



**Observatoire ARGA**

Report on Sanctions and Compliance for 2025

**KLEPTOCRACY AND TRANSNATIONAL CORRUPTION  
NETWORKS IN EURASIA**

**Global Influence, Capital Routes, Political Risks, and Mechanisms  
of International Pressure**

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## Executive Summary

Kleptocratic systems in Eurasia are no longer national anomalies — they have evolved into transborder political-economic structures comparable in influence to states, financial markets, and international risk-governance mechanisms.

In Russia, Kazakhstan, Azerbaijan, Uzbekistan, Kyrgyzstan, as well as parts of Belarus and the South Caucasus, regimes have formed in which control over capital functions as a form of state power, while corruption is not a by-product but an institutional method of governance.

This model rests on five foundational elements:

- expropriation of raw-material and infrastructure resources through privatization, quasi-state corporations, and security structures;
- centralization of judicial and prosecutorial control to manage assets, including via economically-framed criminal charges;
- capital outflow into offshore zones and digital financial channels, where assets lose any national attachment;
- re-integration of extracted wealth into Western economies through investments, real estate, philanthropy, and political lobbying;
- use of international institutions to pressure opponents, including Interpol, extradition mechanisms, and foreign media networks.

Thus, Eurasian kleptocracy does not merely retain power within domestic borders — it exports its norms, penetrates foreign financial markets, builds dependency in third countries, invests in political processes, and creates a model of *illiberal globalization*, where capital operates independently of legal space and transparency.

The ARGA Observatory report:

- maps financial routes of capital flight (*Eurasia → UAE → EU → United Kingdom → USA → Singapore → Hong Kong*);
- identifies mechanisms of laundering and reintegration (*offshores → family offices → charitable foundations → political financing*);
- demonstrates links between kleptocracy and private security structures, media, crypto-networks, and digital logistics;
- describes key nodes and instruments of global influence;
- formulates a strategic model for the international response: sanctions, asset recovery, financial intelligence, ESG/Human Rights due diligence, and monitoring of political investments.

The research establishes: Eurasia has become a central hub of global kleptocratic capital — and therefore a focal point for upcoming global conflicts, regulatory reforms, sanctions architectures, and transnational investigations.

# 1. Methodology

The study is based on a multilayered data-analysis framework that incorporates both open-source information and confidential datasets relevant to mapping corruption networks and tracking the transborder movement of capital.

The foundation of the report consists of an in-depth examination of the *Panama Papers*, *Pandora Papers*, *Suisse Secrets*, *Dubai Leaks* and related corpuses of corporate documentation, which made it possible to reconstruct offshore architectures, identify beneficiary chains, analyze ownership-anonymization schemes, and trace methods of reintegrating capital into Western and Asian markets. These leak-based findings were supplemented by 90 case files of major corruption investigations and criminal proceedings (2009–2025) involving Eurasian state elites, quasi-state business groups, financial operators, family offices, and intermediary jurisdictions.

A separate analytical layer involved a comprehensive legal and economic examination of corporate structures, trusts, SPV companies, and fund vehicles across 34 jurisdictions, including the BVI, Cyprus, Luxembourg, Singapore, Hong Kong, the UAE, Switzerland, the United Kingdom, Delaware, and the Caribbean region. Segmentation of these data allowed for comparative assessment of ownership-concealment methods, regulatory transparency, frequency of nominee arrangements, asset-relocation mechanisms, and risk indices associated with beneficial-ownership opacity.

To validate financial routes and channels of capital flight, the study used data from Financial Intelligence Units (FIUs), FATF Mutual Evaluation Reports, FinCEN Files, reports of the EU Anti-Money Laundering Authority (AMLA), and broader AML/CTF analytical material. This enabled the identification of the role played by second-tier banks, private wealth structures, crypto-infrastructure, and fintech intermediaries in servicing corruption-derived capital.

A crucial component was OSINT analytics, aimed at detecting shell companies, correlating transactional footprints, analyzing corporate registries, procurement histories, contracts, and judicial/arbitration proceedings. The research applied graph-mapping, digital network reconstruction, comparison of ownership clusters, and examination of political-economic biographies of actors.

The empirical foundation was further strengthened by materials collected by the ARGV Observatory (2020–2025), including field interviews, expert verifications, analytical case profiles, and documented models of transborder pressure, asset recovery, and politico-corruption schemes.

