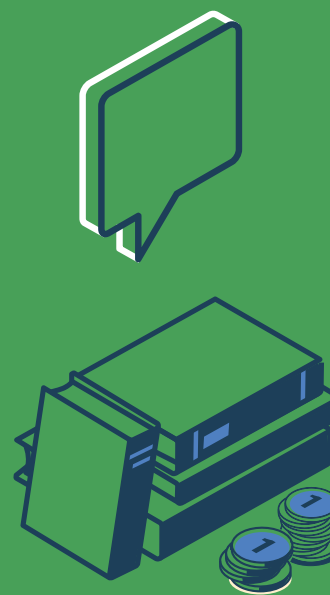


# The Cleansing Power of Ivory Towers: How Elite Educational Institutions Legitimize Kleptocrats' Children

by Matthew T. Page

Nonresident Scholar,  
Carnegie Endowment for International Peace



*Kleptocratic leaders and officials often send their children to elite universities in the United States, United Kingdom, and other democracies, while the children of citizens in their own countries are left with substandard educational institutions at home. This tendency poses both money laundering and reputation laundering risks, as it distances the money (and children of kleptocratic officials) from its illicit source and recasts them and their children as upstanding, respectable global elites untainted by corruption. By ignoring the link between the money and reputation laundering services, the world's top educational institutions are incentivizing and rewarding official corruption, state capture, and other criminal activities that threaten those living in the world's most unstable and least developed countries. To minimize the risks to academic freedom and integrity, policymakers should update their anti-money laundering rules to include academic institutions, and universities should diversify their sources of funding.*

---

*By accepting their tainted cash, private schools and universities in the United States, United Kingdom, and other democracies present kleptocrats and their associates an opportunity to rehabilitate their reputations and that of their families.*

---

There is more to the world's top private schools and universities than meets the eye. Whether housed in modern glass and steel edifices or built of ivy-clad brick, they offer the world's kleptocrats a means of converting their ill-gotten gains into priceless cultural capital.<sup>1</sup> As one U.K. law enforcement official observed, a top-notch education doesn't just legitimize kleptocrats' wealth, it legitimizes their children.<sup>2</sup>

Regrettably, educational institutions that accept illicit funding and welcome students from families with ties to criminal activity currently do little to counteract this threat. By accepting their tainted cash, private schools and universities in the United States, United Kingdom, and other democracies present kleptocrats and their associates an opportunity to rehabilitate their reputations and that of their families. It is through the refurbishment of their standing that these individuals gain elite status and respectability, both domestically and internationally.

While the overwhelming majority of international students pose little or no corruption risk, policymakers and educational institutions need to take stronger steps to address the twin challenges of money and reputation laundering. Additional scrutiny of the small minority of students linked to politically exposed persons (PEPs) is needed without creating new hurdles for those who are not. The world's elite private schools and universities must balance their growing focus on international student recruitment with their ethical and legal obligations to deter and disincentivize corrupt practices. They must ensure that they do not aid and abet kleptocrats' efforts to rehabilitate or reinvent their dynastic reputations through their children's education.

## Laundering and Learning

The world's elite educational institutions are more accessible to kleptocrats and their beneficiaries than ever before. This access is enhanced by their growing appetite—driven by increased competition and higher overhead expenses—to recruit students from wealthy elite families from around the globe. These institutions' financial reliance on international students, who typically pay higher tuition fees than domestic students, has grown. As a result, senior policymakers now view international education as an important export and driver of economic growth, especially in the United Kingdom and Canada.<sup>3</sup> Some Western schools and universities have even opened satellite campuses and partnerships with institutions in China, the Middle East, and Africa to gain greater access to those markets.

