

Is the U.K. finally cracking down on dodgy Russian money?

(947 words)

Worksheet with mediation

This worksheet includes reading comprehension exercises as well as pre-reading and post-reading sections. Students also complete a vocabulary exercise and a mediation task. Sample answers are given in the answer key.

This worksheet and the article are written in American English.



A protester in London carries a sign reading “It is easier for a Russian oligarch to enter the House of Lords than for a Ukrainian refugee to enter the Kingdom of England”, March 2, 2022. | Photo: Picture Alliance

Pre-reading

1. Oligarchy and kleptocracy

Look up the definitions of “oligarchy” and “kleptocracy” in your dictionary, and find out more about the differences between the two terms.

2. Russian oligarchs

- a) Find out about Russian oligarchs and how they rose to power.
- b) A prominent example of a Russian oligarch is billionaire Roman Abramovich. What links to London does Abramovich have? What happened to his assets after the Russian attack on Ukraine? And what kind of political influence has he had? Note down a few keywords for each question.

Reading comprehension

1. Write a short summary of the article in two to three sentences. (Include information on the title of the article, who wrote it, in which newspaper it was published, and what it is about.)
2. Explain why London has been given the nickname “Londongrad.”
3. Illustrate how London has become prone to attract “dodgy Russian money” (headline)?
4. Besides the financial aspects taken advantage of by oligarchs (see task 3), state what other sides to London have made the city the go-to-place for the rich.
5. State precisely what measures British Prime Minister Boris Johnson suggests to target Russian money in London.
6. Despite Johnson's promises, explain why experts like Helena Wood of RUSI* say it's difficult to tackle the influence of Russian oligarchs in London.

*RUSI (The Royal United Services Institute): UK's leading defense and security think tank.

Vocabulary

Write the correct German word from the box next to the English expression. Then find synonyms in English.

Tip for teachers! Students of lower levels can use the vocabulary translations below the article to find the respective terms.

hart gegen etw. vorgehen • Briefkastenfirma • Geld waschen • zwielichtig
sich an etw. bereichern • allgegenwärtig • Vetternwirtschaft • Überfall

	English	German	English synonym(s)
1.	ubiquitous		
2.	assault		
3.	to crack down on s.th.		
4.	crony capitalism		
5.	dodgy (coll.)		
6.	shell company		
7.	to launder money		
8.	to enrich o.s. off s.th.		

Post-reading

Partner discussion

Read the statement again that is written on the sign held up by the protester in the picture on page 1 of this worksheet:

Statement: "It is easier for a Russian oligarch to enter the House of Lords than for a Ukrainian refugee to enter the Kingdom of England."

Join with a partner. Discuss and analyze the statement:

1. What does the protester want to express with her slogan? Brainstorm to come up with points together.
2. Why would the slogan be effective? Look at content as well as style, and write down some main points.
3. With your partner, discuss what makes a good slogan for a protest sign. Together, create your own slogan relating to the topic. You'll find **Tips!** to do so in the answer key.

Mediation

Apart from the UK, there are also other countries in Europe that have become a paradise for Russian oligarchs.

Below, you will find an article (shortened to 652 words) about Switzerland as a popular haven for Russia's richest people. The text was published in the German daily newspaper *Frankfurter Allgemeine Zeitung*, Die Lounge (Wirtschaft), p. 19, on March 12, 2022.

Read through the article, and write approximately 220 words about what makes Switzerland a paradise for Russian oligarchs. Use the information provided in the text.

Source text:

Piratenhafen Schweiz

Die Eidgenossenschaft ist ein beliebter Tummelplatz für Oligarchen, und Genf ist das größte Drehkreuz für russisches Erdöl. Eine Gesetzeslücke erleichtert den Transfer schmutziger Gelder und könnte reichen Putin-Freunden dabei helfen, die Sanktionen zu umgehen.

Von Johannes Ritter, Zürich

Die Schweiz hat keine Bodenschätze. Und dennoch ist das kleine Land ein Riese in der Welt der Rohstoffe. Rund 40 Prozent des globalen Ölhandels werden von Unternehmen in der Schweiz abgewickelt. Auch im Ein- und Verkauf von Kaffee, Metallen, Getreide, Zucker, Kakao und Baumwolle sind Handelshäuser aus der Eidgenossenschaft mit Abstand führend. Im Kanton Zug hat Glencore seinen Sitz, ein Rohstoffriese mit einem Umsatz von mehr als 200 Milliarden Dollar. Insgesamt sind rund 900 Unternehmen in der Schweiz im Rohstoffhandel unterwegs, wie das Wirtschaftsministerium in Bern vor Jahresfrist ermittelte.

