplomatic relations. Elites from authoritarian settings are major clients of French law firms, banks, and a host of other enablers. They are included in private clubs and societies, have close relations with French political parties, and are increasingly partners in the ultimate arenas for reputation laundering: education, sports, and the arts. Numerous

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partnerships between the Louvre Museum, the Sorbonne, and Abu Dhabi demonstrate this point. Sponsorship for the renovation of French historical patrimony also became mainstream over the last decade. It is in this world of Parisian cultural elite socialization that reputations are laundered most effectively.

In recent years, reputation services have shifted, blurring the boundaries between private and public actors and occurring on many different levels across the political ecosystem. Boutique business intelligence firms are on the rise, and a growing number of former French politicians, diplomats, and even Elysée advisors have created their own boutique firms or joined preexisting companies. Their work straddles the line between strategic consulting, influencing, and public relations, thus capitalizing on their bureaucratic and political networks. They sell their clients opportunities to meet and influence French elites.

One example is former French Minister of Economy and former IMF managing director Dominique Strauss-Kahn, whose Morocco-based company has advised governments in the Republic of Congo and Togo along with companies such as Russia's state-owned energy company Rosfnet.⁴ He was hired to facilitate relations with donors and international agencies.⁵ His hiring happened in the context of negotiations that were crucial for the future of the Sassou Nguesso regime, who has ruled the Republic of Congo with an iron fist for over forty years and squandered the country's oil wealth in the process but has been a frequent recipient of IMF loans.⁶

Reputation services can also be part of the deals and support global companies make with autocrats in exchange for access to markets or public contracts. For example, Vincent Bolloré's company, the main shareholder of Havas, offered PR and reputation services to President Faure Gnassingbé of Togo and President Alpha Condé of Guinea, whose rule over their countries has been widely condemned as repressive and deeply corrupt,⁷ reportedly in exchange for port concessions in Lomé and Conakry.⁸ Company representatives recognized these facts,⁹ although charges in Guinea were dropped because the statute of limitation had run out. The company also negotiated a settlement regarding Togo,¹⁰ though the public prosecutor later dismissed the plea agreement and decided to charge company executives with corruption.

Of course, Paris cannot play this role and emerge unscathed. Scandals involving former-national oil company Elf Aquitaine uncovered the financing of the French Right and Left by the likes of Gabon's President Omar Bongo.¹¹ Over the last decade, investigations have revealed financial connections between Russia and the French far-right party, the Front National,¹² as well as alleged ties between Ghaddafi's Libya and Sarkozy's center-right party in France.¹³ Other connections between individual French politicians and elites in authoritarian states have also been uncovered.¹⁴

Lisbon's Role in Authoritarian Reputation Laundering

Lisbon's role in authoritarian reputation laundering is more limited than Paris but also has its origins in links with a former colony, oil-rich Angola, whose long-time former ruler, José Eduardo dos Santos, and his family were accused of widespread corruption and human rights

abuses. Although bilateral relations were frosty in the initial post-independence years as both countries were on opposing sides of the Cold War, Angola's rulers re-established a strong connection with Lisbon in the early 1990s.¹⁵ Angolan elites, always culturally close to Portugal, took to Lisbon as a second home and gateway to the global economy. In many cases, they were also able to achieve Portuguese citizenship, an invaluable asset for international mobility. Lisbon provided them with a haven for education, healthcare, leisure, property acquisition, and a host of legal and financial services—benefits that were pursued in tandem with a deep Portuguese involvement in Angola's economy, especially in the financial sector.

To be clear, Lisbon's permissive climate predated the presence of Angolan kleptocrats. Its economic and political life has long been characterized by conflicts of interest as a small elite, often connected by ties of family or friendship, circulate from private to public roles and back again. Lisbon's top law firms have an all-pervasive influence, sometimes even drafting legislation, and activities that amount to lobbying are barely regulated. While corruption in its classic forms has also occurred, informal influencing across social networks that is difficult to track is widespread and recurrent.¹⁶

As Angolan PEPs became dominant in many market sectors and penetrated Portuguese public life, there was a deepening and widening of service provisions by Portuguese elites for the Angolan regime.

Initially, Angolan reputation laundering efforts in Lisbon did not involve the kinds of specialized services found in Paris and was largely limited to work by law firms and some banks because Angolan officials did not seek the high profile later sought by many oligarchs. Flying “below-the-radar” meant that there was limited knowledge of the extent of their wealth and therefore less awareness or concern about their reputation. Moreover, in Lisbon where many elites worked closely with Angolan clients, a near consensus evolved that such business was entirely legitimate and without downsides, creating the conditions for the early success of Angolan PEPs.