Educational institutions linked to PEPs in high-risk corruption jurisdictions such as Russia, China, and Nigeria (among others) could pose money and reputation laundering risks to even the most reputable institutions. For example, in one banking scandal known as the Troika Laundromat, a now defunct Lithuanian bank served as a conduit for £4.2 million belonging to corrupt politicians and criminals to be channeled, via anonymous shell companies, to U.K. private schools and universities, including the prestigious Charterhouse School.<sup>4</sup> According to Moldovan police, another alleged £14 billion money laundering scheme involved fund transfers to bank accounts belonging to a top U.K. private school.<sup>5</sup>

Likewise, in 2013, investigators discovered that Nigerian politician James Ibori—convicted of money laundering and fraud in the U.K.—sent his three children to a £23,000-a-year school in Dorset, U.K.<sup>6</sup> Even after his conviction, his children continued to attend boarding school, with one later graduating from a top U.S. university while another attended university in the U.K. Despite their close connection to a convicted money launderer, their continued attendance at elite schools did not draw the attention of law enforcement, the international press, or the institutions themselves.

The schools or universities involved in these schemes never recognized the clear money and reputation laundering risks they faced by accepting tuition fees from anonymous shell companies or those paid on behalf of a convicted kleptocrat. These and many other examples of money and reputation laundering involving educational institutions indicate that kleptocrats are relatively free to leverage their connections to prestigious institutions of learning to legitimize their ill-gotten gains and launder their family's reputation.

## Chasing Legitimacy and Burnishing Legacy

Reputation laundering may not be the only reason why kleptocrats want to send their children to the world's top schools and universities. Like their law-abiding peers, kleptocratic elites have historical and cultural reasons for seeing Western educational institutions as a means of burnishing their family legacy while gaining access to a broader range of legitimate career opportunities for their children and grandchildren.

---

*While the overwhelming majority of international students pose little or no corruption risk, policymakers and educational institutions need to take stronger steps to address the twin challenges of money and reputation laundering.*

---

Yet, in the case of known kleptocrats and others suspected of possessing illicit wealth, this normally harmless process becomes problematic because it becomes a form of reputation laundering. Put simply, they pursue these educational opportunities to convert ill-gotten funds into a luxury good—a world-class education—that burnishes their public image, legitimizes their family name, and positions their children to become reputable global elites. Furthermore, because familial dynasties are common in countries deeply captured by kleptocratic networks, universities could be, in some cases, grooming the next generation of kleptocrats.

A recent study revealed that established elites view U.K. private boarding schools and universities as a mechanism for preserving and sustaining their social status from one generation to the next.<sup>7</sup> Top Western institutions' soft-sell strategy reinforces this perception by making parents feel they are not so much being *sold* an expensive education as they are being *permitted to buy it*.<sup>8</sup> For example, In Nigeria, deeply held socio-cultural attitudes toward Western (especially U.K.) private education inform many wealthy and upper middle-class parents' decision to send their children to foreign boarding schools and universities. These include longstanding family traditions and ties, and links to diaspora communities in the U.K., U.S., Canada, and elsewhere.

Nigeria's nouveaux riche and aspiring elites—including many inexplicably wealthy politicians—see the decision to educate their children abroad as an ascension strategy that will consecrate their newly heightened position in domestic hierarchies.<sup>9</sup> Many even view U.K. private schools' complex, lengthy, and expensive admission process<sup>10</sup> as proof of their "world classness."<sup>11</sup> In the words of one Nigerian education agent:

Boarding schools in the U.K. are not for the average person or people who are gathering *kobo kobo* together [scraping pennies]. No, you can get away with that if you send your child to Ghana or maybe Hungary or Canada but not schools in the U.K. My experience tells me that people who can afford the U.K. are self-made millionaires and billionaires or top politicians of "high calibre." They are people with household names.<sup>12</sup>

This snapshot suggests that academic institutions are not just centers of learning: they can become venues for the legitimization and reproduction of elite status for kleptocrats. As such, their offers of admission are an asset—much like an offshore bank account or high-end London property.

Admission to these institutions transports kleptocrats' children from their parents' world—one characterized by backroom deals, secret bank accounts, and bareknuckle politics—to a global playing field characterized by more salubrious activities, such as alumni networking events or internships with banks and corporate law firms. In other words, top schools and universities allow kleptocrats and their children to rewrite their origin stories.