Was wie eine Jubelmeldung aus der Broschüre für Standort-Marketing klingt, mutet spätestens seit dem Überfall Russlands auf die Ukraine wie ein Risikobericht an. Denn ein großer Schwerpunkt des Geschäfts

liegt im Handel mit russischem Erdöl. Rund 80 Prozent davon wurden bisher in Genf umgeschlagen. Die Stadt am Ufer des Genfer Sees ist schon seit Jahrzehnten ein Dorado für Rohstoffhändler aus aller Welt. Dort lockt nicht nur ein freundliches Steuerklima, sondern vor allem eine Kohorte von Privatbanken, die den Händlern mit Krediten, Garantien, Absicherungen und pfiffigen Finanzierungsmodellen auf die Sprünge hilft und hernach diskret deren Vermögen verwaltet.

Zur Symbiose von Geld und Öl tragen zudem hoch spezialisierte Anwälte, Treuhänder, Notare und Wirtschaftsprüfer bei, die Schwächen in der Regulierung geschickt zum Wohle einer Klientel nutzen, die Transparenz scheut wie die Motten das Licht. Auch die politische Neutralität der Schweiz wirkte bisher anziehend, vor allem für Geschäftsleute aus autoritär regierten Staaten wie Russland. Am Basler Flughafen hängt derzeit ein halbes Dutzend Luxusjets russischer Oligarchen fest.

Die Schweiz, so formuliert es der Basler Strafrechtler und Korruptionsbekämpfer Mark Pieth, sei wie die Insel Tortuga im Film "Fluch der Karibik", wo sich die Piraten treffen, um sich mit allem einzudecken, was sie für ihre Raubzüge brauchten.

Einer der russischen "Piraten", die ihr Vermögen von Genf aus in lichte Höhen schraubten, ist Gennadij Timtschenko. Der langjährige enge Freund des russischen Machthabers Wladimir Putin profitierte von der Zerschlagung des Ölkonzerns Yukos und avancierte zu einer wichtigen Figur im russischen Ölhandel. Ende der Neunzigerjahre gründete er gemeinsam mit dem Schweden Torbjörn Törnquist das Rohstoffhandelsunternehmen Gunvor, dessen operatives Herz in Genf schlug. Als Russland im Jahr 2014 die Krim annektierte, landete Timtschenko auf der Sanktionsliste der Amerikaner. Kurz davor hatte er seine Gunvor-Beteiligung an seinen Geschäftspartner Törnquist verkauft. Seiner steuergünstigen Wahlheimat Schweiz blieb der Oligarch aber offenbar noch länger treu. Über seine Genfer Neva-Stiftung, die seine Frau leitete, buhlte er als Kultur- und Sportmäzen um gesellschaftliche Anerkennung. Heute erst distanzieren sich Begünstigte wie das Verbier Festival von ihrem Gönner, obwohl Timtschenko zumindest aus amerikanischer Sicht schon seit 2014 als zu meiden galt.

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Das Magazin "Forbes" schätzt Timtschenkos Vermögen aktuell auf 16 Milliarden Dollar.

Wie viel davon noch auf Schweizer Konten schlummert, ist nicht bekannt. Ebenso wenig weiß man, wie viel Geld russischer Kunden von Schweizer Banken insgesamt verwaltet wird. In Finanzkreisen wird geschätzt, dass es rund 100 Milliarden Dollar sein könnten. Damit würde die Eidgenossenschaft wohl sogar "Londongrad" als Hort russischer Vermögen in den Schatten stellen.

Mark Pieth vermutet, dass die Mehrheit der inzwischen mehr als 800 sanktionierten Putin-Unterstützer Konten in der Schweiz haben - oder hatten.

...