This equilibrium ended with the 2008 financial crisis that nearly bankrupted Portugal alongside an unprecedented boom in Angolan oil production and global oil prices.¹⁷ Angolan public and private investors emerged quickly as leading players in the Portuguese economy, snapping up assets in banking, media, energy, and telecommunications sectors with few dissenting Portuguese voices identifying the Angolan regime's disrepute. Portuguese companies became major suppliers and contractors to the then-booming Angolan economy, and Portuguese expats' remittances in Angola were increasingly important for Portugal's recession-ridden economy. As Angolan PEPs became dominant in many market sectors and penetrated Portuguese public life, there was a deepening and widening of service provisions by Portuguese elites for the Angolan regime. Rumors of Angolan financing of Portuguese political parties also became rife.

As recently as a decade ago, the Angolan regime was generally not seen as in need of reputational care. The unapologetic statement by Manuel Vicente, then-CEO of Angola's national oil company, that “we are the bosses now” was more typical.¹⁸ Portuguese notables lined up to extoll the entrepreneurship of Isabel dos Santos, the billionaire daughter of Angola's then-president. Dos Santos and her late husband, Sindika Dokolo, were forerunners in the type of reputation-enhancing philanthropy that has become common around the world. In 2015, Dokolo brought part of his extensive African art collection to Porto and received the city's municipal gold medal in recognition.¹⁹ Such art sector moves were nonetheless few

and far between, as were the puff pieces and media build up that were so central to Paris's reputation enhancement packages. (Angola's ruling party also preferred to source its political communications from Brazilian operators.) However, like Paris, the cooptation of metropolitan elites was the ultimate guarantor of PEP reputation in Lisbon. But in the Portuguese capital, elites were coopted directly, without the need for extensive reputational operations.

Even though Angolan elites' influence in Lisbon has since receded, it helped to establish service provision for authoritarians as a profitable sector.

This practice began to change in 2013 when Lisbon was increasingly seen as part of a reputational burden with growing international scrutiny²⁰ and the OECD's criticism of Lisbon for becoming a safe haven for Angolan capital flight took hold.²¹ The influence of Angolan elites in Lisbon arguably peaked around 2014 when Angola experienced political and economic troubles in the context of declining oil revenues, and Portugal's judiciary took action against Angolan elites' money laundering operations. Even though Angolan elites' influence in Lisbon has since receded, it helped to establish service provision for authoritarians as a profitable sector. Over the last decade, a wide range of high-net-worth individuals, many from China and Russia, have sought out Lisbon's services—especially in legal and real estate sectors through controversial initiatives like the Golden Visa scheme, which allows kleptocrats (and less dubious investors) greater access to the EU.²² Short of a sustained regulatory effort and the outright banning of certain practices, these practices are here to stay.

Greater Transparency on Reputation Laundering Services

The mechanisms of reputation laundering in Paris and Lisbon are widespread and lucrative features of global capitalism that predate their massive cooptation by authoritarian leaders. In Lisbon, Paris, and other financial centers, reputation service provision is considered mainstream among the professional communities that engage in it. Thus, they are deep-seated and difficult to reform.

Greater transparency is critical and shedding light on these dynamics through investigative journalism and academic work is indispensable, as there is much we still do not know. A mandatory lobbying registry accessible online that details service providers' clients, contracted tasks, and the identity of sub-contractors is essential. Media, universities, and think tanks should report funding streams received directly or indirectly as well as payments from third parties to their employees. Political party financing, a matter insufficiently researched in some parts of Europe, needs even more scrutiny.

It would be naïve to expect transparency on its own to curtail authoritarian reputation laundering since most revelations—even in some cases including criminal offenses—do not have significant reputational costs on service providers and have little moral suasion. Heavy legal sanctions on individuals found guilty of wrongdoing are perhaps the greatest motivator for structural reform, but the ultimate solution lies in the removal of the ambiguities surrounding reputation laundering alongside an increase in the regulatory and reporting burden for key actors engaging in these practices.

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Rebranding a Kleptocratic State: Reputation Laundering in Uzbekistan

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This effort has not only required changes in policy and regulation, but a deliberate and global campaign that seeks to rewire international perceptions of Uzbekistan by directing attention toward economic reform and away from significant human rights, corruption, and governance issues.

