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# H. R. 3843

To promote international efforts in combating corruption, kleptocracy, and illicit finance by foreign officials and other foreign persons, including through a new anti-corruption action fund, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 18, 2019

Mr. KEATING (for himself, Mr. FITZPATRICK, Mr. HASTINGS, Mr. WILSON of South Carolina, Mr. COHEN, Mr. ADERHOLT, Ms. JACKSON LEE, Mr. HUDSON, Ms. MOORE, Mr. CURTIS, Mr. SUOZZI, and Mr. MALINOWSKI) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To promote international efforts in combating corruption, kleptocracy, and illicit finance by foreign officials and other foreign persons, including through a new anti-corruption action fund, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Countering Russian  
3 and Other Overseas Kleptocracy Act” or the “CROOK  
4 Act”.

5 **SEC. 2. FINDINGS.**

6       Congress finds the following:

7           (1) Authoritarian leaders in foreign countries  
8       abuse their power to steal assets from state institu-  
9       tions, enrich themselves at the expense of their coun-  
10      tries’ economic development, and use corruption as  
11      a strategic tool both to solidify their grip on power  
12      and to undermine democratic institutions abroad.

13          (2) Global corruption harms the competitiveness  
14      of United States businesses, feeds terrorist recruit-  
15      ment and transnational organized crime, enables  
16      drug smuggling and human trafficking, and stymies  
17      economic growth.

18          (3) Illicit financial flows often inconspicuously  
19      penetrate a country through what appears to be le-  
20      gitimate financial transactions, as kleptocrats laun-  
21      der money, use shell companies, amass offshore  
22      wealth, and participate in a global shadow economy.

23          (4) The government of Vladimir Putin in Rus-  
24      sia is the leading model of this type of foreign  
25      kleptocratic system, using corruption to erode demo-  
26      cratic governance from within and discrediting de-

1       mocracy abroad, thereby strengthening his authori-  
2       tarian rule.

3               (5) Russia uses stolen money to—

4                       (A) purchase key assets in other countries,  
5                       particularly with a goal of attaining monopo-  
6                       listic control of a sector;

7                       (B) gain access to and influence the poli-  
8                       cies of democratic countries; and

9                       (C) directly fund political parties and orga-  
10                      nizations that advance Russian interests in  
11                      other countries, particularly those that under-  
12                      mine confidence and trust in democratic sys-  
13                      tems.

14               (6) Thwarting these tactics by Russia and other  
15       kleptocratic governments requires the international  
16       community to strengthen democratic governance, the  
17       rule of law, and international cooperation in com-  
18       bating illicit finance, especially by empowering re-  
19       formers in foreign countries during historic political  
20       openings for the establishment of the rule of law in  
21       those countries.

22               (7) New reformers in foreign countries must act  
23       quickly to seize political openings for anti-corruption  
24       reform, but as these reformers are often outsiders  
25       with little government experience, they may need sig-

1       nificant technical assistance to root out deep-seated  
2       corruption.

3   **SEC. 3. DEFINITIONS.**

4       In this Act:

5           (1) **RULE OF LAW.**—The term “rule of law”  
6       means the principle of governance in which all per-  
7       sons, institutions, and entities, whether public or  
8       private, including the state itself, are accountable to  
9       laws that are publicly promulgated, equally enforced,  
10      and independently adjudicated, and which are con-  
11      sistent with international human rights norms and  
12      standards.

13          (2) **FOREIGN STATE.**—The term “foreign state”  
14      has the meaning given such term in section 1603 of  
15      title 28, United States Code.

16          (3) **INTELLIGENCE COMMUNITY.**—The term  
17      “intelligence community” has the meaning given  
18      such term in section 3(4) of the National Security  
19      Act of 1947 (50 U.S.C. 3003(4)).

20          (4) **PUBLIC CORRUPTION.**—The term “public  
21      corruption” means the unlawful exercise of entrusted  
22      public power for private gain, including by bribery,  
23      nepotism, fraud, or embezzlement.

1           (5) FOREIGN ASSISTANCE.—The term “foreign  
2       assistance” means foreign assistance authorized  
3       under the Foreign Assistance Act of 1961.

4           (6) APPROPRIATE CONGRESSIONAL COMMIT-  
5       TEES.—The term “appropriate congressional com-  
6       mittees” means—

7                   (A) the Committee on Foreign Relations,  
8                   the Committee on Banking, Housing, and  
9                   Urban Affairs, and the Committee on Finance  
10                  of the Senate; and

11                   (B) the Committee on Foreign Affairs, the  
12                   Committee on Financial Services, and the Com-  
13                   mittee on Ways and Means of the House of  
14                   Representatives.

