



Boğaziçi MUN
Advanced '22

Economic and Financial Affairs Council

STUDY GUIDE

Agenda Item: Preventing the Increment of Money Laundering

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1) Letters

A) From the Secretary-General

Most Esteemed Participants,

On behalf of the Academic and Organization teams of Boğaziçi Model United Nations Advanced 2022 Conference, it is my utmost honor and pleasure to welcome you all as the Secretary-General of the 1st edition of one of the most prestigious conferences in Turkey. We are glad that you have decided to honor us with your presence on May 21-22, 2022 in our beautiful campus in Istanbul.

My name is Kaan Ertan. I am currently studying industrial engineering at the Boğaziçi University and have been a part of the Boğaziçi MUN Society since the beginning of my university life. Today, it is my privilege to be serving you as the Secretary-General of our esteemed conference, despite the pandemic and all the misfortunes that we have recently faced. During the two days of our conference, both our Academic and Organization Teams will do their best to provide you with the most fulfilling conference in every possible way.

In order to make our conference as advanced as possible, we have created four marvelous committees that serve the concept that we wanted to cover this year. These will be executed by a group of the finest individuals in the Turkish MUN community. In the preparation of this conference, along with all of our beloved Academic Team, I owe my Deputy-Secretary-General Ms. Şebnem Yaren a huge gratitude for her assistance and cooperation in every aspect of preparing this conference. We hope that you are as excited as we are to have one of the best two days you have ever had in a Model UN conference, together!

With sincere appreciation,

Kaan Ertan

Secretary-General of Boğaziçi MUN Advanced 2022

B) From the Under-Secretary-General and Academic Assistant

As the Under-Secretary-General and Academic Assistant of the committee ECOFIN, we strongly believe in the importance of the discussions on economic and financial issues which are increasing day by day with the rapidly developing technology. The 21st century brings its own properties and necessities within itself. Since the ability of critical thinking and analytic intelligence are among the needed capabilities of the new age in which we are living in, it is quite vital to become able to take the responsibility of producing logical and creative innovations. Mostly focusing on cryptocurrency and the methods of money-laundering is recommended to help each other to write good resolutions by sharing the best ideas. In this context, we suggest all of the delegates read this helpful document carefully and make their further research before the conference. We wish all of us a great conference by collaborating and fairly taking help from diplomacy to create a better world altogether.

With sincere appreciation,

Alper Kaan Özbek

Yiğit Bilir

Elif Nazlı Kafadar

Under-Secretary-Generals and Academic Assistant of the Economic and Financial Committee

2) General Information About the Committee

Being the second official committee of the United Nations, The Economic and Financial Committee is responsible for dealing with the situations on economics and finance development. The committee considers questions related to states in special situations by the meaning of economy and searches for permanent resolutions on the ongoing financial regulations.