The government of Uzbekistan—a state with a history of gross human rights violations and kleptocratic leaders—is eager to rebrand itself as market-friendly and transparently-governed under its new President, Shavkat Mirziyoyev. It has recruited and organized a vast international lobby of public relations, media, and business officials to assist with this task. Ironically, the restoration of market confidence through an international “hearts and minds” campaign is opening up new opportunities for kleptocratic wealth management strategies and entrenching a modernizing form of authoritarian politics. Uzbekistan’s significant ongoing human rights, corruption, and governance issues are being relegated to the margins of international concern given growing opportunities for profit in the country’s economic opening. Meanwhile, civil society and citizen journalists who uncover corruption and abuse of power in Uzbekistan face enduring state persecution.

When former Uzbekistani President Islam Karimov passed away in September 2016, he left behind a pariah state associated with systematic human rights abuses, the repression of civil and political rights, widespread grand-corruption, and a political environment inimical to an open and competitive market.¹ His successor, Shavkat Mirziyoyev, has established a ruling circle that is younger and more commercially literate. This regime has also nurtured an ambition to calibrate Uzbekistan’s political and market infrastructure with international economic structures more effectively, through privatization, liberalization of markets, financialization, and the introduction of certain business-oriented governance reforms.

This effort has not only required changes in policy and regulation, but a deliberate and global campaign that seeks to rewire international perceptions of Uzbekistan by directing attention toward economic reform and away from significant human rights, corruption, and governance issues. The aim is to rebrand the Mirziyoyev regime as a safe pair of hands committed to economic stability and free-market mechanisms.

There is evidence that this rebranding campaign, and the technical reforms it champions, is gradually facilitating Uzbekistan’s enhanced integration into liberalized international regimes of trade and capital flows. However, there is also a growing body of investigative reporting that suggests the emerging opportunities this effort has created is being curated by the authoritarian state for the benefit of kleptocratic elites, entrenching a new nexus between an illiberal state-corporate apparatus in Uzbekistan and liberalized global capitalism.

The Rebranding Campaign

Uzbekistan’s rebranding campaign strategy is set out explicitly in President Mirziyoyev’s draft *Concept on Strengthening the Positive Image of Uzbekistan in an International Arena*.² The policy

[A]n influential network of international actors has joined Tashkent's rebranding effort despite overwhelming evidence of kleptocracy and grand corruption in Uzbekistan.

plan assigns projects to a wide range of government agencies. Collectively, this effort is designed to present and promote to the world a “New Uzbekistan” that is a flourishing, open democracy committed to optimizing the legal and administrative environment for business and investment.³ Notably, the rebranding blueprint places an emphasis on building public support for this narrative among an international coalition of business, media, nongovernmental, academic, public relations, and multilateral agencies.

True to the blueprint, an influential network of international actors has joined Tashkent's rebranding effort despite overwhelming evidence of kleptocracy and grand corruption in Uzbekistan. This coalition is lending the authoritarian regime significant cultural, social, and reputational capital on a global scale. Officials from the European Bank for Reconstruction and Development (EBRD),⁴ the United Nations,⁵ World Bank,⁶ the International Labour Organization,⁷ U.S. and European embassies,⁸ international equity funds, fintech firms, and investment firms have all been prepared to vouch for the regime's supposed democratic and free-market credentials at high profile, public fora.

This coalition of international actors and media savvy domestic policy leaders has formed a formidable lobby that rebrands Uzbekistan aggressively at investor conferences, workshops, multilateral fora, and other press or social media settings. They are also aided by sleek public relations agencies, such as Xenophon Strategies (U.S.),⁹ Cometis AG (Germany),¹⁰ and Corporate Communications International (U.K.)¹¹ that help organize and polish this coalition's claims and, by extension, aid in its reputation laundering efforts.

This international rebranding offensive appears to have been successful in removing the stigma associated with Uzbekistan's recent history—or what is framed as “the past.” Regime figures often cite the award of *the Economist's* coveted “country of the year” title to Uzbekistan in 2019 as an example of the campaign's success.¹² Uzbekistan is also rising steadily upward in certain key indexes targeted by the regime. For example, in the 2020 World Bank Doing Business Report, Uzbekistan was ranked one of the “top 20 business climate improvers.”¹³ The rapid international thaw is allowing Uzbekistan to make inroads into new international capital and commodity markets in ways that would have been improbable under Karimov.