---

*Put simply, they pursue these educational opportunities to convert ill-gotten funds into a luxury good—a world-class education—that burnishes their public image, legitimizes their family name, and positions their children to become reputable global elites.*

---

### Start by Recognizing the Risks

The rapid growth in the international education sector carries real corruption risks that many educational institutions have been slow to appreciate, anticipate, or address. How can international policymakers and education sector stakeholders prevent kleptocrats from using the world's top schools and universities to launder their family reputations?

First, they can admit that reputation laundering—alongside money laundering—is a reality. Sustainable long-term growth in the international education sector depends on strengthening anti-corruption safeguards and mitigating the reputational risks kleptocrats pose to respected centers of learning.

Although some schools and universities are more attuned to significant money laundering risks than others, few recognize the reputation laundering opportunities they unwittingly provide. Admittedly, assessing reputation laundering risks can be even more challenging and subjective than gauging money laundering risks, especially when it can be hard to define who is ultimately responsible for these opportunities. Indeed, one is compelled to consider whether this burden of risk assessment lies with immigration or consular officials who grant student visas, law enforcement agencies, or collegiate admissions staff. Ideally, these gatekeepers should avoid finger-pointing and instead focus on cooperating and communicating more effectively.

Second, policymakers should codify the anti-corruption gatekeeper role played by consular officials by incorporating basic anti-money laundering (AML) checks into student visa issuance guidance. When seeking proof of whether visa applicants have sufficient funds to pay their tuition fees, officials should also investigate the source of those funds.

These changes should allow policymakers to develop corrective policy changes that address anti-corruption challenges holistically without unduly burdening educators or international students. For example, if governments change or tighten student visa rules, they should increase scrutiny on politically exposed applicants instead of adding to the obstacles other applicants already face.<sup>13</sup>

Third, policymakers and legislators should work together to update national AML rules to clarify the responsibilities of education institutions and specify the type of suspicious activity they must report to law enforcement. They should also require schools and universities to have detailed AML policies in place before allowing them to sponsor student visas. As a preventative measure, policymakers, law enforcement, and civil society organizations should increase their outreach efforts to top educational institutions to increase their awareness of corruption risks.

The world's top private schools and universities have a vested interest in protecting the international education sector from illicit financial flows. Welcoming kleptocrats' children inflicts damage on their reputation and could expose them to legal liabilities. To start, they

---

*Admission to these institutions transports kleptocrats' children from their parents' world—one characterized by backroom deals, secret bank accounts, and bareknuckle politics—to a global playing field characterized by more salubrious activities, such as alumni networking events or internships with banks and corporate law firms.*

---

---

*By ignoring the link between money and the reputation laundering services they unwittingly provide, the world's top educational institutions are incentivizing and rewarding official corruption, state capture, and other criminal activities that immiserate those living in the world's most unstable and least developed countries.*

---

should strengthen internal policies and procedures designed to identify and respond to potential corruption risks. Both staff and institutional governing bodies should play a role in implementing them and monitoring their effectiveness.

Institutions that lack detailed AML policies should seek help from the growing number of education-focused compliance professionals. They can also make greater use of due diligence services—or even basic internet searches—to assess the money and reputation laundering risks associated with students linked to high-risk corruption jurisdictions. Many already scrutinize their international students' ability to pay tuition fees; it would not be burdensome for them to also look for any red flags related to the assets and income funding those students' education.<sup>14</sup>

### **The Shadow of the Ivory Tower over Democracy**

By ignoring the link between money and the reputation laundering services they unwittingly provide, the world's top educational institutions are incentivizing and rewarding official corruption, state capture, and other criminal activities that immiserate those living in the world's most unstable and least developed countries. As educational institutions become more accessible to wealthy foreign students, their willingness to turn a blind eye allows kleptocrats to get more bang for their ill-gotten buck.