Thus, the methodology represents a multi-tier hybrid model combining document leaks, legal-corporate forensics, financial intelligence, and OSINT criminology — ensuring a high degree of reliability and completeness in reconstructing transnational corruption networks.

## 2. Introduction: Kleptocracy as an International System

Kleptocracy in Eurasia is no longer merely an internal feature of authoritarian economies — it has transformed into a transnational political-financial mechanism operating through networks of intermediaries, offshore jurisdictions, family-corporate funds, crypto-infrastructures, and state institutions. Whereas corruption processes were once largely confined within national borders, today kleptocracy functions as a durable international system capable of moving capital across

continents, influencing political processes, integrating into global markets, and reshaping international financial channels to serve elite interests.

In this model, corruption is not a symptom of institutional weakness — it is a *deliberate governance tool* that enables ruling elites to control the economy, redistribute resources, maintain political power, and integrate into the global environment through assets held in safe jurisdictions. Such a system does not merely accumulate national wealth — it exports it, converting financial flows into political influence, media campaigns, international lobbying networks, and controlled financial instruments.

Transnationality is the defining feature of modern kleptocracy.

Capital flight to London, Dubai, Zurich, Singapore, or Abu Dhabi is not a side effect — it is a structural component of the system. State-derived resources are transformed into private assets, anonymized through multi-layered structures such as trusts, SPVs, crypto markets, and family offices, and then reintegrated into political processes either as investments or as tools of indirect, often covert influence.

Thus, kleptocracy functions as a global infrastructure of power, operating according to mechanisms such as:

— *wealth extraction* → *capital flight* → *international asset protection*,

— *political control* → *coercive enforcement* → *economic capture*,

— *financial legalization* → *investment reintegration* → *external lobbying*.

In the context of globalization, corruption has ceased to be a domestic pathology; it has become an exportable and reproducible system, capable of forming financial alliances, circumventing sanctions, shaping political coalitions, and undermining international transparency regimes. This is the foundation of the modern kleptocratic order — not an anomaly, but a stable political-economic structure embedded within the global economy, which this report analyzes as a coherent international system rather than an isolated regional phenomenon.

### 3. Architecture of Kleptocratic Networks

Kleptocracy in Eurasia is not a chaotic or spontaneous phenomenon. On the contrary, it operates as a *layered, self-organizing infrastructure* in which each tier performs a distinct political, financial, logistical, coercive, or legitimizing function. ARGA Observatory identifies **seven** interconnected structural layers that together form a stable system for owning, moving, and protecting capital.

#### 3.1. Political–Security Groups — the Core of Resource Governance

At the foundation of the kleptocratic system are:

— top government leadership and the presidential vertical,

— security services and interior ministry structures,

- executives of state-owned corporations and financial institutions,
- regional elite clans and patronage networks.

This layer controls access to natural resources, public procurement, licensing, privatization, and judicial mechanisms. The political–security elite sets the strategic rules: who extracts resources, who receives government contracts, who is admitted to capital flows, and who is deprived of assets.

### 3.2. Corporate–Oligarchic Structures — the Rent-Extraction Mechanism

A central role is played by major holding companies and financial-industrial groups that:

- receive monopolistic state contracts,
- own resource and infrastructure assets,
- distribute financial flows among affiliated actors.

Oligopolies function as the economic arms of the state, enabling mechanisms of capital redistribution that are formally market-based but substantively clan-based. They channel revenue privatization and risk socialization.

### 3.3. Offshore Networks — the Infrastructure of Anonymization and Asset Protection

Transnational assets are routed through:

- SPV entities in the UAE, Luxembourg, Liechtenstein, Singapore, Hong Kong,
- trusts and family offices,
- traditional offshore jurisdictions (BVI, Belize, Cayman Islands).

The offshore layer provides a legal shield that conceals real beneficiaries, facilitates the extraction of capital from national jurisdictions, and integrates wealth into global markets without fear of confiscation.

### 3.4. Financial Intermediaries — Operators of Capital Legalization

Banks, crypto-OTC platforms, consulting firms, and accounting networks service financial flows by offering:

- settlement channels and transit through third-country banks,
- cash-outs and conversions via USDT/USDC,
- tax structuring, corporate engineering, and registration services.

This layer transforms illicit or politically derived revenue into investment-grade capital suitable for acquiring real estate, media assets, investment funds, and political influence.

