



Insights

Martin De Luca, Wade Weems and Scott Nielson on Growing U.S. Enforcement Against Central America

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The passage of the United States-Northern Triangle Enhanced Engagement Act in the U.S. last year – aimed at targeted sanctions to fight corruption in El Salvador, Guatemala and Honduras – led to the U.S. State Department’s creation of the “Engel List.” The Engel List is a list of corrupt and undemocratic actors in those countries. It signals the United States’ accelerating enforcement in Central America, increasing risks for individuals in the region, as Kobre & Kim’s Martin De Luca, Wade Weems and Scott Nielson explained in an article for *The Anti-Corruption Report*.

The Engel List complements existing U.S. tools, such as the U.S. Office of Foreign Assets Control’s (OFAC) use of the Magnitsky Act to sanction certain Central American individuals, as well as a U.S. Department of Justice task force focused on corruption in Mexico and Central America. The U.S. is also increasingly using new enforcement tools to target alleged corrupt actors, through the use of money laundering statutes, a more expansive subpoena authority under the Anti-Money Laundering Act of 2020, as well as new whistleblower programs.

The Pandora Papers may also lead to more scrutiny and local cooperation with U.S. authorities. In addition, family businesses – common in the region – expands the enforcement risks, particular when business is blended with politics. Recent perceived democratic backsliding in El Salvador could also put individuals there in the crosshairs. Recourse is difficult for individuals on the Engel List, but with the help of U.S. counsel, strategies – such as government outreach or distancing from corrupt governments – one can form part of a creative approach to fight back.

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