Not only do they allow corrupt officials to launder unexplained wealth, they also enable them to use that wealth to pay for a world-class education that recasts them and their children as upstanding, respectable global elites. These reputation laundering schemes also beget a range of harmful effects including poverty and underdevelopment in their home countries, the erosion of democratic institutions, electoral rigging, and human rights abuses at the hands of venal, authoritarian regimes. Until their tolerance for kleptocrats abates, the West's tallest ivory towers will continue to cast a shadow over democracy worldwide.

## Endnotes

- 1 Pere Ayling, "Embodying 'Britishness': The (Re)making of the Contemporary Nigerian Elite Child," *Curriculum Inquiry* 45, no. 5 (2015): 455-471, [www.tandfonline.com/doi/abs/10.1080/03626784.2015.1095623](http://www.tandfonline.com/doi/abs/10.1080/03626784.2015.1095623).
- 2 Paul Peachy, "UK puts private schools on notice over dirty cash," *The National* (UAE), 1 November 2018, [www.thenational.ae/world/europe/uk-puts-private-schools-on-notice-over-dirty-cash-1.787143](http://www.thenational.ae/world/europe/uk-puts-private-schools-on-notice-over-dirty-cash-1.787143).
- 3 "International Education Strategy: Global Potential, Global Growth," London: HM Government, March 2019, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/799349/International\\_Education\\_Strategy\\_Accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/799349/International_Education_Strategy_Accessible.pdf); and "Building on Success: International Education Strategy, 2019-2024," Ottawa: Government of Canada, 2019, [www.international.gc.ca/education/assets/pdfs/ies-sei/Building-on-Success-International-Education-Strategy-2019-2024.pdf](http://www.international.gc.ca/education/assets/pdfs/ies-sei/Building-on-Success-International-Education-Strategy-2019-2024.pdf).
- 4 Juliette Garside, "Elite UK school fees paid via tax haven firms, leak reveals," *Guardian*, 5 March 2019, [www.theguardian.com/education/2019/mar/05/elite-uk-school-fees-paid-via-tax-haven-firms-leak-reveals](http://www.theguardian.com/education/2019/mar/05/elite-uk-school-fees-paid-via-tax-haven-firms-leak-reveals); and "The Troika Laundromat," OCCRP, 4 March 2019, [www.occrp.org/en/troikalaundromat](http://www.occrp.org/en/troikalaundromat).
- 5 Jim Armitage, "Top private schools 'unwittingly take laundered money from criminals,'" *Independent*, 17 October 2014, [www.independent.co.uk/news/education/top-private-schools-unwittingly-accepting-laundered-money-wealthy-foreign-criminals-moldovan-police-occrp-a7640811.html](http://www.independent.co.uk/news/education/top-private-schools-unwittingly-accepting-laundered-money-wealthy-foreign-criminals-moldovan-police-occrp-a7640811.html).
- 6 Annabelle Timsit, "The UK wants private schools to stop letting criminals pay for elite educations," *Quartz*, 17 September 2018, <https://qz.com/1392063/money-laundering-in-the-uk-private-schools-in-the-crosshairs/>.
- 7 Pere Ayling, *Distinction, Exclusivity and Whiteness: Elite Nigerian Parents and the International Education Market*, (Singapore: Springer, 2019), pp. 8-9.
- 8 Pere Ayling, *Distinction, Exclusivity and Whiteness*, p. 74.
- 9 Pere Ayling, *Distinction, Exclusivity and Whiteness*, pp. 3, 67, and 119.
- 10 In the U.K., these admissions processes can take 12 to 24 months and multiple in-person visits compared to only three months for a Canadian private school, for example.
- 11 Pere Ayling, *Distinction, Exclusivity and Whiteness*, pp. 73, 80-81.
- 12 Pere Ayling, *Distinction, Exclusivity and Whiteness*, p. 82.
- 13 Temitayo Olofinlua, "The Hidden Costs of Getting a UK Visa," *African Arguments*, 30 July 2020, <https://africanarguments.org/2020/07/the-hidden-costs-of-getting-a-uk-visa/>.
- 14 Author interview with a Nigeria-based education consultant, July 9 2020, (personal archive).