

Biden Administration Unveils New Strategy on Countering Corruption



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On Monday, President Joe Biden released the United States' first-ever Strategy on Countering Corruption. This guidance emphasizes the importance of responding to the threat of transnational corruption, and on preventing bad actors from using United States and international financial systems to hide assets and launder money sourced from corrupt acts.¹ The new plan arrives six months after President Biden first announced his intention to prioritize the fight against corruption, citing its threat to "national security, economic equity, global anti-poverty and development efforts, and democracy itself."² In light of the new plan, we can expect to see additional resources dedicated to law enforcement to combat corruption, with an uptick in investigations undertaken by both state and federal authorities. In response, companies should ensure that their compliance programs are up-to-date and address risks companies face.

The 38-page strategy to fight corruption stands on five "mutually-reinforcing pillars" that are (1) modernizing and coordinating efforts to fight corruption; (2) curbing illicit finance; (3) holding corrupt actors accountable; (4) strengthening anti-corruption architecture; and (5) leveraging foreign resources to advance policy objectives. The strategy highlights the need to increase law enforcement resources and improve collaboration amongst key enforcement agencies and departments; it specifically identifies the Departments of State, Treasury, and Commerce, and the U.S. Agency for International Development (USAID) as being integral to that effort. It also aims to strengthen existing security institutions that target corruption in finance, acquisition, and human resource functions — and to shine a light on bad actors "hiding behind opaque corporate structures."

The strategy targets a few novel categories of bad actors. First, it calls for enacting "first-of-their-kind regulations which target those closest to real estate transactions" to reveal when real estate is used to hide illicit proceeds. Second, and in the same vein, it calls out professionals that have traditionally acted as the "gatekeepers" to these clandestine financial channels — lawyers, accountants, real estate professionals, and trust and other company service providers. The administration pledges to work across federal channels and with states to increase penalties and levy sanctions on professionals that facilitate these transactions. Lastly, the strategy expands the lens on corruption to include the "demand side of bribery by public officials" — which has historically played second-fiddle to corruption by private actors. In keeping with that 360 degree view, the strategy encourages the use of civil society and the media to expose corruption and hold private and public actors accountable.

President Biden's strategy is ambitious and highlights this administration's focus on combating corruption from a number of different angles. In light of this unprecedented focus on comprehensive corruption enforcement, it is sensible for companies to take steps now to evaluate their current anticorruption programs to ensure that they are effective in preventing and exposing corruption that may be lurking in a company's blind spot.

¹ *United States Strategy on Countering Corruption*, The White House (December 6, 2021), <https://www.whitehouse.gov/wp-content/uploads/2021/12/United-States-Strategy-on-Countering-Corruption.pdf>.

² *Memorandum on Establishing the Fight Against Corruption as a Core United States National Security Interest*, The White House (June 3, 2021), <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/06/03/memorandum-on-establishing-the-fight-against-corruption-as-a-core-united-states-national-security-interest/>.

