

How to increase the integrity of political parties: 10 tips from the NACP

SITUATION 1: Refuse contributions from fictitious donors

The State Tax Service does not confirm income













Individuals – actual contributors, who conceal their financial support to the party due to the impossibility of confirming the legality of the cash origin

Funds for the party + payment for the use of personal data Individuals/individual entrepreneurs – fictitious contributors

Funds for the party

The party

Typical signs:

- individual contributors are too young or elderly;
- making contributions in equal amounts by several persons on the same day from the same bank branch;
- sequence of bank document numbers of the contributors.

Consequences:

For the party:

reputational losses

For the contributors:

criminal liability

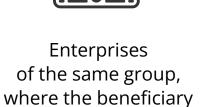
SITUATION 1.1.

The State Tax Service confirms income and a sharp increase in payments



is a supporter of the

Party





Payment of one-off bonuses in significant amounts that have not been paid before



Individuals – fictitious contributors, employees of enterprises of the same group



Funds for the party



The party

Typical signs:

- contributors are employees of the same group of companies;
- a sharp increase in payments from the employer;
- contributions in equal amounts by several persons on the same day from the same bank branch;
- sequence of bank document numbers of the contributors.

Consequences:

For the party:

reputational losses

For the contributors:

criminal liability

SITUATION 1.2.

State Tax Service confirms income



Representatives of the of the shadow economy



Legalization of the proceeds of crime through individual entrepreneurs



A representative of the shadow economy who makes contributions on behalf of individual entrepreneurs – fictitious donors



Funds for the party



The party

Typical signs:

- contributors have common (dubious) sources of income;
- a sharp increase in the income of the contributors in the year of making contributions;
- making contributions in equal amounts by several persons on the same day from the same bank branch;
- sequence of bank document numbers of the contributors.

Consequences:

For the party:

reputational losses

For the contributors:

criminal liability

SITUATION 2. Report receipt of contributions in the form of public events organized by third parties



Organizing events that increase the party's popularity



Supporters of the party who hide their financial support for the party because they cannot confirm the legitimacy of the cash origin



Payment for goods and services



Contractors - event organizers

Typical signs:

 availability of information from external sources about the Party's promotion activities.

Consequences:

Regarding the party:

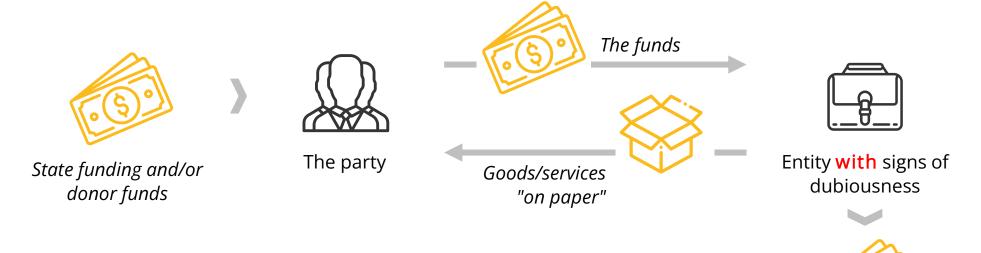
In case of incomplete information provided:

• administrative liability.

In case of inaccuracy of the information provided:

- suspension of funding;
- criminal liability.

SITUATION 3. Avoid dealing with entities that have signs of dubiousness





- the entity was established (resold) on the eve of the withdrawal of funds and has not previously carried out activities in this area;
- the official (signatory) is/was a founder or an official of other entities involved in criminal proceedings;
- the official is employed 8/24 (full-time) at another enterprise (state/municipal), where he/she receives official income (accrued (paid) salary);
- the entity's current accounts were opened on the eve of the transfer of funds.

Consequences of dubious transactions:

May take the form of a withdrawal (cash)

For the party:

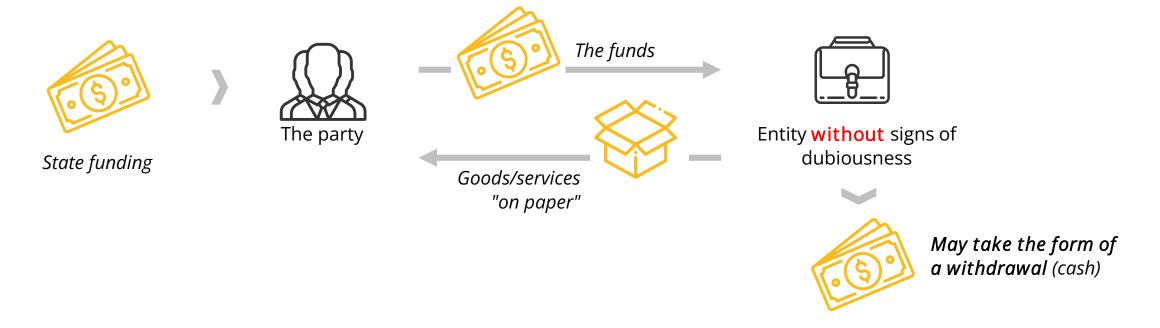
In case of incomplete information provided:

administrative liability.

In case of inaccuracy of the information provided:

- suspension of funding;
- criminal liability.

SITUATION 4. Operations should be real, not "on paper"



Typical signs of dubious transactions:

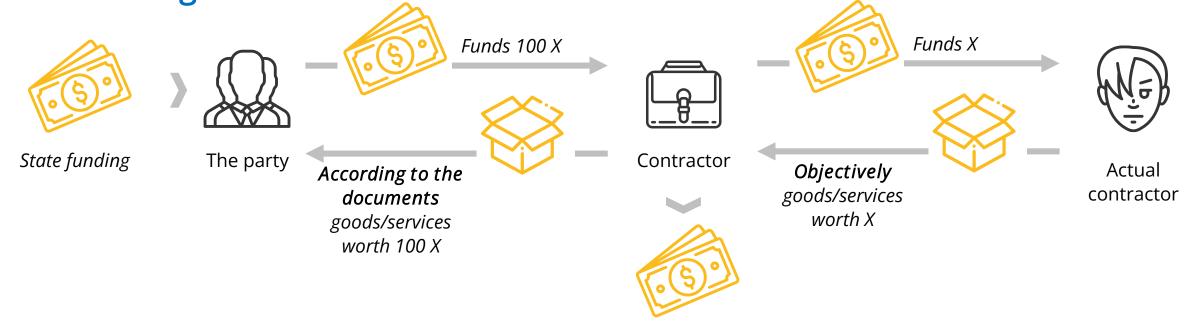
- the entity's settlement accounts were opened before the transfer of funds;
- contracts are signed before the date of appointment of officials and/or before the opening of settlement accounts;
- the delivery of goods is not accompanied by a proper package of documents;
- documentation for "received goods" has inconsistencies and defects in execution.

Consequences of dubious transactions:

For the party:

- suspension of funding;
- criminal liability is provided for.

SITUATION 5. Avoid overpricing services (goods) for the purpose of withdrawing funds



May take the form of a withdrawal: cash 99 X

Typical signs:

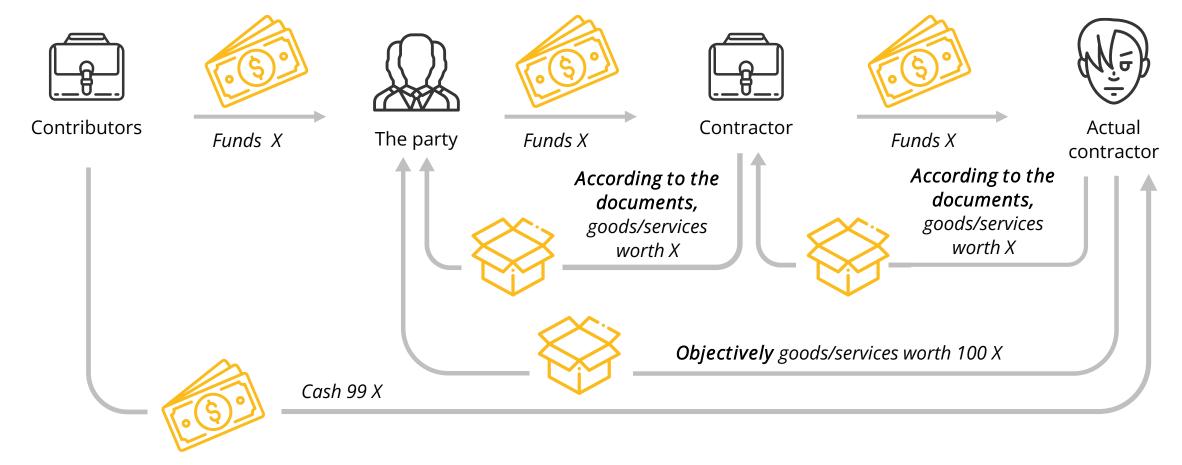
- provision of services and goods at prices higher than the average market price (determined by analysing information resources and documents of the actual contractors);
- the subject matter of the transactions is vague;
- the cost (price) of certain services is missing and/or the number of services and the reasoning for their cost are missing.