15 **SEC. 4. INTERNATIONAL STANDARDS.**

16       It is the sense of Congress that the following inter-  
17       national standards should be the foundation for foreign  
18       states to combat corruption, kleptocracy, and illicit fi-  
19       nance:

20           (1) The United Nations Convention against  
21       Corruption.

22           (2) Recommendations of the Financial Action  
23       Task Force (FATF) comprising the International  
24       Standards on Combating Money Laundering and the  
25       Financing of Terrorism & Proliferation.

1           (3) The Organisation for Economic Co-oper-  
2           ation and Development Convention on Combating  
3           Bribery of Foreign Public Officials in International  
4           Business Transactions (OECD Anti-Bribery Conven-  
5           tion), the 2009 Recommendation of the Council for  
6           Further Combating Bribery, the 2009 Recommenda-  
7           tion on the Tax Deductibility of Bribes to Foreign  
8           Public Officials; and other related instruments.

9           (4) Legal instruments adopted by the Council  
10          of Europe and monitored by the Group of States  
11          against Corruption (GRECO), including the Crimi-  
12          nal Law Convention on Corruption, the Civil Law  
13          Convention on Corruption, the Additional Protocol  
14          to the Criminal Law Convention on Corruption, the  
15          Twenty Guiding Principles against Corruption, the  
16          Recommendation on Codes of Conduct for Public  
17          Officials, and the Recommendation on Common  
18          Rules against Corruption in the Funding of Political  
19          Parties and Electoral Campaigns.

20          (5) Organization for Security and Cooperation  
21          in Europe (OSCE) “Second Dimension” commit-  
22          ments on good governance, anti-corruption, anti-  
23          money laundering, and related issues.

1           (6) The Inter-American Convention Against  
2       Corruption under the Organization of American  
3       States.

4   **SEC. 5. STATEMENT OF POLICY.**

5       It is the policy of the United States to—

6           (1) leverage United States diplomatic engage-  
7       ment and foreign assistance to promote the rule of  
8       law;

9           (2) promote the international standards identi-  
10      fied in section 4, as well as other relevant inter-  
11      national standards and best practices as such stand-  
12      ards and practices develop, and to seek the universal  
13      adoption and implementation of such standards and  
14      practices by foreign states;

15          (3) support foreign states in promoting good  
16      governance and combating public corruption;

17          (4) encourage and assist foreign partner coun-  
18      tries to identify and close loopholes in their legal and  
19      financial architecture, including the misuse of anon-  
20      ymous shell companies, free trade zones, and other  
21      legal structures, that are enabling illicit finance and  
22      authoritarian capital to penetrate their financial sys-  
23      tems;

24          (5) help foreign partner countries to investigate  
25      and combat the use of corruption by authoritarian

1 governments, particularly that of Vladimir Putin in  
2 Russia, as a tool of malign influence worldwide;

3 (6) make use of sanctions authorities, such as  
4 the Global Magnitsky Human Rights Accountability  
5 Act (enacted as subtitle F of title XII of the Na-  
6 tional Defense Authorization Act for Fiscal Year  
7 2017 (Public Law 114–328; 22 U.S.C. 2656 note)),  
8 to identify and take action against corrupt foreign  
9 actors; and

10 (7) ensure coordination between the depart-  
11 ments and agencies of the United States Govern-  
12 ment with jurisdiction over the advancement of good  
13 governance in foreign states.

14 **SEC. 6. ANTI-CORRUPTION ACTION FUND.**

15 (a) IN GENERAL.—The Secretary of State shall es-  
16 tablish in the Department of State a fund to be known  
17 as the “Anti-Corruption Action Fund” to aid foreign  
18 states to prevent and fight public corruption and develop  
19 rule of law-based governance structures, including ac-  
20 countable investigative, prosecutorial, and judicial bodies,  
21 and supplement existing foreign assistance and diplomacy  
22 with respect to such efforts.

23 (b) FUNDING.—An amount equal to five percent of  
24 each civil and criminal fine and penalty imposed pursuant  
25 to actions brought under the Foreign Corrupt Practices



1 Act on or after the date of the enactment of this Act that  
2 would otherwise be deposited in the Treasury of the  
3 United States shall be deposited in the Anti-Corruption  
4 Action Fund under subsection (a), to be available without  
5 need for subsequent appropriation and without fiscal year  
6 limitation.