3) Agenda Item: Money Laundering

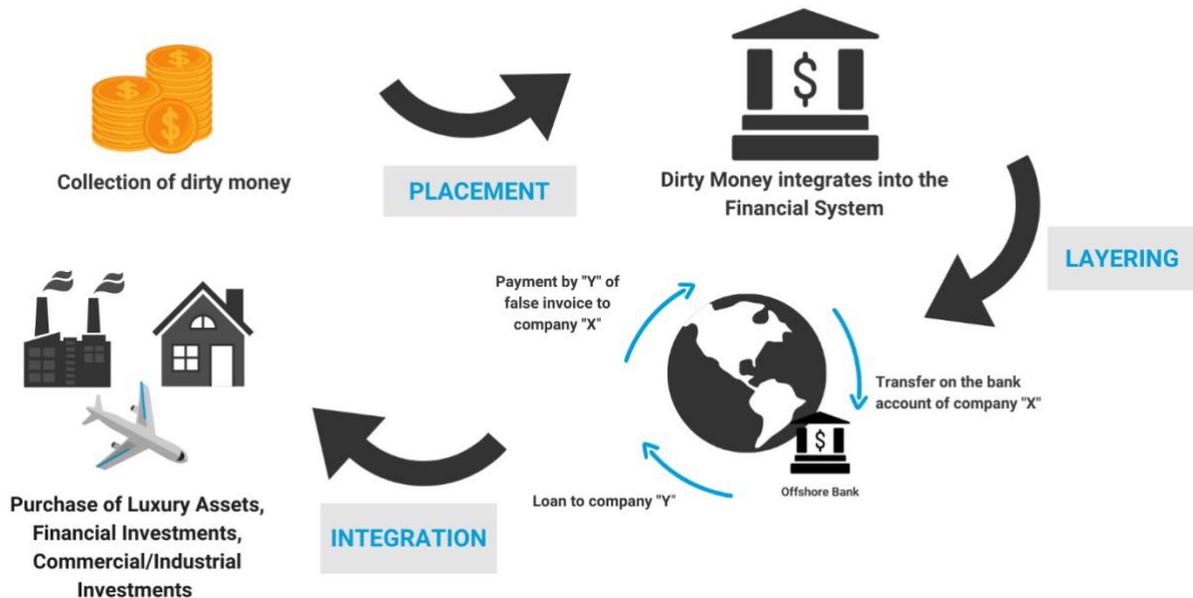
Money laundering is the procedure of converting big quantities of cash acquired from crimes, along with drug trafficking, into origination from a valid source. It is against the law in lots of jurisdictions with various definitions. It is a key operation of the underground economy.

In US regulation it is far the exercise of carrying out monetary transactions to hide the identity, source, or vacation spot of illegally received cash. In UK regulation the not unusual place regulation definition is wider. The act is described as "taking any motion with belongings of any shape that is both thoroughly or in element the proceeds of against the law a good way to cover the truth that that belonging is the proceeds of against the law or difficult to understand the useful possession of stated belongings".

In the past, the term "money laundering" implemented best to monetary transactions associated with prepared crime. Today its definition is frequently accelerated with the aid of using authorities and global regulators along with the America Office of the Comptroller of the Currency (OCC) to mean "any monetary transaction which generates an asset or a fee because the end result of an unlawful act", which might also additionally contain moves along with tax evasion or fake accounting. In the UK, it no longer wants to contain cash or any monetary good. Courts contain money laundering dedicated with the aid of personal individuals, drug dealers, businesses, corrupt officials, contributors of crooked corporations along with the mafia, or even states.

As monetary crime has turned out to be greater complex and "Financial Intelligence" (FININT) has turned out to be greater diagnosed in fighting global crime and terrorism; money laundering has become more outstanding in political, monetary, and criminal debate. Money laundering is ipso facto* unlawful; the acts producing the cash nearly constantly are themselves crook in a few ways.

Money Laundering Cycle



UNODC, 2022

A) History

Anti-money laundering laws have been created to prevent organized crimes during the prohibition period of the United States in the 1930s. Organized crime has received a great shot of the ban and a great source. New funds are obtained from the sale of illegal alcohol. The prosecution of Al Capone in the tax evasion case has emphasized the status and enforcement agency to follow and confiscate money, but the current law against tax evasion cannot be used after the gangsters began to submit taxes.

In the 1980s, the drug war once again caused governments to turn to money-laundering rules to try to monitor and seize the proceeds of drug crimes to catch organizers and individuals that ran empires. It also has the advantage of the views of the law to transform the rules of evidence "upside-down". The lawyer should often prove that an individual is guilty to seize their assets, but with the money laundering laws, the money may be confiscated and depends on the person who proves that the capital is legal to recover money. This makes it much easier for law enforcement agencies and provides much lower burdens of proof. However, this process has been abused by a

number of law enforcement agencies to implement and maintain money without strong evidence of related criminal activities, used to complete their own budget.