### 3.5. Media and PR Structures — Instruments of Legitimization and Suppression

State-aligned broadcasters, paid-for media content networks, and black-PR agencies:

- mitigate reputational risks for elites,
- destroy opposition figures and inconvenient witnesses,
- construct a favorable foreign-policy image through Western PR firms.

The media layer is a governance mechanism over perception; without it, the economic corruption model cannot function.

### 3.6. Digital Infrastructure — the New Platform for Capital Extraction

In the 2020s, a significant portion of kleptocratic operations migrated into the digital domain:

- cryptocurrency channels (USDT OTC, mixers, custodial-free networks),
- fintech exchangers and pseudo-banking infrastructure,
- P2P transactions bypassing banking controls.

Digital architecture increases resistance to sanctions, accelerates operations, and reduces the visibility of financial flows.

### 3.7. Shadow Security Economy — the Coercive Arm of Kleptocracy

Private military companies, security conglomerates, and hybrid intelligence structures constitute a force layer that:

- ensures physical control over assets,
- participates in corporate conflicts and hostile takeovers,
- suppresses opposition and protects capital abroad.

This sector represents the endpoint where law is replaced by force and the economy becomes a mechanism of coercion.

## 4. Key Routes of Kleptocratic Capital

The transnational kleptocratic networks of Eurasia are structured around stable geographic corridors for capital outflow. These corridors simultaneously function as channels for:

- financial evacuation of assets,
- investment legalization,

- sanctions and tax-control evasion,
- political sheltering of wealth,
- diversification of elite influence beyond national borders.

ARGA Observatory identifies five strategic directions that together form a comprehensive map of kleptocratic capital movement.

#### 4.1. The UAE — Global Eurasian Hub and Capital-Legitimization Center

The United Arab Emirates has become the primary entry point for wealth extracted from resource, infrastructure, and public-budget streams across Eurasia. Here forms the *first layer of capital legitimization*, transforming illicit or politically derived revenue into investment-grade assets.

Core components:

- registration of SPVs and holding companies with nominee owners,
- acquisition of luxury real estate in Dubai and Abu Dhabi as a tool for “parking” assets,
- crypto OTC channels (USDT/USDC) for converting grey capital,
- establishment of family funds and trusts masking beneficial ownership,
- corporate restructuring for further entry into the EU, US, Singapore, and other stable markets.

The UAE is the “first wash” of kleptocratic capital — the point at which money is cleansed of origin and becomes a global asset.

#### 4.2. Turkey — Caucasus — Central Asia: The Corridor of Shadow Trade and Parallel Import

This route integrates corruption into foreign-trade and customs infrastructure.

Its operating principle: extraction → repackaging → export rebranding → re-entry of capital.

Key elements:

- fictitious foreign-trade operations with inflated or deflated invoice values,
- procurement contracts where bribes are embedded in pricing,
- intermediary firms in Turkey, Georgia, Kazakhstan, Kyrgyzstan,
- parallel-import schemes as a source of officially “legal” revenue,
- return of capital disguised as export earnings or foreign investment.

This corridor is exceptionally resilient because it blends legal and illegal commerce, creating a *seamless grey economic zone*.

### 4.3. The EU (Cyprus, the Balkans, Northern Europe) — Gateway to Global Economic Integration

The European contour is a zone of financial whitening, where politically extracted wealth is converted into legitimate investment capital.

Mechanisms include:

- banking structures in Cyprus, Malta, Montenegro, Luxembourg,
- creation of multi-layered investment funds with complex ownership chains,
- acquisition of European companies and real estate via SPVs,
- use of Northern European private banks for capital transit,
- obtaining citizenship or residency in exchange for investment.

The EU is rarely the first stop. It is the final legitimization point, after which capital flows into private funds, stock markets, and global assets.

### 4.4. China — Hong Kong — Singapore: Asia as the Financial–Logistics Base

The Asian corridor functions as a center of corporate structuring and high-risk deal-making. It is especially attractive for schemes involving technology, electronics, industrial equipment, crypto markets, and logistics.

Key components:

- registration of trusts and corporations in Singapore and Hong Kong,
- export–import chains with repeated contract re-issuance,
- offshore asset storage in Asian family offices,
- trade in rare-earth metals, chips, specialized equipment,
- financing through crypto and fintech infrastructures.

Asia is the most technologically advanced network — it scales capital rather than merely hiding it.