7 (c) SUPPORT.—The Anti-Corruption Action Fund  
8 may support governmental and nongovernmental parties  
9 in advancing the goals specified in subsection (a) and shall  
10 be allocated in a manner complementary to existing  
11 United States foreign assistance, diplomacy, and the anti-  
12 corruption activities of other international donors.

13 (d) PREFERENCE.—In programing foreign assistance  
14 using the Anti-Corruption Action Fund, the Secretary of  
15 State shall give preference to projects that—

16 (1) assist countries that are undergoing historic  
17 opportunities for democratic transition, combating  
18 corruption, and the establishment of the rule of law;

19 (2) are important to United States national in-  
20 terests; and

21 (3) where United States foreign assistance  
22 could significantly increase the chance of a success-  
23 ful transition described in paragraph (1).

24 (e) PUBLIC DIPLOMACY.—The Secretary of State  
25 shall publicize that funds provided to the Anti-Corruption

1 Action Fund originate from actions brought under the  
2 Foreign Corrupt Practices Act so as to demonstrate that  
3 monies obtained under such Act are contributing to inter-  
4 national anti-corruption work under this section, including  
5 by reducing the pressure that United States businesses  
6 face to pay bribes overseas, thereby contributing to greater  
7 United States competitiveness.

8 **SEC. 7. INTERAGENCY TASK FORCE.**

9 (a) IN GENERAL.—The Secretary of State shall have  
10 primary responsibility for managing a whole-of-govern-  
11 ment effort to improve coordination among United States  
12 Government departments and agencies, as well as with  
13 other donor organizations, that have a role in promoting  
14 good governance in foreign states and enhancing the abil-  
15 ity of foreign states to combat public corruption.

16 (b) INTERAGENCY TASK FORCE.—Not later than 180  
17 days after the date of the enactment of this Act, the Sec-  
18 retary of State shall establish and convene an Interagency  
19 Task Force composed of—

20 (1) representatives appointed by the President  
21 from appropriate departments and agencies, includ-  
22 ing the Department of State, the United States  
23 Agency for International Development (USAID), the  
24 Department of Justice, the Department of the  
25 Treasury, the Department of Homeland Security,

1 the Department of Defense, the Department of  
2 Commerce, the Millennium Challenge Corporation,  
3 and the intelligence community; and

4 (2) representatives from any other United  
5 States Government departments or agencies, as de-  
6 termined by the Secretary.

7 (c) ADDITIONAL MEETINGS.—The Interagency Task  
8 Force established in subsection (b) shall meet not less  
9 than twice per year.

10 (d) DUTIES.—The Interagency Task Force estab-  
11 lished in subsection (b) shall—

12 (1) evaluate, on a general basis, the effective-  
13 ness of existing foreign assistance programs, includ-  
14 ing programs funded by the Anti-Corruption Action  
15 Fund under section 6, that have an impact on pro-  
16 moting good governance in foreign states and en-  
17 hancing the ability of foreign states to combat public  
18 corruption;

19 (2) assist the Secretary of State in managing  
20 the whole-of-government effort described in sub-  
21 section (a);

22 (3) identify general areas in which such whole-  
23 of-government effort could be enhanced; and

1           (4) recommend specific programs for foreign  
2       states that may be used to enhance such whole-of-  
3       government effort.

4 **SEC. 8. DESIGNATION OF EMBASSY ANTI-CORRUPTION**  
5 **POINTS OF CONTACT.**

6       (a) EMBASSY ANTI-CORRUPTION POINT OF CON-  
7 TACT.—The chief of mission of each United States em-  
8 bassy shall designate an anti-corruption point of contact  
9 for each such embassy.

10       (b) DUTIES.—The designated anti-corruption points  
11 of contact under subsection (a) shall—

12           (1) with guidance from the Interagency Task  
13 Force established under section 7, coordinate an  
14 interagency approach within United States embas-  
15 sies to combat public corruption in the foreign states  
16 in which such embassies are located that is tailored  
17 to the needs of such foreign states, including all rel-  
18 evant United States Government departments and  
19 agencies with a presence in such foreign states, such  
20 as the Department of State, USAID, the Depart-  
21 ment of Justice, the Department of the Treasury,  
22 the Department of Homeland Security, the Depart-  
23 ment of Defense, the Millennium Challenge Corpora-  
24 tion, and the intelligence community;

1           (2) make recommendations regarding the use of  
2       the Anti-Corruption Action Fund under section 6  
3       and other foreign assistance related to anti-corruption  
4       efforts in their respective foreign states, align-  
5       ing such assistance with United States diplomatic  
6       engagement; and

7           (3) ensure that anti-corruption activities carried  
8       out within their respective foreign states are in-  
9       cluded in regular reporting to the Secretary of State  
10      and the Interagency Task Force under section 7, in-  
11      cluding United States embassy strategic planning  
12      documents and foreign assistance-related reporting,  
13      as appropriate.