The attack on September 11, 2001, leading to a patriotic law in the United States and similar laws around the world, led to a new focus on money laundering laws to combat funding for terrorism. The Group of Seven(G7) used a task force for bleaching financial actions to put pressure on governments around the world to enhance monitoring of financial transactions and information sharing among countries. Starting in 2002, governments around the world have improved anti-money laundering laws and systems to monitor and control financial transactions. Anti-money laundering regulations have become a much larger burden on financial institutions, and enforcement of these regulations has increased significantly. Between 2011 and 2015, a number of large banks faced increasingly heavy fines for violating money laundering regulations. This includes HSBC, which was fined \$1.9 billion in December 2012, and BNP Paribas, fined \$8.9 billion in July 2014 by the US government. Many countries have adopted or tightened border controls on portable cash and have adopted a centralized transaction reporting system where all financial institutions must report all transactions. For example, in 2006, Australia established the Australian Transaction Reports and Analysis Centre (AUSTRAC) system, which requires claims of all financial transactions.

B) Features

i) Definition

Money laundering is the conversion or transfer of property; the concealment or disguising of the nature of the proceeds; the acquisition, possession, or use of property, knowing that these are derived from criminal activity; or taking part in or aiding the movement of funds to form the proceeds seem legitimate.

Money obtained from certain crimes, like extortion, insider trading, narcotraffic, and illegal gambling is "dirty" and wishes to be "cleaned" to seem to possess been derived from legal activities, so banks and different financial institutions can alter it while not suspicion. Money may be laundered by several strategies that change in complexness and sophistication.

Money laundering usually involves 3 steps: the first involves introducing money into the financial system by some means ("placement"); the second involves effecting advanced money

transactions to camouflage the illegal supply of the money ("layering"); and at last, acquiring wealth generated from the transactions of the illicit funds ("integration"). A number of these steps could also be omitted, relying upon the circumstances. For instance, non-cash income that is already within the financial system would not get to be placed.

According to the US Treasury Department:

"Money laundering is the method of creating illegally-gained income (i.e., "dirty money") seem legal (i.e., "clean"). Typically, it involves 3 steps: placement, layering, and integration. First, the illegitimate funds are furtively introduced into the legitimate financial system. Then, the money is moved around to make confusion, generally by wiring or transferring through various accounts. Finally, it's integrated into the financial system through extra transactions till the "dirty money" seems "clean".

ii) Methods

(1) List of Methods

Money laundering can take many forms, though most methodologies are often classified into one among some types. These embrace "bank methods, smurfing [also called structuring], currency exchanges, and double-invoicing".

- **Structuring:** Typically called smurfing, is a methodology of placement whereby money is broken into smaller deposits of cash, used to defeat suspicion of money laundering and to avoid anti-money laundering coverage requirements. A sub-component of this is often to use smaller amounts of money to buy bearer instruments, like money orders, and so ultimately deposit those, once more in tiny amounts.
- **Bulk cash smuggling:** This involves physically smuggling money to a different jurisdiction and depositing it in an exceedingly financial organization, like an offshore bank, that gives greater bank secrecy or less rigorous money laundering enforcement.
- **Cash-intensive businesses:** During this methodology, a business generally expected to receive an outsized proportion of its revenue as money uses its accounts to deposit reprehensively derived money. This methodology of money laundering typically

induces organized and corporate crime to overlap. Such enterprises typically operate overtly and therefore, generate money revenue from incidental legitimate business additionally to the illicit money. In such cases, the business can typically claim all money received as legitimate earnings. Service businesses are best suited to the current methodology, as such enterprises have very little or no variable prices and/or an outsized ratio between revenue and variable prices, which makes it tough to sight discrepancies between revenues and prices. Examples are parking structures, strip clubs, tanning salons, car washes, arcades, bars, restaurants, casinos, barbershops, DVD stores, sex shops, movie theatres, toy stores, bicycle shops, beach resorts, and dry goods stores.