### 4.5. Latin America — Commodity Gateway and Jurisdictional Shelter

Latin America is a less visible but rapidly growing route, particularly for corruption revenues tied to commodities.

Regional features:

- registration of nominee companies in Panama, Uruguay, Chile,

- capital extraction through commodity exports (grain, oil, metals),
- integration into banking systems of Argentina and Brazil,
- use of Caribbean citizenship programs for asset protection,
- investments in agriculture and extractive industries.

Unlike the UAE or the EU, Latin America is a route of deep concealment, oriented toward long-term storage rather than rapid capital turnover.

## 5. Mechanisms of Kleptocratic Operations

Transnational kleptocracy does not operate chaotically — it relies on standardized mechanisms that replicate across countries and form a unified operational code.

ARGA Observatory identifies five foundational instruments, spanning from the initial extraction of state resources to cross-border pressure and capital legalization.

### 5.1. Corrupt Public Procurement: The Primary Circuit of Capital Extraction

Corrupt procurement is the **core** of the kleptocratic model. It is where capital is first created before being moved offshore.

Mechanics:

- artificial overpricing of infrastructure, military, and energy contracts;
- tenders structured for “their own” suppliers by admitting and disqualifying competitors;
- distribution of kickbacks among officials, clans, and security agencies;
- service, security, and logistics contracts awarded to affiliated firms;
- “excessive contracts” — procurement of unnecessary equipment simply to absorb budget funds.

This is the classic accumulation point: once extracted, assets disappear into the shadows and begin their offshore trajectory.

### 5.2. Money Laundering: Converting Capital into an International Asset

After primary misappropriation, funds undergo legalization (“whitewashing”), enabling their insertion into the global financial system.

Common schemes:

- offshore layering — multi-tier SPVs, trusts, nominee directors;
- crypto masking — USDT/USDC chains, OTC desks, mixers, P2P channels;

- banking transits — SWIFT → offshore → EU private banking;
- trade-based laundering disguised as import–export contracts;
- use of law firms and accounting consultants to “decorate” the origin of funds.

The end stage is the conversion of grey capital into a legitimate international asset — real estate, investment funds, tech companies.

### 5.3. Asset Seizure: Coercive Privatization and Redistribution of Property

Kleptocracy not only extracts capital outward — it continually replenishes its resource base by forcefully acquiring new assets domestically.

Mechanisms:

- initiation of criminal cases against entrepreneurs — typically economic to preserve a veneer of legality;
- corporate raids initiated by security agencies or elite clans;
- nationalization of assets under the guise of anti-corruption campaigns or “restoring stolen property”;
- pre-trial seizures and asset freezes via in absentia orders;
- coercing owners to sell companies “at a discount.”

Coercive redistribution forms the second cycle of capitalization, allowing the system to perpetuate itself.

### 5.4. Media Pressure: Reputation Destruction as a Tool of Coercion

Information operations are a critical component of the kleptocratic ecosystem.

Their purpose is to legitimize the state’s unlawful actions domestically and internationally.

Methods:

- fabrication of investigations and leaks in affiliated media;
- discrediting entrepreneurs, lawyers, and whistleblowers;
- aggressive media campaigns preceding arrest or extradition;
- constructing a public narrative that justifies forceful asset seizure.

Media pressure typically runs parallel to criminal prosecution, creating a presumption of guilt.

## 5.5. Cross-Border Operations: Kleptocracy Beyond National Borders

When a business owner, official, or witness leaves the country, corrupt authorities shift into the international mode of coercion.

Tools:

- Interpol abuse — Red Notices or diffusions under fraud/economic pretexts (e.g., Art. 159/199/210 analogues);
- extradition requests supported by fabricated evidence;
- pressure on family members remaining in the home country (threats to children, spouses, parents);
- international requests to freeze assets in the EU, UAE, Hong Kong;
- involvement of private security contractors and criminal groups for physical intimidation or tracking.

These operations turn kleptocracy into a transnational actor, capable of exerting power far beyond its own jurisdiction.

## 6. Case Studies

### Case 1 — A Political-Economic Clan and the Offshore Extraction of Strategic Assets

Between 2018 and 2024, ARGAs Observatory documented a case in which a regional politico-security clan controlled a major state-owned petrochemical company.

The scheme operated in several cycles:

#### *1. Control over resource rent*

The clan, through appointed directors, distributed export contracts among affiliated companies.

Raw materials were artificially undervalued, and the margin was shifted into outsourcing structures.

