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MACC: Laws on beneficial ownership vital in fight against graft

PUTRAJAYA: Laws on Beneficiary Ownership are crucial in the fight against corruption so that action can continue to be taken against the corrupt who have changed their modus operandi to hide ill-gotten gains, said the Malaysian Anti-Corruption Commission (MACC).

Its chief commissioner Datuk Seri Azam Baki said the corrupt had moved to laundering their illegally obtained wealth through registered companies with proxies and nominees as frontiers to hide their wealth. "I have been an anti-corruption officer for the past 36 years and I have personally seen how corruption and bribery have evolved over the years.

"Decades ago in Malaysia, corrupt money was passed under the table, later over the table and then to runners.

"The corrupt have since changed their modus operandi by laundering their ill-gotten wealth through legally registered companies with proxies and nominees as frontiers to hide their wealth to confuse investigators, regulators and whistle blowers in their efforts to trace and uncover corrupt proceeds.

"That is why it is important to have relevant laws on Beneficiary Ownership so that we continue to act against corruption and the corrupt," he said in his keynote address at the Asia-Pacific Economic Cooperation (Apec) anti-corruption and transparency experts' working group virtual meeting.

beneficial ownership refers to the person or persons who ultimately own or control a legal entity or arrangement such as a company, trust or a foundation. Currently, Malaysia only has a comprehensive reporting framework for Beneficiary Ownership of legal persons which was issued by the Companies Commission of Malaysia.

Azam said the government had announced last year that some new legal provisions would be included in the MACC Act, which would allow investigators to identify actual owners of businesses and not their proxies.

He pointed to the revelation of the leaked Panama Papers in 2016 which highlighted the fact that the concealment of the owners or real beneficiaries of companies was one of the main elements of schemes to transfer and hide proceeds of corruption from law enforcement authorities and impede investigation of corruption offences.

Azam said in the future, laws on Beneficiary Ownership should be moving with the times and suggested that all information on companies be placed in a central registry with a standard set of information required to be kept.

"Besides looking into issues within domestic borders, the Beneficiary Ownership laws must also look into issues such as cross-border evidence gathering, mutual legal assistance and asset recovery," he added.