Short Session Report

Session Title: ‘Golden ticket’ or ‘Get jail free card’? How to Stop the Corrupt from buying citizenship
Date & Time: 23 October 2018, 12 -2 pm
Report prepared by: Cornelia Abel, Senior Project Manager, Transparency International Secretariat

Experts:
Laure Brillaud, Anti-Money Laundering Policy Officer, TI EU
Sara Farolfi, Investigative Reporter, IRPI
Ana Gomez MEP, Member of European Parliament for Portugal
Susana Coroado, Board Member, TI-Portugal
Sylwia Wolos, Head of Proposition, Refinitiv

Moderated by: Mike Davis, Director of Campaigns, Global Witness
Session coordinated by: Naomi Hirst

Main issues raised in kick off remarks. What’s the focus of the session?

Golden visa are part of the corruption toolkit. In this session we explore the problem and look at how to stop Golden visa programs.

For orientation, this is where this work fits into combatting the corruption cycle:

- First step: STEAL: it can be anything, natural resources, straight from the coffers etc.
Second step: STORE [what was stolen]: need to choose where to store the stolen proceeds, create companies, layers...

Third step: SPEND: first to maintain power by political financing etc., but then look at luxuries, but also a plan B to when things get hot – here is where Golden visas come in

What initiatives have been showcased? Briefly describe the Game Changing strategies/ ideas (if applicable)

The panel introduced the issue of Golden visas, by detailing the involved corruption risks:

- Letting criminals into the EU (control not adequate in light of risk profile of applicants)
- Problem of governance – how schemes are designed and managed, a lack of operational integrity and proper governance increasing risks of corruption => some of the schemes are by design made as opaque as possible, vulnerable to conflict of interest and discretionary decision-making...
- Lack of harmonized standards and practices at global or EU-level encourage passport-shopping, where member states enter into a race to the bottom ➔ best prices, easiest way to get into the EU fostered by the industry

Panellists were further illustrating the issues by detailing the Portuguese Golden visa programme (see long report) and quoting problematic cases of questionable people having obtained citizenship within the Schengen area. Finally, the panel discussed the consequences of those programmes for Europe, and potentially solutions on how to curb the outlined risks.

Initiatives discussed were:
1. **Initiative needs to be taken by governments to enhance due diligence:**
   - Enhanced due diligence means background checks on resources of funds, origin etc. of candidates for a citizenship is only part of it, and its easy to outsource this part
   - You need to have the expertise and knowledge at the international level: come from regions of non-latin-letter languages ➔ Need to find and interpret information
   - Sources: court records, litigation records, regulatory / law enforcement databases, company registries, media, sources of wealth and sources of funds
   - If wealth originates from family ties, the research is expanded to family members
   - Business intelligence ➔ use well-informed sources that speak to the requestor in confidence
   - What governments cannot outsource are the remaining parts of the due diligence process:
     - What are the decision-making processes
     - If risks were identified – how to deal with this?

However, it is not difficult to find red flags, but the problem what happens when this information gets to the government. The tricky bit is the ownership of the internal decision-making process, which needs to be transparent. Governments managing the process have to have in-house experts to document and run the report.

2) **Initiatives needed at the EU level**
   - Have a healthy public debate at national level in the EU whether those schemes should at all exist, and whether EU citizenship can be treated as a normal commodity
   - Harmonised standards should be set at the EU level
   - Public and transparent selection process has to be done to choose who does the due diligence
   - More transparency around those programmes is needed: Publish information on the objectives of the scheme, where the money goes, criteria for investment clear
   - We need to broaden AML obligations, to include players in the
Golden visa industry (are exposed to PEPs at times to need to be subject to those rules)
- information on clients has to be shared between the programmes, they cannot keep on trying in different places (“Shopping around for EU citizenship”)

**Briefly describe the highlights including the thematically interesting questions and ideas that were generated from the discussion or from the floor, and session quotes.**

**Highlights of the session:**
1. Figures and numbers from the report “European Getaway. Inside the Murky World of Golden Visas” ([www.transparency.org/whatwedo/publication/golden_visas](http://www.transparency.org/whatwedo/publication/golden_visas)), presented by Laure Brillaud, allowed a good understanding by the audience of what “Golden Visa programs” are, e.g. About 6000 passports and around 100,000 residence permits have been traded through these schemes by 2018

2. Ana Gomes MEP, makes convincing arguments of how problematic companies are that are leading the Golden visa industry, by looking at the company that created the program for Malta:
   - Henley and Partners (H&P) crafted the programme for the government in Malta
   - The contract between H&P and the Maltese government is not fully published
   - H&P has in the past provided some part of the so-called due diligence efforts together with some other agencies
   - H&P is also linked to the properties that are sold to applicants so that they can meet the investment criteria for the golden visa
   - How did the person that got a license to operate Pilatus Bank in Malta get the passport from St. Kitts => through H&P!
   - Investigative journalists have alleged that there was a link between Christian Kalin (head of H&P) and Alexander Nix from Cambridge Analytica => H&P only discarded the idea about cooperation as there was not need to identify applicants all over the world
   - Original involvement of Kalin (Head of H&P) in creation of first such programme in St. Kitts and Nevis
   - H&P is saying, not Arton is their competitor, but it’s the BIG FOUR
Session quotes:
Ana Gomez: Golden visa programs are “a scheme prostituting Schengen!”

Laure Brillaud re-quoting a non-named European Parliament researcher saying: “Golden visa schemes used to be a gold mine that has become a mine field”

What are the key recommendations, follow-up Actions (200 words narrative form)

The TI / Global Witness campaign against the risks that Golden visa programmes inside the EU pose to the European Union has the following clear recommendations:

1. Set common standards for enhanced due diligence and transparency
2. Identify, regularly assess and mitigate risks
3. Broaden anti-money laundering rules to include all industry players
4. Collect and coordinate information
5. Start legal proceedings against member states whose schemes could undermine the collective security of EU nations

Mike Davis closes the panel by pursuing this issue at home where relevant, and to feel free to contact panellists to let them know about related issues so those can potentially be taken into account within the campaign.
Key Insights that could be included in the IACC Declaration

Golden visa programmes inside and actually also outside the EU (in countries with special conditions for entry into the EU) pose a threat to security in the European Union. The European Union must set common standards for enhanced due diligence and transparency of those programmes.

Rapporteur’s name and date submitted
Cornelia Abel, 23/10/18

This Short Report needs to be submitted within 2 hours after the session.