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Legal Money Laundering Scheme Exposes Russia's Bailiffs

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Vedomosti

Russian money launderers are exploiting government bailiffs to transfer dirty cash out of the country.

A legal loophole may have already seen more than 16 billion rubles ($269 million) in surreptitious funds sent abroad, the Kommersant newspaper reported Friday.

The scheme requires a Russian judge to sign off on a debt collection agreement between a Russian citizen or company and a business or individual based outside of the country.

When bailiffs use this court judgement to transfer money from a Russian "debtor" to their "creditor" abroad, Russian banks are unable able to properly scrutinize the deal.

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Russia's Central Bank told Kommersant that the subterfuge enjoyed the full protection of the law because Russian banks and the Federal Bailiff service are both legally unable to question court decisions. It now hopes to tackle the problem by allowing banks to refuse any "suspicious" debt repayments.

More than 37 billion rubles ($624 million) were transferred about of Russia as part of debt repayment plans in 2016.

In each case, payments ranged from 400 million ($6.8 million) to 6 billion rubles ($101 million).

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