#### *2. Capital outflow through an offshore matrix*

A trust established in Singapore received payments via two BVI entities;

the funds were then converted into Dubai real estate holdings and private debt instruments in Luxembourg.

#### *3. Asset protection in three jurisdictions*

A three-tier protection strategy was used:

- trust-based management of the capital;
- investments in a complex investment fund designed to be difficult to trace;
- the beneficial owner concealed through nominees with Caribbean passports.

#### *4. Political cover and international lobbying*

A media group and legal consultants created a public narrative of “private investments,” aimed at preventing investigations and asset freezes.

This case illustrates a kleptocratic system with international immunity, where cross-border jurisdictions serve not as marketplaces but as mechanisms for protecting stolen capital.

## Case 2 — Corrupt Public Procurement and Digital Laundering via Cryptocurrency

The second case involves a state project worth over \$200 million, where IT equipment was supplied at triple the market price.

The scheme unfolded as follows:

### *1. Multi-layered tender process*

Four companies formally competed; in reality, all were registered to relatives and trusted associates.

The winning firm had been established just three months prior to the tender.

### *2. Offshore command center*

Behind the main company stood a network of SPVs in the BVI and Cyprus.

Commissions were transferred to Dubai, where assets were redistributed through OTC crypto deals.

### *3. Digital laundering*

Part of the funds moved through USDT wallets (OTC → mixing → P2P) and was then legitimized as “investments in tech startups” and reinvested into real estate.

### *4. Risk and trace minimization*

Documentation was disguised as “consulting services” and “technical integration,” justifying the inflated contract value.

A distinctive feature of this case is the integration of classic corruption with crypto-based laundering, making an investigation nearly impossible without coordinated access by multiple FIUs.

## Case 3 — Pressure on an Entrepreneur: Criminal Prosecution as a Tool for Business Seizure

The third case demonstrates a more aggressive scenario: when an entrepreneur refused to hand over a stake in a resource asset, an economic criminal case was opened against him.

### *1. Criminal prosecution*

The case was initiated by the security bloc; an in-absentia arrest followed within three weeks.

The company was raided, documentation seized, accounts frozen.

### *2. Asset freeze and external administration*

A state body appointed an external administrator, who quickly transferred operational control to an affiliated group.

### *3. Information campaign*

Media outlets published stories alleging “financial violations,” despite no evidence from investigators.

Social media was used to smear the entrepreneur’s family.

### *4. International notice and pressure on relatives*

After he fled to Europe, an Interpol Notice was issued, later withdrawn as politically motivated.

In the home country, the spouse’s property was targeted, and travel restrictions were imposed on the children.

This case shows how kleptocracy weaponizes the law to seize assets, and how Interpol abuse becomes a tool of transnational coercion.

## 7. Global Risks

### 1. Threat to the International Financial System

Transnational kleptocratic networks create a parallel financial infrastructure operating outside banking oversight, financial reporting, and jurisdictional constraints.

Offshore jurisdictions, trusts, crypto-OTC desks, “grey” banks, and legal intermediaries form an ecosystem in which capital exits the regulatory field and becomes an unregulated financial flow that can be directed toward:

- political operations,
- illicit transactions,

- shadow investments in the EU,
- financing conflicts and paramilitary structures.

This undermines the stability of global markets, increases currency volatility, and reduces the effectiveness of AML/CFT regimes.

## 2. Political Influence Abroad

Kleptocratic capital rarely leaves its country passively — it often returns as a tool of political influence.

Through investments in media, political parties, lobbyists, cultural foundations, and strategic infrastructure, kleptocratic actors can:

- influence election agendas and parliamentary decisions,
- build loyal networks within political and business elites,
- block investigations and legal proceedings,
- secure protection of assets through diplomatic channels.

Thus, the export of capital becomes the export of political power.

## 3. Pressure on Migrants and Exiles

Kleptocratic regimes frequently weaponize international legal mechanisms not for justice, but to pursue dissidents and defectors abroad.

Key instruments include:

- Interpol abuse (Red Notices, Diffusions),
- politicized extradition requests,
- intimidation and pressure on families at home,
- freezing of spouses' and children's assets,
- cross-border media attacks.

Dozens of documented cases show that individuals continue to be persecuted long after leaving their country, as regimes aim to regain capital and suppress political independence.

## 4. Threat to Human Rights and the Rule of Law

Kleptocracy turns the legal system into a commercial weapon.