The international press, select academic centers, and business groups have also joined international organizations in offering their praise and support to the Mirziyoyev regime.¹⁴ The *Financial Times* (FT), for example, celebrated Uzbekistan's achievements in a recent special report, published in the lead-up to the Uzbekistan Economic Forum 2021—a major government-sponsored investor conference—of which the FT was designated an official media partner.¹⁵ The FT's Moscow and Central Asia reporter, Nastassia Astrasheuskaya, portrayed authoritarianism as a thing of the past when she wrote, “Since Shavkat Mirziyoyev took power as president in 2016, the *previously* authoritarian Central Asian country has been on a path to reform . . . Five years on, the president is up for re-election in October and widely expected to win a second term” (emphasis added by the authors).¹⁶ Astrasheuskaya continued, “experts agree that early reforms . . . have been effective . . . Uzbekistan seems to have won back investor trust.”

Turning a Blind Eye to Human Rights, Civil Society, and Corruption

Discussion of Uzbekistan's efforts to attract international investment often pays only minimal, superficial attention to issues such as human rights, civil and political freedoms, the persecution of independent activists, the suppression of civil society, and grand corruption. A 2018 *New York Times* editorial is illustrative: "[W]ith democracy in retreat across much of the former Soviet empire and elsewhere in the world, President Shavkat Mirziyoyev's efforts bear watching and deserve support. . . . He had long served the dictator [Karimov] as prime minister and was widely expected to maintain his despotic system. Yet he has unexpectedly taken a very different, and so far, positive, path."¹⁷

Serious red flags that evince Uzbekistani elites' use of authoritarian state power for private gain are ignored or discounted. For example, business groups tied to the presidential family directly have expanded at an exponential rate through preferential commercial relationships with the state or state-owned entities.¹⁸ Private commercial banks continue to be operated by politically exposed persons, shadowy oligarchs, and, perhaps most worryingly, individuals implicated in money laundering and corruption scandals.¹⁹ Offshore companies with opaque business practices have seized the country's lucrative hydrocarbons sector. Major contracts awarded through public procurement exercises continue to go to politically exposed entities,²⁰ while direct awards (i.e., without tender) take place without public account being made of the relevant decision.²¹

Even the government's premiere initiatives have been impacted. The privatization of the cotton sector, for instance, has become a conduit for local groups tied to organized crime and international groups laundering the proceeds of financial fraud.²²

The financial origins of an urban centerpiece for the Mirziyoyev government's reform effort, the much-celebrated US\$1 billion Tashkent City development, were traced back through opaque offshore shell entities to corporate groups founded by the Mayor of Tashkent (whose business interests have prospered from city contracts and awards),²³ and a murky network of investors with criminal ties.²⁴ These examples are only a few of many that have exposed the endemic corruption and kleptocracy that blights Uzbekistan's recent development and business ventures.²⁵

Challenges to Uncovering Kleptocracy

Airbrushing kleptocratic dynamics from the public conversation is a pragmatic choice for institutional actors looking to deepen economic and diplomatic ties with Uzbekistan's outward looking political elite. Nevertheless, for anyone concerned about democracy, human rights, and equality in Uzbekistan, the intricate details of who wields power, how power is applied, and who are the economic beneficiaries of its application, is a matter of burning importance. Concrete evidence from credible media reports and civil society investigations is needed.

Uzbekistan's elite, however, are experts in corporate, commercial, and political camouflage.²⁶ The secretive ownership structures in which vested interests operate, and the opaque

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commercial devices through which the nation's wealth is allocated carefully to key political power brokers and their allies, are structured in a way that is extremely time consuming to unpack—and often impossible given elites' ability to hoard their wealth abroad and conceal basic financial and ownership information from the public (see Figure 1 in Appendix).

Even if these significant barriers were overcome, activists, writers, and researchers who seek to uncover these corrupt networks and hold elites accountable still face significant risk, especially when one considers the resources at the Uzbekistani state's disposal to discourage activism, including its feared security services. Those who speak out on corruption and other unlawful activities are persecuted and even arrested on fabricated charges such as defamation, extortion, or distributing false information.²⁷ The sophisticated censorship of internet usage,²⁸ covert monitoring of communications, and the recent legal reforms making it a crime to defame the President, disrespect the state, or call for "mass disturbances" online, all indicate further repression is likely.²⁹

International jurisdictions play a complex and important role in sustaining repressive authoritarian regimes and kleptocratic elites. For example, expert consultations from leading global law firms, financial institutions, and multinational accountancy corporations support the murky commercial structures through which wealth is looted and monopolized, perpetuating this regime of theft and corruption that is hidden from public view.

