

Russian 'Dirty Money' in London Undermines National Security, U.K. Lawmakers Warn

By [Reuters](#)

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Russian money hidden in British assets and laundered through City of London financial institutions damages the government's efforts to take a tough stance against Moscow's aggressive foreign policy, a committee of lawmakers said on Monday.

Britain's financial centre has been a major beneficiary of the massive flight of Russian cash since the 1991 fall of the Soviet Union, and London remains the Western capital of choice for the oligarchs and Russian officials who flaunt their wealth across Europe's most luxurious destinations.

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But Britain has led an international diplomatic backlash against Russia following the poisoning of an ex-Russian spy in an English city — an attack which the government blames on the Kremlin. Moscow has denied any involvement in the incident.

A report by parliament's Foreign Affairs Committee said Russian money was undermining Britain's criticism of the Kremlin and supporting what it called a campaign by President Vladimir Putin "to subvert the international rules-based system".

"The scale of damage that this 'dirty money' can do to UK foreign policy interests dwarfs the benefit of Russian transactions in the City," said committee chairman Tom Tugendhat.

"There is no excuse for the UK to turn a blind eye as President Putin's kleptocrats and human rights abusers use money laundered through London to corrupt our friends, weaken our alliances, and erode faith in our institutions."

Among its recommendations, the committee said Britain should work with international allies to make it more difficult for Russia to issue sovereign bonds, which are not subject to sanctions, via banks which are sanctioned—a practice the report said undermined efforts to reign in Russian behavior.

Russia has been accused of interfering in the 2016 U.S. election and of a series of cyber attacks around the world. It denies both.

In April, the United States imposed major sanctions against 24 Russians, striking at allies of Putin in an aggressive move to punish Moscow for its alleged meddling.

Prime destination

The British National Crime Agency said this month that potentially hundreds of billions of pounds of money-laundering impacts Britain each year and that it is a prime destination for Russians looking to legitimize the proceeds of corruption.

"The use of London as a base for the corrupt assets of Kremlin-connected individuals is now clearly linked to a wider Russian strategy and has implications for our national security," the committee report said.

After convincing dozens of countries, including the United States, to expel Russian diplomats in response to the use of a nerve agent on British soil in March, Britain has promised further measures to tighten sanctions against Russians.

But the committee said more needed to be done domestically to tighten sanctions on individuals and at an international level to close loopholes that allow Russia to issue sovereign debt with the help of sanctioned entities.

It recommended working with the EU and United States on a way to prohibit the purchase of Russian bonds which have been sold with the help of sanctioned banks, and a ban on European clearing houses making Russian debt available.

"The size of London's financial markets and their importance to Russian investors gives the UK considerable leverage over the Kremlin," the report added.

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