When criminal charges become a tool of raiding and courts a mechanism of asset redistribution, the result is:

- erosion of judicial independence,
- criminalization of public governance,
- capture of human rights institutions by security groups,
- dilution of international standards of fair trial.

This produces a “normalization of corruption,” in which violations of human rights become a built-in feature of economic and political practice.

## 5. Infiltration into Grey Sectors of the EU and the Middle East

Kleptocratic capital is not merely extracted — it is actively re-invested.

Primary areas of penetration include:

- real estate markets of the UAE and Turkey,
- energy and raw material supply chains,
- trade in metals, oil, fertilizers, IT equipment,
- logistics of parallel imports,
- fintech ecosystems via P2P clusters and cryptocurrencies.

This creates a shadow economy embedded within legitimate markets, where illicit capital operates with the same efficiency as institutional investment.

## 8. Forecast 2025–2027

### 1. Expansion of Sanctions Against Corruption Networks

In the coming years, the EU, the US, the UK, and several Asian jurisdictions are expected to broaden their targeted sanctions—not only against individual officials and oligarchs but also against entire infrastructures: law firms, management companies, trusts, crypto-OTC brokers, and “grey” family offices working with Eurasian capital.

Sanctions policy will gradually shift from person-based lists to network-based sanctions, targeting chains of:

beneficiary → intermediary → capital transporter → offshore operator.

This will increase pressure on kleptocratic mechanisms but will also incentivize even deeper anonymization of assets.

## 2. Creation of a Global Kleptocracy Index

Given rising political sensitivity to corruption and money laundering, an international Kleptocracy Index—comparable to the Corruption Perceptions Index, Basel AML Index, or major sanctions lists—is a logical next step.

Such an index would assess not only everyday corruption but also:

- degree of state capture by clans,
- role of security services in economic governance,
- practice of raiding and politically motivated confiscations,
- scale of capital flight and involvement in “grey” schemes.

The emergence of such an index would formalize kleptocratic risk: banks, funds, and regulators could use it in decision-making, while high-risk jurisdictions would fall under constant monitoring.

## 3. Pressure on International Banks and Strengthening of AML Standards

Banks already operating under strict sanctions and AML regimes will face further regulatory pressure:

- requirements for Source of Wealth (SoW) and Source of Funds (SoF) checks for Eurasian clients will tighten;
- high-risk jurisdictions will be placed under enhanced due diligence by default;
- banks will increasingly refuse complex offshore structures and PEP networks linked to Russian, Kazakh, Azerbaijani, and other Eurasian elites.

This will intensify de-risking practices—a complete withdrawal from entire client segments.

As a result, capital will migrate to less regulated regions, boosting the role of cryptocurrency and fintech channels.

## 4. Growth of Corporate Wars Within Eurasian Elites

Increasing external pressure, sanctions, and international oversight will accelerate internal competitions within ruling elites.

As the volume of “safe assets” shrinks and access to clean capital-flight channels diminishes, this will trigger:

- more criminal cases used as a cover for asset redistribution;
- political trials framed as “anti-corruption” campaigns or “return of stolen assets to the people”;
- greater involvement of security agencies acting as arbiters in corporate conflicts.

Transnationally, this will lead to more Interpol notices, extradition attempts, international arbitrations, and appeals to human rights bodies.

## 5. Shift of Capital to Africa and Latin America

As oversight tightens in the EU, the UK, the US, the UAE, Turkey, and key Asian hubs, kleptocratic capital will seek new “safe harbors.”

Most likely destinations include African and Latin American states that:

- need foreign investment and offer preferential regimes,
- lack robust sanctions and AML controls,
- can serve as intermediary links in global schemes.

We will observe the growing use of these regions for registering companies, funds, and projects with low transparency but rising geopolitical relevance.

This will create new frontiers for corruption networks and shift part of Eurasia’s financial risk to other regions, further complicating the global security landscape.

## 9. Recommendations of ARGA Observatory

### For International Bodies

#### *1. Strengthen monitoring of kleptocracy as a transnational phenomenon*

It is necessary to move from national corruption indicators to network-based analysis: tracking offshore structures, capital-flight schemes, crypto channels, trust chains, and transactions involving assets of Eurasian state-owned companies.

International institutions should develop analytical instruments comparable in depth to the AML infrastructure of global banks.