- **Trade-based laundering:** This methodology is one of the most recent and most complicated styles of money laundering. This involves under- or over-valuing invoices to disguise the movement of cash. For instance, the art market has been accused of being a perfect vehicle for money laundering thanks to many distinctive aspects of art like the subjective worth of artworks in addition because of the secrecy of auction homes regarding the identity of the client and trafficker.
- **Shell companies and trusts:** Trusts and shell owners disguise actuality house owners of cash. Trusts and company vehicles, looking on the jurisdiction, do not need to disclose their true owner. Typically spoken by the slang term rathole, although that term typically refers to someone acting because of the fictitious owner instead of the business entity.
- **Round-tripping:** In this method, cash is deposited in an exceedingly controlled foreign corporation offshore, ideally in an exceedingly land wherever negligible records area unit unbroken, and so shipped back as a foreign direct investment, exempt from taxation. A variant on round-tripping is often to transfer cash to a firm or similar organization as funds on account of fees, then cancel the retainer and, once the cash is remitted, represent the sums received from the lawyers as a gift under a can or income of proceeding.
- **Bank capture:** During this case, money launderers or criminals get an interest in a bank, ideally in an exceeding jurisdiction with weak money laundering controls, and so move cash through the bank while not scrutiny.

- **Casinos:** During this methodology, an individual walks into a casino and buys chips with illicit money. The individual will then play for a comparatively short time. Once the person cashes within the chips, they are going to expect to require payment in an exceedingly check, or a minimum of getting a receipt so that they will claim the income as gambling winnings.
- **Other gambling:** Cash is spent on gambling, especially on high odds games. One way to reduce risk with this method is to wager each possible outcome of some event that has several possible outcomes; therefore, no outcome(s) have short odds, and therefore the bettor can lose solely the vigorish and can have one or additional winning bets that may be shown because of the supply of cash. The losing bets can stay hidden.
- **Black salaries:** A company might have unregistered workers while not written contracts and pay them money salaries. Dirty money can be used to pay them.
- **Tax amnesties:** People who legalize unreported assets and cash in tax havens.
- **Transaction Laundering:** Once a businessperson unknowingly processes illicit credit card transactions for an additional business. It's a growing drawback and recognized as distinct from ancient money laundering in using the payments system to cover that the dealing even occurred (e.g., the employment of fake front websites). Conjointly called "undisclosed aggregation" or "factoring".

