

Rt Hon Jeremy Hunt MP
Secretary of State for Foreign and Commonwealth Affairs
Foreign & Commonwealth Office
King Charles St
Westminster
London SW1A 2AH

Tuesday, 9 July 2019

Dear Foreign Secretary,

Anti-money laundering legislation and media freedom

As representatives of some of the leading media and civil society organisations investigating and exposing criminal and corrupt practices in the UK, and around the world, we warmly welcome the leadership of the UK Government in hosting an important summit on press freedom.

The success of this summit offers the opportunity for the UK government to set the gold standard for an environment that enables journalists to hold the powerful to account. Sadly, the government's current approach to implementing a key piece of legislation to combat money laundering - the Fifth Anti-Money Laundering Directive (5MLD) - does not meet this standard. It appears designed to frustrate journalists and researchers from accessing, and ultimately reporting on, vital information about the beneficiaries of the opaque system of financial trusts that have tax liabilities in the UK.

Investigative journalism has, in recent years, blown a hole in global financial secrecy that has been used to move illicit wealth, mask criminal activity or fund terror activities. From the Panama Papers, to the work of Daphne Caruana Galizia, news organisations and individual journalists are working to uncover the tide of dirty money flowing around the world. In Daphne's case, she paid the ultimate sacrifice for this work.

As well as exposing the corruption of the rich and powerful, these journalistic investigations have real world public benefit. Her Majesty's Revenue & Customs (HMRC), for example, recently stated that its "*current portfolio of civil and criminal investigations resulting from the Panama Papers is forecast to yield over £190 million.*"¹

¹ <https://www.gov.uk/government/publications/no-safe-havens-2019/no-safe-havens-2019-responding-appropriately>

Under former Prime Minister David Cameron, the UK government led the way² in seeking to combat illicit financial flows by creating more transparency as to the real owners of the financial structures, often used to launder criminal money. As Paul Caruana Galizia, Daphne's son, recently said the best way to protect journalists is to act on the things they uncover. These efforts risk being undermined by the UK's proposed implementation of 5MLD.

The Directive, updated following the Panama Papers revelations, unequivocally recognises the legitimate interest of journalists and civil society to access information about the true beneficiaries of trusts suspected of harbouring dirty money. However, the UK Government's proposal for transposing this Directive into national law restricts this legitimate interest to see and report on this information by requiring journalists and researchers to present evidence of wrongdoing *before* accessing the register, completely undermining the objectives of 5MLD.

By submitting that evidence to HMRC to determine whether access to the register should be granted, it is possible that HMRC could trigger an investigation, which can often take many years, during which time, it is unlikely that any journalism or research could be published.

We are also concerned about negative connotations that the UK government attaches to journalists and researchers using the transparency created by the legislation to make "speculative enquiries". The ability for journalists to use the register for research is vital for the process of investigative reporting. The UK government's new approach represents a reversal in its previous commitment to the transparency of taxable, asset holding entities.

As the UK seeks to be a global champion on press freedom it must show leadership, rather than being at the back of the pack. Calling for transparency around the world whilst frustrating access to key information at home does not represent leadership.

As this week's conference will highlight, journalists are under growing pressure around the world from individuals and governments that do not want their misdeeds exposed to the public. The UK government cannot solve all of these pressures through one conference. But it can, and should, do all in its power to create an environment in the UK that supports the brave and courageous work done by individuals such as Daphne. We therefore call for the UK government to rethink its implementation of 5MLD, to ensure that the abuse of UK trusts for criminal and corrupt behaviour can be brought out of the shadows.

Yours sincerely,

² <http://www.investinuk.net/news/pm-speech-open-government-partnership-2013>

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cc. The Rt Hon Philip Hammond MP