

Green MEP challenges government to eradicate money laundering following 'laundromat' revelations



Green Party

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Green economist and MEP, Molly Scott Cato, has said that revelations of the Eastern European 'laundromat' operating through the City of London emphasize the importance of current revisions to the EU anti-money-laundering directive. She was responding to an investigation into fictitious companies registered in London that had processed millions of pounds worth of laundered money from operations run by Russian criminals with links to the Russian government [1]. She says the revelations show the need for national governments to assume their responsibility in eradicating existing money laundering routes. Molly Scott Cato said:

"The European Parliament has been clear in its proposal to change the rules governing financial transactions and crack down on such blatant money laundering. The proposals are currently being negotiated between the Parliament, the Commission and the Council and we must ensure that the Parliament's proposal to create a public register of beneficial ownership in each member state is not watered down by national governments in the Council. Our proposal would force banks to make additional checks for suspicious clients and would have helped to prevent the 'global laundromat'.

"We see again just how important binding rules are for all sectors. This kind of corrupt activity is only made possible by the existence of shell companies and phantom firms. The public register we are proposing would make it impossible for the clients of these companies to stay anonymous. They are the ultimate beneficial owner and their identity must be made public."

The UK government has so far resisted public registers of trusts, arguing that individuals and companies deserve to have personal or confidential privacy. Dr Scott Cato concluded:

"The fact that the money laundering was focused on London should ring alarm bells in the context of threats from the Chancellor that Brexit may lead to a race to the bottom on tax standards. Arguments about privacy cannot be used to defend the laundering of money by criminals and we must ensure that the UK

meets the highest EU standards following its exit from the bloc.”

Notes

[1]

<https://www.theguardian.com/world/2017/mar/20/british-banks-handled-vast-sums-of-laundered-russian-money?>

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