

Capital Insights

Perspectives on the New Administration

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Biden Administration Places Combatting Corruption at the Center of its National Security Agenda

In a [statement](#), and [National Security Study Memorandum](#), both issued on June 3, 2021 (the “June 3 Memo”), the President recognized corruption as a central “risk to our national security.” That being the case, he directed the National Security Council (“NSC”) to initiate an inter-agency assessment of how the U.S. can better fight corruption and collaborate internationally towards this goal. A formal report and recommendations are due by December 20, 2021 – just 200 days from the date of the Memo’s release. The June 3 Memo is the President’s first National Security Study Memorandum issued since coming into office. While the practical implications of this policy directive are currently unknown, it may lead to an uptick in enforcement efforts by U.S. government agencies and could inform companies’ future compliance expectations.

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Since taking office, the Biden administration has signaled a potentially extensive anti-corruption agenda through a number of actions. The President quickly began staffing leadership positions within the U.S. government charged with battling corruption and pledged to host a global “Summit for Democracy,” which will likely heavily feature international anti-corruption efforts. And most recently, in March 2021, the Secretary of State barred Ukrainian oligarch and former provincial governor Ihor Kolomoyskyy from obtaining a U.S. visa. The Secretary’s [statement](#) specifically cites Kolomoyskyy’s alleged involvement in “significant corruption” during his time as a Ukrainian government official as the reason for the refusal to issue the visa.

The June 3 Memo initiates a 200 day review period whereby the Assistant to the President and National Security Advisor, in coordination with the Assistant to the President for Economic Policy and the Assistant to the President for Domestic Policy, will conduct a broad assessment of anti-corruption efforts across 15 federal agencies. The June 3 Memo also targets for enhancement 10 key policy areas central to Biden’s strategy on fighting corruption. These will act as guideposts for the NSC’s assessment and recommendations.

Collaboration is a central theme in those guideposts. The June 3 Memo calls on the NSC to assess and recommend ways to increase cooperation and collaboration between domestic government stakeholders at the federal, state and local levels and with foreign governments at all levels. It also advocates a private-public approach to fighting corruption through promoting domestic and international partnerships between the public and the private sector, civil society, media, and other oversight and accountability actors.

The June 3 Memo also emphasizes continuing to hold corrupt actors accountable for their actions through vigorous civil and criminal enforcement actions, asset freezes and recovery efforts, and sanctions. Moreover, it specifically mentions a need to “[c]ombat all forms of illicit finance” both domestically and abroad. Consistent with the emphasis on collaboration, the June 3 Memo envisions these efforts as coordinated both domestically and internationally.

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However, the June 3 Memo not only focuses on these more conventional enforcement mechanisms designed to combat ongoing corruption, it also looks to establish ways to prevent violations. It highlights the importance of long term solutions to reducing corruption, such as establishing global anti-corruption norms, promoting financial transparency, and encouraging open government and government accountability measures. To that end, it advocates promoting good governance domestically through new legislation designed to combat and prevent corruption, working globally to “close[] loopholes” which corrupt actors have exploited, and enhancing efforts to provide assistance to foreign governments with a desire to reduce corruption.

There are several key takeaways for multinational companies to consider from these actions:

- The Biden administration is making tangible, visible efforts to fight domestic and global corruption. Recognizing combating corruption as a national security interest ratchets this issue up further.
- In short, these efforts put anti-corruption on the front burner for enforcement agencies as well as diplomatic relations. The June 3 Memo’s call for cooperation among multiple stakeholders may also lead to more parallel investigations both domestically and internationally.
- This focus creates enhanced investigation, enforcement, and reputational risk for companies, individuals, and institutions. It further highlights the importance for companies to take appropriate legal and compliance measures to prevent, detect, investigate, and remediate corruption and related issues.