#### *2. Create public registries of beneficial owners and ultimate asset holders*

Ownership transparency must become an international standard. Publicly accessible beneficial ownership registries should include:

- foundations and trusts,
- offshore SPVs,
- crypto brokers,
- family offices.

Non-transparent structures should be classified automatically as high-risk.

### *3. Integrate corruption risks into sanctions and enforcement mechanisms*

Sanctions should target not only individuals but also entire intermediary networks: law firms, trust administrators, crypto-OTC brokers, asset managers serving officials and their families.

International organizations should develop a Kleptocracy Risk Index and incorporate it into sanctions regimes.

## For Governments of the EU, the US, and Asian States

### *1. Tighten AML/CFT oversight and capital-origin assessment mechanisms*

Strengthen Source of Wealth (SoW) and Source of Funds (SoF) requirements for clients from Russia, Kazakhstan, Azerbaijan, Kyrgyzstan, and Uzbekistan—particularly for offshore structures, nominee-managed companies, crypto operators, and third-country intermediaries.

### *2. Shift investigations toward analyzing transnational money-laundering routes*

Authorities must move from investigating isolated criminal episodes to tracing entire chains:

“national company → offshore → crypto → real estate → trust fund.”

Priority should be given to schemes involving state operators, public officials, and politically exposed persons.

### *3. Prevent Interpol Abuse and the criminalization of political–economic disputes*

Requesting states must undergo enhanced due diligence. Interpol and national courts should consider risks of:

- corporate raiding,
- economically motivated prosecutions,
- pressure on entrepreneurs and their families.

A mechanism of automatic review should be introduced to assess whether a request is linked to corporate conflict or political retaliation.

## For Academic and Research Centers

### *1. Advance systematic research on kleptocratic networks*

The topic must go beyond political corruption. Research should cover:

- state capitalism,
- capture of law-enforcement institutions,
- transnational financial flows,

- the role of cryptocurrencies,
- the role of corporate lawyers and offshore facilitators.

## *2. Build international databases of corruption structures and intermediaries*

A comprehensive database should include:

- capital-flight routes,
- jurisdictions and shell companies,
- trust structures,
- crypto hubs,
- names of consultants and legal advisors involved in servicing corrupt capital.

Such a tool would be invaluable for banks, regulators, investigative journalists, and compliance systems.

## *3. Develop interdisciplinary research (law + finance + OSINT + criminology)*

Kleptocracy is no longer solely a political-science domain.

Effective analysis is possible only at the intersection of:

- legal analysis,
- criminology,
- corporate intelligence,
- blockchain analytics,
- international finance.

# 10. Conclusion

Kleptocracy is not a local defect of governance but a stable transnational model of power. It constructs its own financial routes, enforcement mechanisms, media environment, legal-protection networks, and economic channels of influence that extend far beyond the states where the capital originates.

In Eurasia, this model has become an infrastructure of a parallel economy, integrated into global markets through offshore jurisdictions, cryptocurrency channels, trust structures, and international banking nodes.

Kleptocratic networks affect politics, business, judicial systems, international organizations, and security mechanisms. They influence elections, redistribute strategic assets, exert transnational

pressure on refugees and entrepreneurs, participate in corporate wars, and export corrupt practices to third countries. Within this system, corruption ceases to be a crime — it becomes a tool of foreign policy, an economic resource, and a means of elite control.

The ARGA Observatory report establishes an analytical foundation for understanding this process and raises a challenge that the global legal order has never addressed: countering kleptocracy as a transboundary network, rather than as a collection of isolated violations.

We outline the architecture of corrupt capital, its movement routes, legalization mechanisms, the roles of intermediaries, and its impact on the international order.

The next stage of global policy should move beyond isolated sanctions and slow investigations toward building an integrated system of counteraction, including:

- public registries of beneficial owners and trusts,
- a global *Kleptocracy Index*,
- a coordinated sanctions mechanism,
- international oversight of crypto-operations and offshore flows,
- judicial protection for witnesses and victims of political–economic coercion.

Kleptocracy can function only under conditions of opacity, fragmented jurisdictions, and institutional passivity. Once global monitoring emerges — with unified sanctions and AML assessment, and effective ownership-disclosure mechanisms — the capacity of kleptocratic networks to reproduce themselves declines.

Fighting transnational corruption is not merely about safeguarding financial stability; it is a matter of international security, human rights, and the future of the global legal order.

And now is precisely the moment when the international system can shift from reaction to governance.

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