Recommendations

To combat this dynamic in Uzbekistan, which is part of a broader struggle of confronting authoritarian politics, there are immediate and practical steps that can be taken, including improving transparency, strengthening and protecting civil society, and documenting the enabling role of international actors and institutions.

Improve transparency surrounding corporate and commercial activity. Significant shortcomings in transparency that allow corporate and commercial structures to be camouflaged in Uzbekistan need to be documented, exposed, and challenged. For example, some of the largest commercial transactions in Uzbekistan are engineered through opaque offshore structures registered in secrecy jurisdictions, such as Cyprus, Hong Kong, Singapore, Switzerland, the United Kingdom, Turkey, the United States, and the United Arab Emirates. Furthermore, even where ventures are pursued through locally incorporated entities, Uzbekistan's register of legal entities only makes limited corporate details available, with no capability to store historical filings or confirm beneficial ownership information.

Critical reforms that could address these significant transparency gaps, include a register of beneficial owners for all corporate entities and a register of interests for senior state officials. It is also important to break the widespread use of power of attorney or trust agreements, which allow politically exposed persons (PEPs) to hide behind proxies. Such transparency reforms would have the additional benefit of bringing Uzbekistan into alignment with international anti-money laundering and counter-terrorism financing benchmarks. In tandem with these efforts, there is a need for civil society to build a public intelligence database of PEPs that would permit the more rapid identification of issues such as conflicts of interest.

Civil society and investigative journalists should continue to make proactive use of freedom of information (FOI) laws in Uzbekistan and approach all relevant government and private sector organizations for comment on irregular transactions or opaque financing structures. It is critical to document the responses to FOI requests and requests for comment publicly so an evidence-based track record of such investigative work and government responses (or lack thereof) is established—particularly when it comes to more sensitive topics like grand corruption.

Support and protect civil society actors investigating kleptocracy. Civil society actors need support to build capacity for conducting story-driven investigations into corruption using multimedia to maximize the public accessibility of findings. Training and capacity building should include methods for enhancing the personal security of investigators and their sources, in addition to sharing expertise that can strengthen financial and commercial literacy. There is also a need for rigorous open-data resources. For example, civil society investigators could scrape market and governmental data and then make it machine readable in open-source intelligence databases with complex search functionality. Doing so will help create a more open environment where different parts of civil society can use the enriched flow of information to map and expose abuses of power.

Investigative stories should prioritize content centering on themes for which there is an emergent social movement in Uzbekistan, such as forced eviction and forced labor to heighten the potential for information to be incorporated into advocacy campaigns. They ought to also document, expose, and challenge the state surveillance and repression of civil society that discourages such investigations from taking place. It is paramount to protect all journalists and ensure they can engage in this work without risk of reprisal.

Investigative stories should be released in multiple content forms designed for specific target audiences, ranging from the general public to the anti-money laundering community. There have been multimedia videos published for the Uzbekistani public that garner well over one million views when shared through social media channels.³⁰ Civil society and investigative journalists should also report findings to responsible domestic agencies in Uzbekistan as well as to international complaint mechanisms for follow up and report publicly on any action taken—or inaction.

Document the enabling role of international actors. The efforts of international actors who maintain commercial relationships with corporate entities that exhibit serious red flags such as political exposure, conflicts of interests, human rights abuses, or ties to organized crime must also be documented, exposed, and confronted. In those instances where international businesses have a responsibility to detect and manage these risks proactively, due to anti-money laundering legislation among other reasons, there is an opportunity to leverage such regulation. Such action can take place in two ways: First by producing credible public content on the risk environment in Uzbekistan that, for example, documents major business groups with political exposure or ties to unsavory business practices. Making this information public record and identifiable through web searches, alerts the entire global anti-money laundering and due diligence communities to facts they ought to take into account (or ignore

