

Beneficial company owners register vital to combat money laundering, experts say

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The EU needs a European register of beneficial owners of companies, consistent definition - and handling - of suspicious transactions and enforced transnational cooperation like the US Financial Investigation Unit, experts on anti-money laundering enforcement in Belgium and Germany told Parliament's Panama Papers Inquiry Committee on Monday.

Money laundering is not a fiscal issue, but a criminal one, MEPs were told by Philippe de Koster of the Belgian Financial Intelligence Unit, an independent administrative authority involved in the fight against money laundering and terrorist financing. There is always a crime behind money laundering and tax evasion, and under Belgium's penal code, money laundering is considered as bad as the underlying crime, he said, calling for similar standards under EU law.

He also made a plea for greater coordination among Europe's financial intelligence Units. "We don't need much money, but we do need the courage to sit together and deal with what's coming at us...like brothers-in-arms," said Mr de Koster.

Giovanni Kessler, Director-General of the European Anti-Fraud Office (OLAF) called for a standardised, interconnected, easy-to-use registry of national bank accounts which would be available to all EU enforcement agencies.

"Knowing bank accounts are traceable would have a powerful deterrent effect on individuals using them to pay bribes. Traceability would also increase detection rates of fraudulent activities and increase the possibility of control," said Mr Kessler.

MEPs also heard about the links between companies set up by Mossack Fonseca -- the law firm at the heart of the scandal -- and Russian-speaking crime groups, extremist Islamic terrorist groups and illegal immigration.

"The main point here is that we can link companies from the Panama Papers leaks not only with economic crimes, like money laundering or VAT carousels, but also with terrorism and Russian organised crime groups, said Simon Riondet of Europol, the EU's enforcement agency against terrorism and serious international crime.

Klaus Meyer-Cabri, German member of EUROJUST, the EU agency dealing with judicial cooperation in criminal matters, said there had been a steady rise in the number of money laundering cases in recent years, but that the release of the Panama Papers had provided the first-ever opportunity for national tax authorities to talk to each other. He described the impact on the agency's resources, saying that whereas a normal coordination meeting of his organisation cost €8,000 euro, a 28-strong meeting on the Panama Papers cost €60,000.

Norbert Naulin, head of a North Rhine Westphalia special investigation unit set up to fight organised crime and tax fraud, defended its decision to buy information from an anonymous source on German banks and beneficial owners named in the Panama Papers by saying that international criminal systems could only be revealed by someone with insider knowledge. "No-one wakes up in the morning and decides to explain how it runs for altruistic reasons," he said.

The hearings will continue on Wednesday when the committee will hear from Nobel-winning economist, Joseph Stiglitz, who resigned as an advisor to the Panamanian

Press release

government in August in protest at its refusal to guarantee publication of his findings.

Further information

- Committee on Economic and Monetary Affairs:
<http://www.europarl.europa.eu/committees/en/econ/home.html>

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