

**1st Interpol Global Programme
on Anti Corruption and Asset Recovery**

Inaugural Function

February 13, 2012

Welcome Address of Director, CBI

Shri V. Narayanasamy, Hon'ble Union Minister of State for Personnel.

Shri Vikram Srivastava, Director General Bureau of Police Research And Development

Shri V.K. Gupta, Special Director, CBI

Shri K. Saleem Ali, Additional Director, CBI

Shri Jaganathan, Asstt. Director, Interpol

Participants of this programme from the Asia Pacific region

Friends from the electronic and print media

Ladies and gentleman

1. On behalf of the Central Bureau of Investigation, I extend a very warm welcome to all of you present here today for the inauguration of the 1st Interpol Global Programme on Anti-Corruption and Asset Recovery.

2. This is a great moment for us because this is the first time that CBI has been given the privilege of jointly organizing a Training Programme with the Interpol Anti Corruption Office for which I must thank the Secretary General of the Interpol and Shri Jaganathan, who is present here.

3. I am grateful to Hon'ble Minister for Personnel for not only having spared his time to grace this occasion here today, but also for his support in organizing this training programme. Without the administrative support from the Ministry of Personnel, the programme would not have taken shape.
4. I am also grateful to the Director General, BPR&D for his gracious presence as well as for extending all assistance from the BPR&D for this training programme.
5. I also extend a very special welcome to all our guests from abroad. I hope your journey was comfortable and that you have a pleasant stay during the week here in India. You have come to India at the best time of the year and am sure will enjoy your stay with us and will be enriched professionally to strengthen international cooperation in the efforts to fight corruption and recovery of illegal assets.
6. Corruption has become a major governance challenge in today's world. Its effect on the economy of a country, more so of a developing country, is debilitating as it hampers socio-economic development. Corruption is a complex socio-economic and cultural phenomena the fight against which not only calls for innovative and localized solutions but also requires the support of the global community through INTERPOL and such other multilateral organizations.
7. There is no single remedy for fighting the menace of corruption. The battle has to be fought at many levels. The design of development programmes should provide for more transparency and accountability. Systems and procedures which are opaque, complicated, centralized and discretionary are a fertile breeding ground for the evil of corruption. 'Ethics in Governance' would hold key to good governance in any society. I am prompted to recall a famous verse from the ancient Indian scriptures which says "*Yatha Raja Tatha Praja*" in other words if the king is immoral so would be his subjects.
8. Development of new methods of financial flows and communication technology have made it easier for the corrupt to conceal and stash away stolen wealth. On the other hand, differences in legal systems, high costs in coordinating investigations, inadequate international cooperation and bank secrecy laws have made the task difficult for the anti-corruption authorities.
9. The World Bank estimates the cross border flow of money from criminal activities including corruption and tax evasion to be around 1.5 trillion US Dollars annually. Around 40 billion US dollars of this flow is on account of bribes paid to public officials in the developing countries. Out of this, the World Bank estimates that only 5 billion USD in stolen assets have been repatriated over the past 15 years. That leaves a wide gap between the outflow from the developing countries and its subsequent repatriation.
10. Tracing, freezing, confiscation and then repatriation of stolen assets is a legal challenge. Managing the asset recovery investigation is complex, time consuming, costly and most importantly requires expertise and political will. There are many obstacles to asset recovery. Not only is it a specialized legal process filled with delays

and uncertainty, but there are also language barriers and a lack of trust when working with other countries.

11. The global financial market allows money to travel further and faster than ever before. In cases in which that money is the illicit proceeds of crime, particularly in the case of organized crime, this makes the tracing, freezing and recovery of assets even more difficult.

12. One of the most complicated aspects of international asset tracing is the issue of jurisdiction. Generally, the jurisdiction in criminal law is territorial and it is a well established principle that one State will not enforce their legal formalities on another State without following proper procedures. Criminals use these principles to their advantage, often spreading the crime over at least two jurisdictions and investing in a third.

13. In some of the recent important cases being investigated by CBI such as 2G/CWG/ and Madhu Koda, we find that money is taken to Dubai/Singapore/Mauritius from where it goes to Switzerland and then British Virgin Island/Caymen Islands and other such tax havens. For the criminals all it involves is setting up of a few shell companies and then making layered transfers from one account to another in a matter of hours as there are no boundaries in banking transactions.

14. For the investigators, however, each layer has to be peeled by sending an L.R. through judicial channels, and obtaining information from each leg of the transaction can take in many cases several years.

15. 53% of countries said to be least corrupt by the Transparency International Index are offshore tax havens, where most of the corrupt money goes. The tax havens include New Zealand ranked the least corrupt country, Singapore ranked No.5 and Switzerland ranked No.7.

16. There is a lack of political will in the leading tax haven States to part with information required to trace such assets as they are all too aware of the extent to which their own economies have become geared to this flow of illegal capital from the poorer countries.

17. India in particular has suffered from the flow of illegal funds to tax havens such as Mauritius, Switzerland, Lichtenstein, British Virgin Islands, etc. It is estimated that around 500 billion dollars of illegal money belonging to Indians is deposited in tax havens abroad. Largest depositors in Swiss banks are also reported to be Indians.

18. We need to relentlessly pursue asset recovery strategies to make such illegal acquisitions a "No Profit High Risk" proposition.

19. It is in this backdrop that this Global Programme is being organized. The main objective of the programme is to enhance the knowledge and skills of the police investigators and prosecutors in tracking the assets created out of corrupt activities, within the country and across the borders in an effective and expeditious manner. It is

also intended to sensitize them to mutual legal assistance in international and trans-border investigations.

20. During the training they would be exposed to some of such complex investigations by persons who have actually dealt with tracing the proceeds of crime. The problems that were encountered during such investigations especially when it related to trans-border issues will also be highlighted.

21. The participants are also being taken to the Centre for Training in Cyber & Hi-Tech Crime Investigation. This was established by the Government of India in 2010 at the CBI Academy to train personnel from the CBI and from other law enforcement agencies in Cyber Forensics, Mobile Forensics and other such areas. These are an essential and integral part of any investigation related to financial frauds and transnational crimes.

22. I am sure the deliberations during the Training Programme would lead us all one step closer in achieving the daunting task of “assets recovery” in the emerging global scenario.

23. I once again wish all the participants a very pleasant and meaningful stay in Delhi.

24. With these words, I once again welcome you all to this First INTERPOL Global Programme on Anti-Corruption and Asset Recovery and wish this training programme a grand success.

25. Thank you.