14      (c) TRAINING.—The Secretary of State shall develop  
15      and implement appropriate training for designated anti-  
16      corruption points of contact under this section.

17      **SEC. 9. REPORTING REQUIREMENTS.**

18      (a) REPORT ON PROMOTING INTERNATIONAL  
19      STANDARDS IN COMBATING CORRUPTION, KLEPTOCRACY,  
20      AND ILLICIT FINANCE.—Not later than 180 days after the  
21      date of the enactment of this Act, the Secretary of State,  
22      in consultation with the Administrator of the USAID and  
23      the Secretary of the Treasury, shall submit to the appro-  
24      priate congressional committees a report that—

1           (1) summarizes any progress made by foreign  
2       states to adopt and implement each of the inter-  
3       national standards in combating corruption,  
4       kleptocracy, and illicit finance listed in section 4;

5           (2) details the efforts of the United States Gov-  
6       ernment to promote such international standards;

7           (3) identifies priority countries for outreach re-  
8       garding such international standards; and

9           (4) outlines a plan to encourage the adoption  
10      and implementation of such international standards,  
11      including specific steps to take with the priority  
12      countries identified in accordance with paragraph  
13      (3).

14       (b) REPORT ON PROGRESS TOWARD IMPLEMENTA-  
15   TION.—Not later than one year after the date of the enact-  
16   ment of this Act and annually thereafter for three years,  
17   the Secretary of State, in consultation with the Adminis-  
18   trator of the USAID, shall submit to the appropriate con-  
19   gressional committees a report summarizing progress in  
20   implementing this Act, including—

21           (1) a description of the bureaucratic structure  
22      of the offices within the Department and USAID  
23      that are engaged in activities to combat corruption,  
24      kleptocracy, and illicit finance, and how such offices  
25      coordinate with one another;

1           (2) information relating to the amount of funds  
2       deposited in the Anti-Corruption Action Fund estab-  
3       lished under section 6 and the obligation, expendi-  
4       ture, and impact of such funds;

5           (3) the activities of the Interagency Task Force  
6       established pursuant to section 7(b);

7           (4) the designation of anti-corruption points of  
8       contact for foreign states pursuant to section 8(a)  
9       and any training provided to such points of contact  
10      pursuant to section 8(c); and

11          (5) additional resources or personnel needs to  
12      better achieve the goals of this Act to combat cor-  
13      ruption, kleptocracy, and illicit finance overseas.

14      (c) ONLINE PLATFORM.—The Secretary of State, in  
15      conjunction with the Administrator of the USAID, shall  
16      consolidate existing reports and briefings with anti-corrup-  
17      tion components into one online, public platform, that in-  
18      cludes the following:

19          (1) The Annual Country Reports on Human  
20      Rights Practices.

21          (2) The Fiscal Transparency Report.

22          (3) The Investment Climate Statement reports.

23          (4) The International Narcotics Control Strat-  
24      egy Report.

25          (5) Any other relevant public reports.

1           (6) Links to third-party indicators and compli-  
2           ance mechanisms used by the United States Govern-  
3           ment to inform policy and programming, such as the  
4           following:

5                   (A) The International Finance Corpora-  
6                   tion's Doing Business surveys.

7                   (B) The International Budget Partner-  
8                   ship's Open Budget Index.

9                   (C) Multilateral peer review anti-corrup-  
10                  tion compliance mechanisms, such as the  
11                  Organisation for Economic Co-operation and  
12                  Development's Working Group on Bribery in  
13                  International Business Transactions, the Fol-  
14                  low-Up Mechanism for the Inter-American Con-  
15                  vention against Corruption (MESICIC), and  
16                  the United Nations Convention against Corrup-  
17                  tion, done at New York October 31, 2003, to  
18                  further highlight expert international views on  
19                  foreign state challenges and efforts.

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