The Story Behind McMafia: A Briefing on Organised Crime and Corruption

The BBC drama McMafia shines a light into the underworld of organised crime and corruption, placing London at the heart of an increasingly scrutinised financial system. The APPG on Anti-Corruption and Global Witness co-hosted a briefing and Q&A session exploring the facts behind the drama.

Monday, 29 January 2018 – 15:30-16:30 – Grimond Room

Chair: Anushka Asthana (joint political editor of the Guardian)
Panellists: James Norton (lead actor in McMafia), Misha Glenny (journalist and author of the book McMafia), Hoss Amini and James Watkins (show creators), and Ellie Nichol (Global Witness's Deputy Director for Corruption Campaigns)
Keynote address: John Penrose MP (Anti-Corruption Champion)

Attendees from Parliament:
APPG on Anti-Corruption co-chairs Dr Rupa Huq MP and Nigel Mills MP, Vice-Chair Lord Watson of Invergowrie, Vice-Chair Baroness Stern, Vice-Chair Lord Paul, Lord Faulks (member), Baroness Kramer (member), Dame Margaret Hodge MP (member), Darren Jones MP, Michael Gapes MP, and Anneliese Dodds MP

Key points discussed at the meeting:

The True Story Behind McMafia's Drama

McMafia is a drama about a London-based hedge fund manager who becomes embroiled in a world of organised crime and corruption, using his fund to move his investors’ dirty money and becoming drawn into their criminal world through the process.

Panellists discussed how this reflects the real world, in so much as the UK has become a desirable jurisdiction for criminals seeking to park or conceal their dirty money. Criminals and corrupt high-profile individuals have used UK financial services and institutions to move money abroad, and they have bought properties to launder their ill-gotten gains.

One of the main topics of discussion was the UK’s anti-corruption regime when it comes to its Overseas Territories. Dame Margaret Hodge MP said that the UK must lead by example and mandate that the Overseas Territories adopt public registers of beneficial ownership.

Dame Hodge MP said, “every crook and every villain in the world uses the UK’s regulatory system to set up their companies” because of its “veneer of respectability.” She added, “I do think there is a danger that the UK has become the jurisdiction of choice for all financial crimes and corruption.”
The comment was timely, as just a couple of weeks ago, Baroness Stern moved amendment 73 to the Sanctions and Anti-Money Laundering Bill in the House of Lords. The amendment would have required that six British Overseas Territories establish public registers of company ownership by January 2020. The change was not made, but only due to 10 votes.

John Penrose MP, the newly appointed Anti-Corruption Champion, stressed the importance in consensus for public registers, and taking on a multilateral approach that looks at precedent cases. He also said that while the matter of the Overseas Territories is important, corruption extends beyond the movement of money abroad. He argued that, for instance, UK public services and insider threats need to be examined.

**The Changing Face of Crime**

According to Mischa Glenny, the author of the book McMafia, the face of organised crime is changing. He said that traditional crime groups and cybercriminals are joining forces for the first time, making criminal activity more invisible.

Panellists also discussed how those who become involved or help facilitate corrupt or criminal activities, such as the main character in McMafia, often don’t see themselves as criminals. Instead they would say they are just businesspeople, hackers, or otherwise.

Glenny added that organised crime groups have access to impressive networks that transcend national, ethnic, and religious lines. He cited the case of organised crime groups in the former Yugoslavia who cast aside religious and ethnic differences to cooperate in hiding criminals and trafficking drugs.

**Offshore Companies’ Ownership of “Secret Property” in the UK**

Ellie Nichol from Global Witness highlighted the problem of property in the UK being bought by unknown individuals and offshore companies.

She presented the instance of Baker Street. According to a Global Witness report, an unknown individual behind a network of offshore-owned companies invested in £147 million worth of prime real estate on Baker Street in 2009. Managers of these companies were linked to Rakhat Aliyev, the former Kazakh secret police chief found hanged in an Austrian prison while awaiting trial for the murder of two bankers in his home country. According to Global Witness, as of November 2017, the top 10 most expensive properties owned by companies in secrecy jurisdictions are worth over £1.5 billion.

Nichols then introduced Global Witness’ app, Secret Property, which shows just how many secretly-owned properties are located in various neighborhoods in London.
According to the app, around 85,000 properties across the UK are owned by companies incorporated in UK tax havens. Global Witness says that this includes over 10,000 in the London Borough of Westminster, almost 6,000 in Kensington and Chelsea, and over 2,000 in Camden.

Rupa Huq mentioned that this creates a problem where dirty money is able to buy significant amount of property in London, leaving flats empty and pushing individuals off of the property ladder through a trickle-down effect.

One way that this problem can be combatted is through Unexplained Wealth Orders, said Lord Faulks. UWOs give UK law enforcement a new investigatory power, requiring that certain individuals to explain the source of their wealth if there is a clear inconsistency in their apparent legal income and their property holdings in the UK. UWOs came into effect on 31 January 2018.

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