Consequences:

For the party:

criminal liability
(without inaccurate information, overstatement of the price is not a ground for suspension of financing).

SITUATION 6. Report the actual amount of contributions/expenditures



Typical signs:

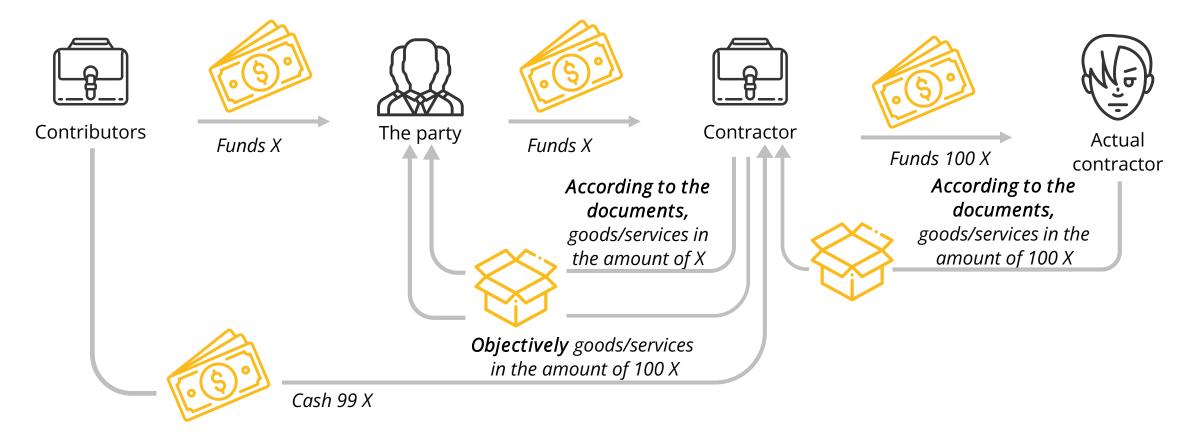
 provision of services and goods at prices significantly lower than the market average (determined by analysing information resources and documents of actual contractors).

Consequences:

For the party:

- suspension of funding;
- criminal liability is provided for.

SITUATION 7. Report the actual quantity of goods/services



Typical signs:

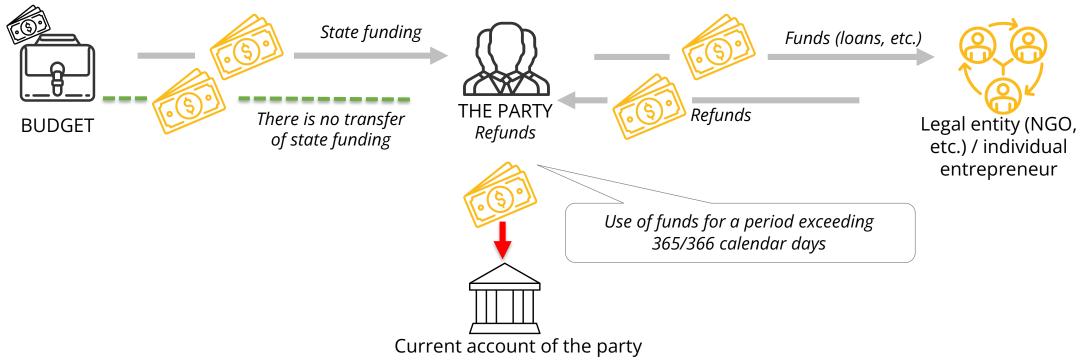
 provision of services and goods in excess of the amount recorded as a result of the analysis of external information.

Consequences:

For the party:

- suspension of funding
- criminal liability is provided for.

SITUATION 8. Return unused state funding to the budget in a timely manner



Typical signs:

- return of state funding by counterparties to other accounts of the political party;
- the counterparty is a related party.

Consequences for the party:

• issuance of an order by the NACP to oblige the Party to transfer funds to the State Budget within the timeframe stipulated by part 3 of Article 20 of the Law of Ukraine "On Political Parties in Ukraine" and negative consequences in case of failure to do so.



















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