JUSTICE NEWS

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Justice Department Rapatriates Forfeited Funds to the Government of the Kyrgyz Republic

The U.S. Department of Justice repatriated stolen assets to the Government of the Kyrgyz Republic arising from the corruption and theft of government funds by the prior regime of Kurmanbek Bakiyev and his son Maxim Bakiyev. The return of the funds was celebrated yesterday in a ceremony in Bishkek, Kyrgyz Republic attended by Ambassador Alice G. Wells, the head of the Bureau of South and Central Asian Affairs for the Department of State and U.S. Ambassador to the Kyrgyz Republic, Donald Lu.

These funds were identified in the United States in the criminal prosecution of Eugene Gourevitch for insider trading in the U.S. District Court for the Eastern District of New York and a $6 million forfeiture order was subsequently entered by the Court. Following the conviction in the prosecution led by the U.S. Attorney’s Office for the Eastern District of New York, the Kyrgyz Government filed a Petition for Remission with the U.S. Department of Justice, Money Laundering and Asset Recovery Section, claiming that the funds subject to the forfeiture order traced back to monies stolen by Maxim Bakiyev from Kyrgyz state authorities and other banking institutions. On Oct. 4, 2018, the Department of Justice granted the Remission Petition.

So far, approximately $4.5 million of the funds have been collected and are approved for repatriation of the $6 million ordered to be forfeited will be repatriated. These funds will be deposited in the account of the Government of the Kyrgyz Republic (“current account of the Central Treasury of the Ministry of Finance of the Kyrgyz Republic in the National Bank of the Kyrgyz Republic”). MLARS attorneys working in the Kleptocracy Asset Recovery Initiative assisted in the investigation linking these funds to the corruption offenses in Kyrgyzstan. Additional efforts will be made by the U.S. Government and the Government of the Kyrgyz Republic to try to locate and return the remainder of the stolen assets in the forfeiture order.

In a joint statement by the Kyrgyz Republic and the U.S. State Department issued today, the Government of the Kyrgyz Republic confirms that the repatriated assets will be used for the benefit of the Kyrgyz people, with a focus on social projects and anti-corruption and transparency. These include:

- Improving public access of the rural population to the healthcare system by buying and installing medical equipment (X-ray, diagnostics equipment, etc.) for regional hospitals to deliver better medical services to the rural area population;

- Construction of water supply facilities in order to expand access to clean drinking water for the rural population through upgrades of drinking water systems and expansion of the scope of ongoing construction of large-scale water supply facilities (water pipes, water pumps, water purification facilities) currently under way with financial support of the World Bank and other International Financial Institutions; and

- Strengthening Kyrgyz institutions responsible for anti-corruption programs and promoting the transparency of court proceedings and financial integrity of state organs, including the purchase and installation of audio and video equipment for projects in district courthouses to increase transparency and public control in the justice sector.
Minister of Finance for the Kyrgyz Republic Baktygul Jaanbaeva who assisted in the investigation of the source of the funds will be the point of contact for questions about the use of these funds.

The Kleptocracy Asset Recovery Initiative is led by a team of dedicated prosecutors in the Criminal Division’s Money Laundering and Asset Recovery Section, in partnership with federal law enforcement agencies, and often with U.S. Attorney’s Offices, to forfeit the proceeds of foreign official corruption and, where appropriate, to use those recovered assets to benefit the people harmed by these acts of corruption and abuse of office. In 2015, the FBI formed International Corruption Squads across the country to address national and international implications of foreign corruption. Individuals with information about possible proceeds of foreign corruption located in or laundered through the U.S. should contact federal law enforcement or send an email to kleptocracy@usdoj.gov (link sends e-mail) or https://tips.fbi.gov/.

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