(2) Digital (Electronic) Money

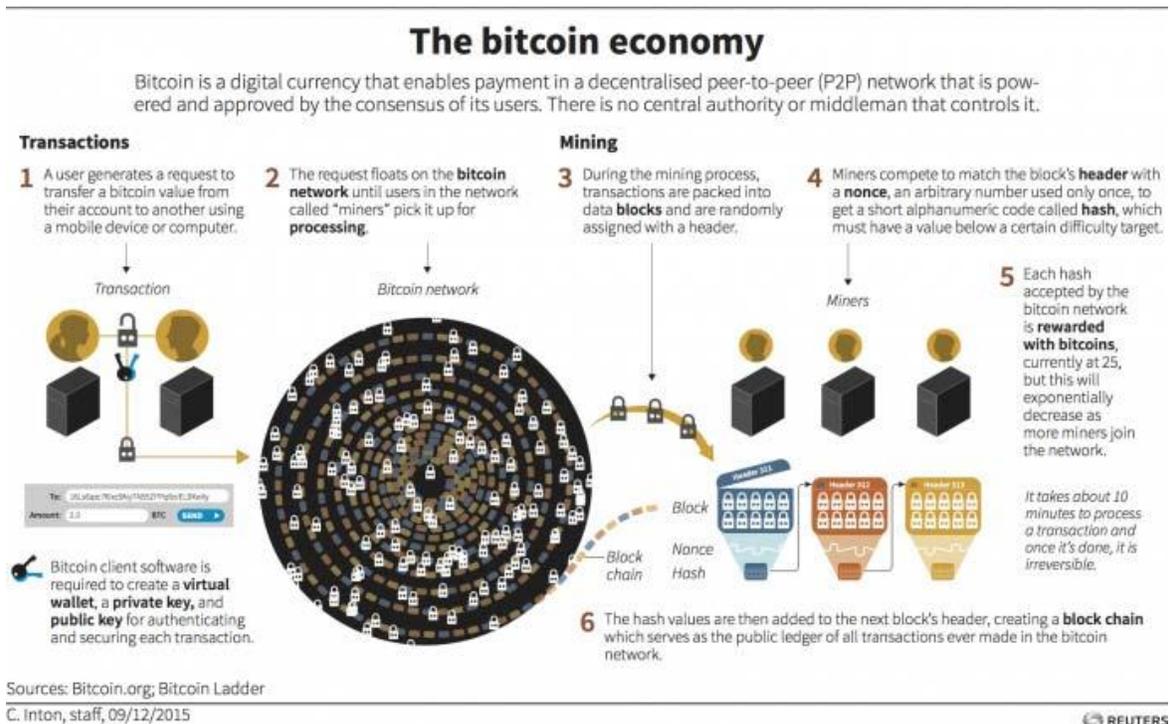
In theory, electronic money ought to offer as straightforward a way of transferring assets without revealing identity as untracked banknotes, particularly wire transfers involving anonymity-protecting numbered bank accounts. In practice, however, the record-keeping capabilities of internet service suppliers and different network resource maintainers tend to frustrate that intention. Whereas some cryptocurrencies underneath recent development have aimed to supply additional prospects of dealing with obscurity for varied reasons, the degree to that they succeed—and, in consequence, the degree to that they provide advantages for money laundering efforts—is disputed. Solutions like ZCash and Monero are samples of cryptocurrencies

that offer untrackable obscurity via proofs and/or obfuscation of data. Such currencies might realize use in online illicit services.

In 2013, Jean-Loup Richet, a research fellow at ESSEC ISIS, surveyed new techniques that cybercriminals were using in a very report written for the UNODC. A typical approach was to use a digital currency money dealer service that converted dollars into a digital currency known as Liberty Reserve and will be sent and received anonymously. The receiver might convert the Liberty Reserve currency back to money for a small fee. In May 2013, US authorities clean up Liberty Reserve charging its founder and varied others with money laundering.

Another increasingly common way of laundering money is to use online gaming. In a very growing variety of online games, like Second Life and World of Warcraft, it is possible to convert cash into virtual goods, services, or virtual money that may later be converted back to cash.

To avoid the usage of localized digital money like Bitcoin for the profit of crime. Bitcoin depends utterly on cryptography, not on a central entity running underneath a KYC framework. There are many cases within which criminals have paid out a major quantity of Bitcoin in ransomware attacks, drug dealings, cyber fraud, and smuggling. However, it is vital to note that a lot of digital currency exchanges are currently in operation with KYC programs despite the threat of regulation from the jurisdictions they operate in.



Refinitiv, 2015

(3) Reverse Money Laundering

Reverse money laundering could be a process that disguises a legitimate source of funds that are going to be used for illicit functions. It is typically perpetrated for the aim of financing terrorism however will be additionally employed by criminal organizations that have invested in legal businesses and would love to withdraw legitimate funds from official circulation. Unaccounted money received via disguising monetary transactions is not enclosed in official financial news and will be accustomed evade taxes, handing in bribes and paying "under-the-table" salaries. As an example, in an instrument filed on 24 March 2014 in us District Court, Northern California, San Francisco Division, Federal Bureau of Investigation special agent Emmanuel V. Pascau alleged that many people related to the Chee Kung Tong organization, and California senator Leland Yee, engaged in reverse money laundering activities.

The problem of such dishonest encashment practices has become acute in Russia and alternative countries of the former Soviet Union. The Eurasian Group on Combating Money Laundering and Financing Terrorism (EAG) reported that the Russian Federation, Ukraine, Turkey, Serbia, Kyrgyzstan, Uzbekistan, