

The Taxcast transcript: March 2024: Crime DOES pay...

Naomi Fowler: Hello and welcome to the Taxcast, the Tax Justice Network podcast. We're all about fixing our economies so they work for all of us. I'm Naomi Fowler. Coming up later on the Taxcast. Crime doesn't pay. Or does it?

Tristram Hicks: We haven't started the war on dirty money because there's this disconnect that's taking place at a strategic level.

Naomi Fowler: I'll speak to a former police investigator and asset recovery specialist about the state of asset recovery. But before that, I'm going to talk to Alex Cobham, CEO of the Tax Justice Network, for his take on this month. We're going to start with a tax justice leap forward in Australia. Well, kind of...

[Music]

OK, Alex, so Australia has been promising public country by country reporting legislation for multinational companies above a certain size for a long time now. And we've been talking about it on the Taxcast, getting quite excited about it, but not very excited because this is not our first rodeo. So anyway, back in April 2023, their original proposed legislation, it was truly groundbreaking, would have meant for major multinationals wanting to continue to do business in Australia, what they'd have had to agree was for the first time to report publicly on all their economic activities, including profits declared, taxes paid. The whole thing would have done a massive favor to lots of other countries, because it would have shed light on those multinationals activities in their countries too, so not just in Australia. And it would have blown the whole abusive system apart where multinationals shift things around in their accounts artificially from one country to another to minimize their taxes. So obviously, Australia's original proposal freaked out a lot of CEOs, it freaked out the OECD, it freaked out the EU as well, because *their* proposed country by country reporting systems are so weak, and there was massive lobbying and pressure put on Australia. Australia delayed the whole thing. Now the Australian government has published its revised legislation, or maybe I should say it's watered down legislation. Can you tell us a little bit about their original legislation that caused all that fuss and the reaction that it got?

Alex Cobham: Yeah. So the, the original Australian legislation was, as you say, really groundbreaking. It would have given us, for every multinational above the size threshold operating in Australia, all of the country by country reporting information publicly and to the standards of the Global Reporting Initiative, which is a much, much more robust standard than the OECD's rather technically

weak standard. Now what that would have meant is, as you say, countries all around the world would have benefited from that because even where those countries are themselves effectively politically too weak to demand this information, they'd have been getting it through the intervention of the Australian government.

And so that would have been a real step forward, particularly given there's a lot of extractive sector companies in Australia, particularly for lower income countries that are reliant on the extractive sector and don't have the political clout to demand this information directly, or at least haven't been able to yet. It would really have helped them out.

Now, as you say, lots of, lots of people were freaked out by the Australian proposal. We should add the United States to your list. We understand that they were extremely aggressive in lobbying the Australian government against this, as well as the OECD. You'll remember the OECD denied that they were doing any lobbying of this sort at all, and then the Financial Times with, with help from a few friends, exposed actually that the OECD had been doing exactly what they said they hadn't, lobbying the Australian government not to require this sort of information to be published. So the OECD really, you know, put themselves beyond any shadow of a doubt on the wrong side of the tax transparency argument, made it very clear that their alignment is with multinationals who would rather not share with the public the extent of their profit shifting and not in fact on the side of the public who have a right, we think, to see that information, to hold the multinationals to account and to hold their governments to account for the steps they're taking, or not taking against profit shifting.

So, with that context, you know, we now have the revised legislation. I think if it wasn't coming from that starting place of what was really groundbreaking, we'd be kind of celebrating wholeheartedly the legislation that's now proposed. As it is, it feels a little bit like a defeat because it has been watered down significantly. But we should hold on to the fact this is still far and away the best public reporting requirement that multinationals will face, and it's a very big step towards having all the information that we need publicly. They still are using the Global Reporting Initiative standard, so that means the data that we'll get is much better than anything else, and they're still requiring it for a significant number of jurisdictions.

Naomi Fowler: And, and so not, not globally significant in the kind of bombshell way it could have been, but still significant. And so, there's a list, Australia has of 41 jurisdictions, which are sort of high risk, major profit

shifting locations, which companies will have to report on if they want to do business in Australia.

Alex Cobham: Yeah, so Australia, plus 41 other jurisdictions, which includes some pretty significant corporate tax havens, including the likes of Switzerland and Singapore. What it doesn't include is pretty much every lower income country, every member state of the European Union, and that includes a lot of major tax havens like the Netherlands and Ireland and Luxembourg. It doesn't include the United States itself, which plays a significant role in a lot of profit shifting strategies.

So there is still going to be a long way to go. But at the same time, this is going to give us more data, better data than we have when combined with the European Union requirement, again for some public country by country reporting, that will be on the OECD standard, so less good data, and it will be for EU members and a smaller and worse list of other jurisdictions, what the EU calls non cooperative jurisdictions.

It's all adding to the patchwork. So it will get better. You know, it's another step on the way. But honestly, we should be at the point now we can just go fully to GRI standard public country by country reporting for every multinational everywhere. Instead, we're going to have this data that fills in some of the gaps, not all of the gaps, that leaves some data on a different standard from others, that creates additional, much greater compliance requirements for multinationals, who always complain about the compliance costs. This time they'll have a right to, to some extent. They're going to end up reporting in the EU and Australia under different standards. And if they're also extractive sector companies, they'll be reporting under probably three other standards as well, similar but different data, project level data as well. So, you know, they will have extra costs. And at the same time, the public won't be getting the data they actually need, which you would have if you just required everyone to report under the GRI standard everywhere. So, we're on the road. It's a big step. Australia should be commended. And we're now looking at effectively who's next, who's going to require GRI standard data for every multinational that operates in their jurisdiction and for every other jurisdiction of operation. I think there's a good chance we'll actually get this in the negotiations on the UN tax convention. And it could be that that's really the place that this is, finally, put on a single uniform standard. There's a lot of interest there already in the early inputs from countries, so I think it may be that that's the next big step.

Naomi Fowler: And we also do know, and there's going to be more information coming out about this, that as usual, the kind of the professional enablers of

these big multinational companies, like Price Waterhouse Coopers, have this kind of disproportionate role in lobbying and trying to water down not just what Australia decides about how *it* wants to regulate and deal with big multinationals, but on the global rulemaking for how big multinationals are going to pay taxes as well.

Alex Cobham: Yeah, so this is a kind of fascinating moment in, in Australia, but actually with global ramifications that haven't yet been picked up fully in most of the media outside Australia. So the context in which this significant new tax transparency law is going to be passed, is one in which PwC Australia is under investigation by the Australian federal police, by the professional standards board on tax in Australia, and by a joint parliamentary inquiry in Australia.

So Australian senators have been calling out PwC and PwC International, not just in Australia, for their refusal to cooperate. And this goes back to the fact that PwC Australia was doing so much work under the previous Australian government, they had so much access to tax policy making with people seconded into the government on very, very expensive contracts and then apparently it now turns out, using that information, sharing it, though it was confidential, sharing it with people in other bits of PwC around the world and there were conversations ongoing about how to use this to attract business. But also it now turns out from the Professional Standards Board's investigation actually looks like the main thing PwC was doing was trying to influence, or actually influencing the OECD reform of corporate tax rules internationally.

So you appear to have one of the big four using its privileged access, effectively having, I think it's not too strong a word to say, corrupted the tax policy process in Australia with a view to potentially corrupting the tax policy process internationally. Remember that's the OECD which, as the Financial Times has exposed, was heavily involved in lobbying the Australian government *not* to put through even this tax transparency measure of public country by country reporting last year. So, increasingly, you have this picture, whether there was actual corruption, whether there was actual criminal behavior or not, it's definitely a picture in which it looks like the international tax rule setter of the OECD, and at least one of the major accounting firms, and one OECD government appear to have been, one way and another involved in a process designed, it seems, to try to find ways for the clients of PwC, major multinational companies, not having to pay more tax. Now, we don't know how successful they were, and we don't yet know the details of really what was involved in this. But with these three inquiries running, and at least one

whistleblower at the heart of PwC Australia, we can probably feel confident we're going to find out significantly more over the coming months.

And perhaps tied to that, we know that the OECD's head of tax has been revealed to have been involved in the group at KPMG, one of the other big four firms that was among the architects of the Microsoft Puerto Rico tax scheme that is now being very heavily pursued through the courts by the IRS, by the tax authority in the United States.

Naomi Fowler: Yeah, yeah, and we did look at Microsoft's use of Puerto Rico on the Taxcast, which is absolutely outrageous, kind of breathtaking stuff, and the disproportionate role in so many ways, you know, some of the big four accountancy firms is such a huge issue.

Alex Cobham: Yeah, it feels like we might just be approaching a moment where there's some kind of accountability for the professional enablers of corporate tax abuse, although what it's revealing at the minute is pretty depressing about the way that international tax laws perhaps have been made, including at the OECD. With this process to move towards a UN tax convention, maybe this gives us the kind of momentum that we need to establish a process that is fundamentally much more transparent, much harder for the kind of behind closed doors lobbying that seems to have been absolutely rife at the OECD.

Naomi Fowler: Yeah. And watch this space because there's lots of things that could break there. So yeah, keep your eye on the Taxcast. Anyway, going to the United Nations, just this week there's been agreement by consensus at the UN on guidance for a model wealth tax law, and that will aim to help countries to tax extreme wealth, which is great news. The OECD was expected to be doing its usual interventions of the kind that we've just been discussing to try and block progress in that area at the United Nations. In the end, they didn't do that. Why would they want to do that in the first place? And why didn't they do it this time do you think?

Alex Cobham: It's a very good question. This is about what's happening at the UN Tax Committee. And what the UN Tax Committee does is it comes forward with technical proposals, model laws, articles of model tax treaties, mainly aimed at giving lower income countries a fairer deal and often being able to move much more nimbly than the OECD is doing these things, we've certainly seen that on digital services. However, we also see that, uh, the OECD, which has a role in the committee and a number of the experts nominated by OECD countries, quite often seem to play a bit of a blocking role. In this case, the

committee has had, for a couple of years now, a really, really good subcommittee on solidarity and wealth taxes. And they've been doing really kind of impressive technical work creating effectively elements of legislation for countries to put in place if they want to introduce wealth taxes. Now, what was up for discussion in this session at the committee was whether that work should be taken further into a model wealth tax law. And, you know, this wouldn't be something that countries could just kind of take off the shelf and put straight into legislation because you have to make wealth taxes fit within your, your existing legislative framework. But it would certainly have made it much, much easier, particularly for capacity constrained countries to use this as the basis for a wealth tax.

Now, before the meeting, it was understood that privately, the OECD had opposed this going forward, and it wasn't really clear why. And then in the meeting itself, which is public, you know, we can, we can all see who's saying what, the OECD chose not to speak at all. So we had raised the alarm beforehand that there was a risk here, that the OECD and perhaps members from OECD countries would block. In the event, possibly because that was raised with media, we can't be sure, but in the event that opposition really dissipated, and so nobody called a vote, and so by consensus, the committee agreed that they will go forward with creating a model wealth tax law, and that will be discussed at the next session. So, relatively quickly, we will have the basis for a UN model wealth tax law.

Now that's a step forward technically, because it will make it much easier for capacity constrained governments to move ahead with wealth taxes, but also politically, you know, we know that there's always a strong pressure from elites and their lobbyists not to tax wealth. And what this does is just, it makes it that much easier, it normalizes the idea of wealth taxation because it will have the UN imprint, if you like. And that, you know, it's the combination of the technical and the political that you need to get this kind of very important progressive tax measure over the line for governments to know that technically they've got a strong way to do it. And that politically, this is a sensible, reasonable, common thing to do. And wealth taxes are increasingly common, because governments recognize they need to tackle the extreme wealth inequalities in our societies. So this is really significant progress.

On your specific question of the OECD not blocking, look, it's not really clear, you know, because they never said anything publicly, and we don't fully know the extent of their opposition privately. One suggestion is that on another track, you know, we know that the G20 group of countries is moving forward under the chair of Brazil with work on wealth taxes. Now, perhaps the OECD thinks

that if it publicly opposes this work at the UN, it will have less chance of getting a mandate from the G20 to work on this issue, and the OECD is always looking for its next mandate. So it might be that. But to be honest, from the mood music from the G20, it seems pretty clear that Brazil and the group as a whole are looking at the United Nations as the place for this work to go forward. So perhaps the OECD is just, you know, stepping back from wealth taxes, it's never been a progressive actor on this. Perhaps it's just decided it won't involve itself, I guess time will tell.

Naomi Fowler: Thanks, Alex! Alex Cobham of the Tax Justice Network. The United Nations Tax Committee can move faster than the OECD, and so Alex *thinks* we're likely to have this model wealth tax law by the end of 2024. Now, on the Taxcast: apparently, crime doesn't pay. But when it comes to asset recovery of the proceeds of crime, the door's often wide open. The United Nations Office on Drugs and Crime estimates that only 0.2 percent of laundered criminal funds is seized each year by law enforcement. So if you're a criminal, you're looking at a 99.8 percent chance of success. So, there's still not that much to show for the 200 odd billion dollar global investment a year into tackling dirty money.

Tristram Hicks: Asset recovery is not a fine. It's not a penalty. It's a restoration of the status quo to the period before the crime was committed. We think it's rather complicated, and actually it's not complicated.

Naomi Fowler: This is Tristram Hicks, co author of the book, *The War on Dirty Money*.

Tristram Hicks: After university I joined the police. I spent 15 years in South London dealing with crime, from street crime to organised crime and finally to the fraud squad. And so for the next 10 years I was in operational command of the financial investigators of the MET Police in London. And I was on the national committee, which ended up being called the, the Criminal Finance Board, so that's a multi-agency committee. Uh, and I was there for, for 10 years. And I left the police in in 2012, uh, because that's in the nature of policing, you can only stay so long. And, uh, then I travelled the world, helped financial intelligence units and countries in general to do asset recovery and to connect the suspicious activity reports that comes from the banking sector to the crime investigation and the money investigation that should take place in, in law enforcement. I went around the world training investigators and prosecutors to do asset recovery, you know, all the way from Jamaica to Mongolia and down to Zambia.

Naomi Fowler: When Tristram started out in the police, you might be surprised to learn that fighting crime didn't, and often still, even now, doesn't involve asset recovery.

Tristram Hicks: So I was there fighting organized crime in the 1990s. And I arrested lots of people, and was involved in in the evidence to convict them. They all kept the money because I never thought about it. None of us thought about it because we, we work within a legal framework, and the legal framework doesn't allow us to confiscate the money so we don't and we also don't do the financial investigation because why would we? So I think, you know, there's a really basic thing going on in the criminal justice world, which just doesn't think about the money. In 80 percent of countries, we don't do any financial investigation. There's no asset recovery. Everybody thinks everything's fine, because they just don't think about it at all.

Naomi Fowler: But then, in the UK, something big happened that changed Tristram's policing experience completely.

Tristram Hicks: I joined the fraud squad just as the Proceeds of Crime Bill was being written. That became the Proceeds of Crime Act and that just changed everything because all of a sudden we could confiscate money from criminals and up until then we just hadn't done it in the UK. All the convicted criminals kept all the money. Because there was no financial investigation, there was no asset recovery. And when I say this to, to my friends and family and people I meet and they're genuinely astonished. They assume that the asset recovery confiscation is just an automatic process that takes place in the courts and it just didn't until 2003 in the UK. And it doesn't now, in 80 percent of countries don't do any confiscation that's worth the name. And that's a genuinely astonishing fact. And I think politicians who we, we look to, to, to lead us genuinely don't understand that 'cause they're members of the public too. The Proceeds of Crime Act in the UK was absolutely groundbreaking.

Naomi Fowler: The Proceeds of Crime Act was brought into force by the British Parliament in 2002. It criminalised more forms of money laundering and created new offences around failure to report a suspicion of money laundering. It defined criminal property and it enabled the recovery of criminal assets through civil means. It also did something else that transformed underfunded and overstretched policing around asset recovery:

Tristram Hicks: In the United Kingdom, Tony Blair's government, and I think it was Tony Blair himself, who said, yeah, we've got to give the money back to the agencies if we're going to buy the change we want. The United Kingdom

government made a decision to put that money back into the agencies. And it was a change of mindset. And most countries have decided not to do any incentive scheme, the money goes into the central treasury. The result is failure, across the piece.

Naomi Fowler: Very few governments are willing, and show that they're willing, to actually properly finance enforcement by the State in these things.

Tristram Hicks: Er, yes! And I think we should look at the detail about why that is, and we should look at what was different in the United Kingdom. And I think that it's an important point here. Criminal justice will say we're busy, they'll say we've got completely full in trays, we don't have any spare capacity to do anything different from what we're doing, what we want is more resources to do what we're doing better. Every agency in every part of the world will say that.

What we're actually asking them to do in looking at asset recovery is to do something extra. Now, the fact that when they do it, it's more effective against crime than ordinary criminal investigation because it turns out that it's better and quicker and cheaper, well, they don't believe that's true. And we, we know it's true in the United Kingdom because we've demonstrated that it's true. But we discovered that because we recycled the money back and paid for the change because you've got to buy some kit, you've got to buy some training, you've got to buy the, the time of people to do this work in a different way. And they've got to stop what they're doing and do something else. And they, they stop doing some criminal investigation to do financial investigation. That change costs money. So it's not about incentives to do something that they don't want to do, it's because they're really busy and you're asking them to do something different.

Naomi Fowler: And the difference is that while police across the world *do recover evidence* for the purposes of prosecution through the courts, it's not the same as seizing the proceeds of a crime.

Tristram Hicks: Countries do asset recovery of evidence, so they can recover stolen goods, stolen cash, perhaps the vehicles or the mobile phones that are used to commit the crime and are therefore part of the evidence of the case. All countries do that kind of asset recovery. What's different with the Proceeds of Crime Act is that we started to confiscate the proceeds of crime, so not the evidence connected to the offence, but the proceeds of crime. And that requires a different way of thinking. It actually requires different laws and different skills.

Naomi Fowler: Tristram saw the benefits very quickly from this sea change in the London police force where he worked, the MET.

Tristram Hicks: Yes, it costs money, but there's no shortage of money. In the United Kingdom we were recovering about a million pounds in the MET per year. When we started, in the first year, we seized seven million pounds in cash. And the amount of asset recovery from the proceeds of crime, broadly speaking, doubled every 18 months. We had more money than we knew what to do with, after just a few years! So we bought more financial investigators, we bought the training, we bought the kit. Eventually we had so much that we couldn't spend any more, so we started the Safer London Foundation in London, which was a crime prevention charity. As soon as we started doing asset recovery, we had more money than we knew what to do with. And we know that's true with tax investigators. As soon as you employ a tax investigator, you would probably give me the numbers, but they all pay for themselves and make a huge profit. So that is exactly the same with asset recovery financial investigators.

Naomi Fowler: Yep, he's absolutely right about tax investigators. They pay for themselves many times over, all over the world. Just one member of staff in the UK's tax authority, HMRC, working in business compliance, brings in on average over nine hundred thousand pounds a year on around a thirty thousand pound salary, and why aren't we paying them more for goodness sake? And yet the tax authorities for years are being cut back all over the world, they're expected to carry on operating effectively, tax workers are paid such low salaries. It's a worldwide trend and there's no need for it *at all*.

Tristram Hicks: There's no shortage of money. There's a shortage of clear thinking. You talked about political will. And political will is controlled by narrative. Politicians don't see the light, they feel the heat. And part of the narrative needs to change. So we need to stop talking about economic crime because it's really dull, and no one's interested in economic crime. As soon as you add the word economic or financial or tax, you know, you just lost 90 percent of your audience. Because people care about crime, but because in our heads we separate crime from money we, we don't care about economic or financial or tax, honestly. It's my experience of training around the world. So I bring it back to crime. So what crimes are we trying to solve and are those crimes connected with money? And they invariably are, whether it's lotto fraud in Jamaica or drug crime in the Balkans. Or in Mongolia, they had an issue with, with livestock rustling. So whatever your local crime is, it's connected, connected with money. What we're trying to do is solve the crime through the money. And, and our whole criminal justice system is set up to solve crimes which are conveniently pigeonholed in drug squads, human trafficking squads,

tax squads, if you like, and what we *should* do is build this profession of financial investigators, so we're following the money to the crime. So we've got the information about the dodgy money, we follow that. Invariably when you start following dodgy money you find out what the predicate crime is, then you get a crime specialist to come in and help you solve that crime, but you've already solved the money laundering.

Naomi Fowler: Part of the kind of disconnect, Tristram says, is that crime fighters detectives, financial investigators, compliance people, they're moving in such different spheres, and they're speaking different languages.

Tristram Hicks: We're focused on money laundering is really complicated, criminals are really sophisticated. No, they're not. Criminals typically aren't very good at money laundering, but we confuse money laundering with banking. Banking is sophisticated, banking is complicated. And money laundering is, is the process that criminals do to separate the crime from the asset recovery, separating the crime from the money. And actually our problem is that we're doing the same thing when we're trying to address the problem. So our financial intelligence units, which receive the reports about dirty money from the banking system, create reports that should go to the criminal justice system, but they never actually arrive. They tend to stay in the financial intelligence unit. So, so effectively we're separating the information about the money from law enforcement and criminal justice, where the information about the crime is. And there's a blockage. And the blockage is in our financial intelligence units. We're doing exactly the wrong thing. And there's this disconnect that's taking place at a strategic level. And that disconnect is also taking place at an operational level because suspicious activity reports, which the banking sector spend 210 billion a year developing in the compliance industry, that's the cost of the compliance industry, those SARs never really get to the front line where the financial investigation should be taking place.

Naomi Fowler: A lot of asset recovery is, obviously, across borders. And before we even get to talking about financial transparency, so much comes down to *definitions*. Different nations use different definitions. And that matters. It matters a lot.

Tristram Hicks: What do we mean by asset recovery and what do we mean by, by money laundering? Because there's a lot of complexity that's put on something that's quite simple. And at the moment we have two big definitions of money laundering. One is money laundering crimes as defined by the United Nations Conventions. And there are three of them as well, one dealing drugs, one dealing with organized crime, one dealing with corruption. And they use the

same definition of what money laundering is. So, we're just dealing with property that's connected with crime. That's what the United Nations says. Their definition is actually very good. Very sensible. And meanwhile, the banking sector is dealing with something called placement layering and integration which is used in all money laundering translation, which is, which is probably useful, I guess, for people who are just joining the banking sector for the first time and trying to understand what money is. But it has no real connection with the, with the United Nations definition. So, so the banking sector say, oh, we found some layering and they go to the criminal justice sector who say, well, we don't know what you're talking about because we just deal with property that's the proceeds of crime. What's layering?

So, so we've actually got two languages being spoken, one by the financial sector and one by the criminal justice sector, and then using different definitions. And just to compound that, the United Nations, their definitions, when it was translated into the criminal justice codes when it went to the national level, each country said, oh, well, a new crime, we need to define it in our own terms. So they changed the definition from the United Nations definition to their own local one. So we now end up with 200 countries, 200 slightly different definitions of money laundering. So as soon as we try and do an international connection between France and England, or England and America, we're dealing with slightly different definitions of money laundering.

Naomi Fowler: That seems a bit crazy.

Tristram Hicks: Yeah!

Naomi Fowler: I mean, how do you get everybody using the same definition?

Tristram Hicks: I think a lot of this is going back to basics. So we could say to the United Nations, wouldn't it be nice if we had one crime of money laundering? This isn't controversial. This is just saying we've got three conventions, we've got broadly similar wording, can we say, another convention, call it the Convention on Money Laundering, which defines what money laundering is in terms of crime, the crime of money laundering, and we'll use the definition that's already used in those conventions. Now, that should be quite a simple thing. It's not about protecting anybody's interest, it's about defining what the crime of money laundering is. Which we've already done. We just need to tidy it up so we use the words in the right order. And then we ask countries to say, can you build this into your criminal code and don't change the wording? Just use the wording used by the United Nations Conventions, which you've just signed up to, they've all agreed it already because we've already

signed up to those three conventions on, on, uh, money laundering already. So this shouldn't be hard. And then when France asks for help from England or anywhere in the world, then we can say we need to help with a predicate crime. Money laundering is integral to that crime. The crime of money laundering uses the same words. So we can agree it's serious, we can agree it's money, we can agree that there's a predicate crime, and then we agree what the predicate crime is. Because there will be a different definition of that from all countries. But at first we can start by agreeing what money laundering is. It is that simple.

Naomi Fowler: And when it comes to training, talking about training, financial investigators, years ago, the Touch Justice Network set up training for journalists to teach them how to follow the money because it's really So As you know, very, very complicated when you have to go through changing scenarios of different jurisdictions of different levels of secrecy and different levels of access and cooperation, I mean, it seems like it moves at a glacial pace, but you must have seen the differences in terms of financial transparency?

Tristram Hicks: Yes, it is really difficult and I mean, I, I, I do think, I think we've made progress. We've made progress partly because of, of the Taxcast and Tax Justice Network and friends and, and colleagues who work in the anti-corruption field, I do think things have got better generally. But it is, as you say, glacial pace.

Having said that, there's a, a much better situation in Europe. I wrote the financial investigation manual for the European Union, assisted by about 130 subject matter experts drawn from all 27 members of the Union at the time, this is pre Brexit. That was an example of cooperation, and through Eurojust and Europol, there is a much better ability to follow the money within the European Union because there's a much better understanding of how you can get hold of the information, how you can then evidence it for asset recovery purposes. So I would look at that as an example of a change in gear in the European Union, and recently Bernhard Mühl, speaking for Europol, explained that asset recovery in the European Union has gone from 2 billion euros to 4 billion euros in less than 5 years. That's, that's an impressive change. I think we could all globally, do the asset recovery statistics operation better, and I think those figures should be audited and published, and we're very, very inconsistent about that, despite the Financial Action Task Force recommendation that says we should keep those statistics and publish them, that recommendation consistently is one that doesn't really get complied with, and the result is we don't really know. We don't really know what the global position on asset recovery is. The Financial Action Task Force back in 1990 started when money laundering wasn't a crime. There were no financial intelligence units. There were no

steering committees in countries. And they built all of that over a, say, a 10 year period, maybe 20 year period. These recommendations are more or less complied with by countries, but it doesn't necessarily mean they're operationally effective so, so the FATF changed its methodology in 2012 to look at operational effectiveness. But in a way, no one really knows what success looks like.

Naomi Fowler: So, there's clearly a need for better research and consistent data gathering. And Tristram wants to see more internationalised, multi agency, accredited financial investigators who are much more mobile, moving between different sectors.

Tristram Hicks: The main issue is that crime is taking place at a global level, but criminal justice is taking place at a national level, so we need to make the national criminal justice systems more robust. You know, there is a human psychology here. If we're going to get criminal justice to think about the money, we have to give them the tools to do the job, and we need to manage the change. We have burglary squads, we have drug squads, we have human trafficking squads. They look at those crimes. And in the UK, we have asset recovery teams who support those teams, but that's because we got the Proceeds of Crime Act, and the result of that was we trained financial investigators. They're called accredited financial investigators in the United Kingdom because they are accredited under the Act. It's not a, it's not an academic or a training accreditation, it's a statutory accreditation. We *should* supervise them, we *should* look at what they're doing. And we have that statutorily in place, run by the National Crime Agency in the UK.

So, so we have this body of, of professionals, all agencies, so this is police and customs and revenue, trading standards, environmental agency, any crime you think of has got accredited financial investigators, all trained to the same standard, all doing continuous professional development to the same standard, run centrally. They have a central support system to help them with, with new developments and new techniques, uh, an entire profession of financial investigators uniquely in the UK. Now, I think we could do more with that profession. I think it could be international, and that would help us with international requests. I think it could be more multi agency, so that people could move from police to inland revenue to trading standards. But we'd need to make sure the terms and conditions of those people in the profession were the same. And that would allow people to have a career path which goes all across the public sector. And that would be a really interesting career for people to do. So we could build on that.

Naomi Fowler: Tristram also thinks it's worth exploring bringing specialists from the private sector into criminal asset recovery. A similar idea is sometimes floated in tax justice discussions about financially incentivising tax specialists and setting up whistleblower reward schemes. Obviously, there are major caveats.

Tristram Hicks: With the right controls, if we, if we looked at the conflict of interest and we looked at the right controls of intelligence, lots of people in the private sector actually want to work in government because it's really, really interesting, you know, the best cases are done by the government, the best money laundering investigations are done by, by government agencies, it's really interesting work. People in the private sector would *love* to do it. So there is a, an opportunity perhaps to have financial investigators from the private sector, trained to the same standard under the same rules, going back into the public sector and between the two to build this profession. And if we did that, we could also look at a vertical progression, so you become an accredited financial investigator, and then you become a supervisor, and then you become a manager or a senior manager, so we actually have senior managers who know what they're doing in terms of financial investigation and anti money laundering. And that would be different from where we are now. Because I was never trained as a manager supervising financial investigators. I learned it when the Proceeds of Crime Act came in, when I ended up delivering the training for managers in the United Kingdom, because there was no one else who knew what they were doing. Because there's a huge gap in the market in terms of management, and there's no point in training lots of financial investigators, unless you're going to train managers to deploy them. So, so yes, this is something that we could do.

Naomi Fowler: It's an interesting thought, *if* the right protections are in place, as Tristram says. And just like tax compliance work, criminal asset recovery also has huge, self-sustaining money raising potential. Both tax compliance work and criminal asset recovery work can be, must be, properly funded. We should be expanding our networks of these tax compliance and criminal asset recovery officers worldwide, all working together, serving society, all paid fairly and well, all using the same definitions.

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