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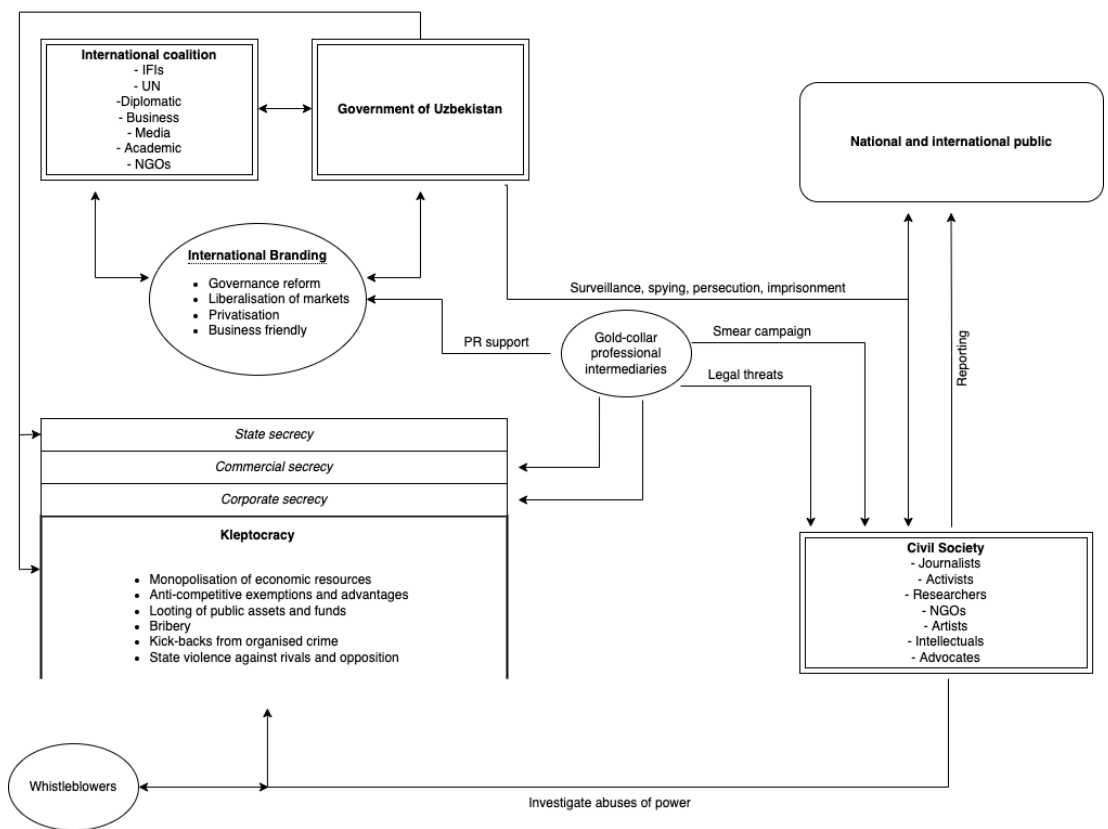
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at their own risk). Second, where there is evidence that a financial institution or law firm has onboarded a high-risk client linked to illicit activity in Uzbekistan, data on this client can be provided to the company's compliance officer and the relevant industry regulator.

Even in instances where there is no formal legal obligation for a company or international institution to avoid high-risk relationships, there may be a reputational cost. Indeed, international financial institutions such as the EBRD, World Bank, and the Asian Development Bank (ADB) have invested considerable symbolic capital in verifying the authenticity of the reforms in Uzbekistan. Where there is evidence that this recognition has led to relaxed risk-management procedures, for example in loan oversight, it is critical that such cases are brought to the attention of their own anti-corruption bodies and Board of Directors, in addition to the wider public.

Appendix

Uzbekistan's Complex Ecosystem of Reputation Laundering



Endnotes

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Acknowledgments

The coeditors appreciate the contributions of the authors whose insights are featured in this collection. Thanks are also owed to the many staff at the National Endowment for Democracy who recommended participants for the workshops which led to this collection.

The coeditors also appreciate the efforts of the International Forum's leadership and staff, including Christopher Walker, Kevin Sheives, Jessica Ludwig, John Engelken, Rachele Faust, Ryan Arick, Lily Sabol, and Ariane Gottlieb, all of whom played important roles in the workshops which led to these essays and the process of bringing them to publication.

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The International Forum for Democratic Studies at the National Endowment for Democracy (NED) is a leading center for analysis and discussion of the theory and practice of democracy around the world. The Forum complements NED's core mission—assisting civil society groups abroad in their efforts to foster and strengthen democracy—by linking the academic community with activists from across the globe. Through its multifaceted activities, the Forum responds to challenges facing countries around the world by analyzing opportunities for democratic transition, reform, and consolidation. The Forum pursues its goals through several interrelated initiatives: publishing the *Journal of Democracy*, the world's leading publication on the theory and practice of democracy; hosting fellowship programs for international democracy activists, journalists, and scholars; coordinating a global network of think tanks; and undertaking a diverse range of analytical initiatives to explore critical themes relating to democratic development.

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