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Putin's Capital Amnesty Could Put Russia on Money Laundering Blacklist

By The Moscow Times

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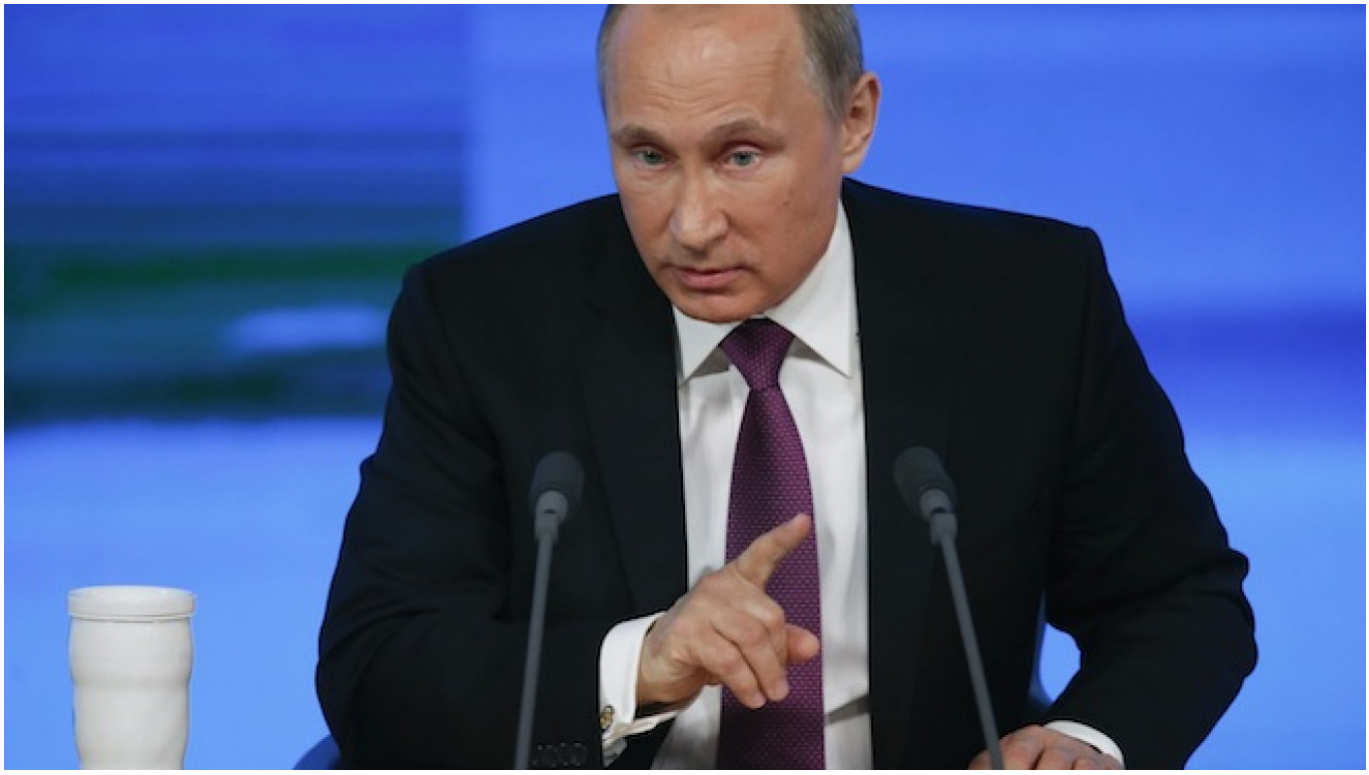

Russian President Vladimir Putin gestures during his annual end-of-year news conference in Moscow, Dec. 18, 2014.

An amnesty on capital returning to Russia proposed by President Vladimir Putin risks putting Russia on the blacklist of a global anti-money laundering watchdog, potentially deepening the country's isolation from global financial markets, the Vedomosti newspaper reported Friday.

Putin last month pledged not to question the origins of any cash returning to Russia as part of a package of measures aimed at firming Russia's economy, which is tumbling into recession under the weight of Western sanctions and plunging oil prices.

But a full amnesty would contradict the rules of the Financial Action Task Force (FATF), a multilateral organization that combats money laundering, terrorist financing and threats to the integrity of the international financial system, financial consultants and unidentified

sources in the government told Vedomosti.

Putin's economic aide Andrei Belousov ruled out the possibility of Russia being blacklisted, telling the paper: "The FATF limitations will be taken into account."

Belousov said capital earned from money laundering or drug trafficking would certainly be excluded from the amnesty, but sources in the government told Vedomosti that the problem is larger. To fully comply with FATF rules, funds tainted with fraud, corruption and financial crimes must also be excluded.

The FATF cannot directly sanction unruly nations, but risk-averse financial institutions and regulators are wary of dealing with countries on the blacklist. Russia's inclusion could see foreign financial institutions recoil from activities in Russia.

The blacklist currently includes Iran, Ecuador, Algeria, Indonesia, Myanmar and North Korea. Russia was removed from the list in 2002.

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