Im Schweizer Geldwäschereigesetz gibt es eine Lücke: Die dort festgehaltenen Sorgfalts- und Meldepflichten gelten zwar für Banken, nicht aber in gleicher Form für die Dienstleister, die ihren Kunden bei der Gründung und Führung von Briefkastenfirmen behilflich sind. Wer keinen Zugriff auf Kundenvermögen hat, braucht einen möglichen Verdacht auf krumme Geschäfte nicht zu melden. Dabei ist es für die Berater meist einfacher als für die Banken, schmutzige Gelder zu erkennen, weil sie oft ein vollständigeres Bild von der Vermögenssituation ihrer Kunden haben. Der Versuch der Schweizer Regierung, diese Gesetzeslücke zu schließen, ist vor Jahresfrist am Widerstand der Anwaltslobby im Parlament gescheitert.

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(652 words)

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Answer key

Pre-reading

1. Sample definitions

- Oligarchy describes a situation where a small, privileged, and wealthy group of people has power over a country or an organization and often selfishly uses this power for corrupt purposes.
- Kleptocracy refers to a society or a system in which the ruling group uses their power to steal the resources of their country.

2. Sample answers

- a) Russian oligarchs are extremely wealthy business leaders who can also have political influence. They emerged in the 1990's after the collapse of the Soviet Union. They became very rich very fast due to the privatization and market liberalization following the Soviet Union's dissolution. The oligarchs bought former state property by making informal deals with former USSR officials. As a result, they built massive wealth.

b) Points on Abramovich

- **Links to London:** owns property in London, bought the London football club FC Chelsea in 2003
- **Assets after Russian attack:** was sanctioned by the EU and the UK, moved luxury yachts after he was sanctioned, announced plans to sell FC Chelsea soon after the Russian invasion
- **Political influence:** has close relations with Putin, was the governor of Chukotka in the Russian Far East from 2000–2008, is taking part in the peace talks between Russia and Ukraine (his role has not been made clear to the public)

Reading comprehension

Sample answers

1. The article titled "Is the U.K. finally cracking down on dodgy Russian money?" was written by William Booth and Karla Adam and published in *The Washington Post* on February 26, 2022 (see p. 16 of this *World and Press* issue). It looks at the question of whether or not the UK is finally going to take effective measures against Russian oligarchs in London in response to Russia's assault on Ukraine. The authors describe the impact of Russian money on the British capital and how the city has attracted dodgy investments. It further analyzes to which degree proposals and promises of past and present governments to target Russia's richest in London have been successfully implemented and which problems the governments have faced in doing so.
2. London has been given the nickname "Londongrad" because of its close ties with Kremlin-linked oligarchs and the omnipresence of Russian money in the British capital. With

revenues accumulated through Russia's nepotism, Russian elites have invested in real estate and bought high-end properties and estates in London. (para. 2)

3. Several aspects to London have made it easy for Russians to invest money coming from dodgy sources.
 - **Global financial hub:** London has developed into a global financial hub allowing the global rich and Russian elites to spend, invest, and also launder their money, often obtained through corruption or criminality. (paras. 2, 6, 8)
 - **London property:** Property in London is not only extremely valuable but can be bought anonymously through letterbox companies. Furthermore, it can be inherited or flipped (i.e., renovated and put on the market for a higher price), thus cutting the links to the original owner. (paras. 2, 9)
 - **Helping hands:** A network, an "entire ecosystem" (para. 5), of enablers has developed – investment brokers, property agents, tax lawyers, accountants – who know how to exploit loopholes in the system and distance their clients from criminal and corrupt sources of money. (paras. 5, 9, 11)
 - **Weak government response:** Efforts of the governments against all this have not had sufficient resources and have not been very successful (paras. 4, 5, 10, 11). According to the opposition, Britain is a "safe haven" (para. 3) for dodgy Russian money because it asks few to no questions about who owns the money and where it comes from (paras. 7).
4. London attracts rich people from all over the world because it is a safe and cosmopolitan city. It offers not only luxury and other modern amenities but also high-quality medical care and excellent schools. (para. 8)
5. Johnson promised to sanction Russian banks, arms manufacturers, and oligarchs to punish Russian President Vladimir Putin and those connected to him for the attack on Ukraine. He also announced that a new unit dubbed the "kleptocracy cell" in the National Crime Agency will be set up to target sanctions evasion and Russian money obtained through corruption and hidden in the UK. In addition, the British Prime Minister intends to close legal loopholes, improve the unexplained wealth law, and bring forward new legislation to tackle economic crime by demanding that the owners of property and shell companies be named. (paras. 3, 10, 12)
6. According to expert Helena Wood, targeting Russian oligarchs is difficult because they are aided by a great number of accountants and lawyers who help them launder their dirty money through real estate (para. 9). Moreover, as Wood points out, the government units that are supposed to target the issue aren't given enough money to do so. This turns court cases into "David-and-Goliath" battles with Russian oligarchs defending themselves with an entourage of lawyers against poorly resourced prosecutors or police forces (para. 10).

