

# IMPACT AND USE OF BENEFICIAL OWNERSHIP DATA

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# PANDORA PAPERS

- Over 300 politicians from 90 countries – including 35 former or current government leaders – are alleged to have evaded scrutiny and shielded themselves with anonymity

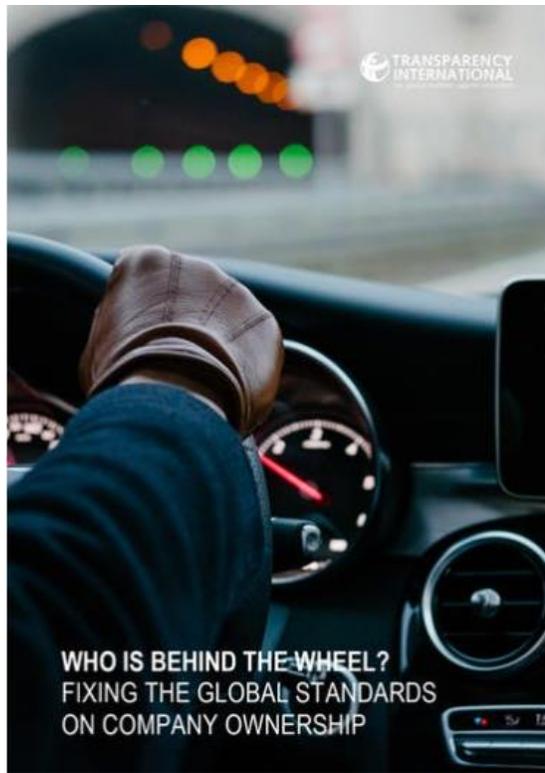


# BENEFICIAL OWNERSHIP TRANSPARENCY: MECHANISMS

- Register: company or dedicated BO register where the information is collected by authorities.
- Obligated entities: BO information is available from financial institutions and DNFBPs (real estate agents, corporate service providers, lawyers, etc) upon request.
- Companies themselves: BO information is available from companies themselves upon request.

**85%** of countries assessed rely on information collected by financial institutions and DNFBPs

...and in none of these countries competent authorities have timely access to beneficial ownership information.



*“While the legal powers available to LEAs [law enforcement agencies] are comprehensive and sufficient, the instances in which LEAs were able to identify the beneficial owners of Canadian legal entities or legal arrangements appear to have been very limited”*

*FATF MER – Canada, 2016*

*“[L]ack of timely access to adequate, accurate and current beneficial ownership (BO) information remains one of the fundamental gaps in the US context. (...) as there are no legal requirements to record BO information (as defined by the FATF), LEAs must often resort to resource-intensive and time consuming investigative and surveillance techniques. As a result, concerns remain about the ability of competent authorities to access accurate BO information in a timely manner”*

*FATF MER – Unites States, 2016*

- In Australia, there is an overall limited ability to provide beneficial ownership information in response to foreign requests. Authorities stressed that “what is not required to be available in Australia cannot be shared” (FATF MER).
- In Singapore, the exchange of beneficial ownership details with foreign counterparts is limited as Singapore can only share information that is available in the country.

# HOW USEFUL IS BENEFICIAL OWNERSHIP DATA?

## Government authorities / Law enforcement

- Better intelligence work by Financial Intelligence Units
- proactive investigations by law enforcement authorities, tax agencies.
- Simplified cross-border investigations and international cooperation
- Anti-money laundering risk analysis

## Private sector

- Fraud and loss prevention
- Assessment of potential investments and risks
- Anti-money laundering compliance (due diligence by obliged entities)
- Integrity, risk screening, due diligence (e.g supply chain)
- Competitive advantage

## CSOs / Journalists / Academia

- Analyse patterns, red flags and areas of risk
- Verify accuracy of information & quality of the data
- Detect and expose potential wrongdoing
- Assess loopholes and recommend improvements to coverage, data collection and use

# HOW USEFUL IS BENEFICIAL OWNERSHIP DATA? (2)

8

Beyond money laundering...

-  Public procurement (identify red flags, fake competition, conflicts of interest. (e.g. Slovakia))
-  Extractives (e.g TI BO and integrity screening for extractive sector licenses – potential to mitigate corruption risks)
-  Political donations; foreign influence in elections; government audits, etc

# THE IMPACT OF BENEFICIAL OWNERSHIP TRANSPARENCY

➔ Uncovering **conflicts of interest**



Andrej Babiš

# THE IMPACT OF BENEFICIAL OWNERSHIP TRANSPARENCY



**Exposing high-level  
corruption**



Long line at state-owned food shop in Turkmenistan, in The Diplomat, December 12, 2018

# THE IMPACT OF BENEFICIAL OWNERSHIP TRANSPARENCY



Tracking unexplained  
wealth



Harrods in London, where Zamira Hajiyeva reportedly spent £16 million.

# THE IMPACT OF BENEFICIAL OWNERSHIP TRANSPARENCY



**Enhancing law  
enforcement efforts**



Beirut Explosion 2020

# BENEFICIAL OWNERSHIP REGISTERS ACROSS THE EUROPEAN UNION

- Public register (free & open data)
- Public register (free)
- Public register (with fee)
- Private register
- No register
- ❗ Access restricted to nationals/ EU citizens with e-identification
- e Free access with e-identification



# BUT NOT ANY REGISTER...

- ➔ Adequate beneficial ownership definition, considering risks posed by different legal vehicles
- ➔ Adequate coverage (including foreign ownership)
- ➔ Verification of the information collected. Measures should always be implemented by register authorities.
- ➔ Up-to-date information
- ➔ Collection and disclosure of all relevant information (name, birth date, nationality, country of residence, type and extent of control)
- ➔ Direct access by competent authorities (LEAs, FIUs, ACAs, Procurement, SAIs)
- ➔ Public + Free access to structured data
- ➔ Sanctions and enforcement

# THE WAY FORWARD

- ➔ Global level playing field: New global standard that requires beneficial ownership registers as part of a multi-pronged approach (FATF review).
- ➔ Effective regimes: Countries should review their beneficial ownership transparency frameworks to ensure their effectiveness, including by creating or strengthening existing beneficial ownership registers.
- ➔ Making use of BO data: Build the capacity and raise awareness of competent authorities, businesses, civil society and journalists of the power of beneficial ownership data.

Thank you!

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