In addition to this, past governments weren't able to tackle the issue despite the promises and efforts they made. The idea to name the owners of property and shell companies is also an old one that hasn't been put into practice yet. Hence, skepticism about the success of the measures is widespread. (paras. 1, 4, 5, 12).

Vocabulary

	English	German	English synonym(s)
1.	ubiquitous	allgegenwärtig	omnipresent, everywhere
2.	assault	Überfall	attack
3.	to crack down on s.th.	hart gegen etw. vorgehen	to clamp down on s.th.
4.	crony capitalism	Vetternwirtschaft	nepotism
5.	dodgy (coll.)	zweifelhaft	sketchy, questionable, dubious
6.	shell company	Briefkastenfirma	letterbox company
7.	to launder money	Geld waschen	to conceal the origins of money obtained illegally
8.	to enrich o.s. off s.th.	sich an etw. bereichern	to take financial advantage of s.th. (in order to make o.s. wealthy or wealthier)

Post-reading

1. The protester possibly seeks to express the following points:

- She combines criticism of the government's treatment of oligarchs with criticism of the government's slow response to refugees fleeing the war in Ukraine and denounces the behavior of the government as unjust.
- Politicians make it easy for wealthy migrants but not for migrants in dire need.
- Russian oligarchs have too much influence on British politics and therefore gain access to political power. By contrast, Ukrainian refugees have no lobbyists supporting their interests and helping them enter the UK.
- Russian oligarchs are highly welcome, and the government puts few obstacles in the way that has an impact on them increasing their wealth. Refugees, however, are considered a financial burden; therefore, they have a much harder time entering the UK.
- The protester could further allude to corruption, cronyism, and nepotism, as well as the controversial membership of Evgeny Lebedev in the House of Lords (Russian-born British newspaper owner. (See *World and Press*, issue October 2, 2020, p. 7, "New nominations to House of Lords raise old concerns of cronyism."))

2. Possible points

- clear, easy to understand, message comes across (criticism of the government)
- provocative: mocks and shames the British government for its treatment of oligarchs and refugees.
- uses stark contrast or juxtaposition: contrasts the treatment of individual groups of migrants that couldn't be in more different circumstances (wealthy and privileged vs. those fleeing a war)

3. Individual student answers

Tips! To create a slogan for a demonstration:

- clear, easy to understand, short, sharp, provocative, catchy
- use examples, comparisons, contrasts, juxtapositions
- use rhymes, puns, wordplays, rhetorical questions, questions and answers
- use quotes with your own twist
- use your opponent's quotes and comment on them or rebut them

Mediation

Sample text

Switzerland has become a popular haven for Russian oligarchs because it is one of the biggest hubs of commodities in general and of Russian oil in particular. The country accounts for 40% of the global oil trade, and its capital Geneva has long been an El Dorado for commodity traders from all over the world.

Furthermore, Switzerland not only offers favorable tax rates but also is home to a great number of private banks offering smart financing solutions to traders and providing discreet asset management. In addition, highly specialized lawyers, trustees, notaries, and auditors use loopholes to benefit their clients.

Switzerland's political neutrality is another factor that makes the country the place to be for Putin's oligarchs. A Swiss criminal lawyer and anti-corruption expert even compared Switzerland with the island Tortuga in the movie *Pirates of the Caribbean* where the pirates provide themselves with everything they needed for their raids.

One of the Russian "pirates" fueling their wealth to record highs in Geneva is Putin's long-time friend Gennady Timchenko. Like other oligarchs, he benefits from a loophole in the Swiss Anti-Money Laundering Act. According to this law, the duty to exercise care and the reporting duty apply to banks but not to service providers helping their clients set up and use letterbox companies. This allows illegitimate business deals to go unreported.

(221 words)

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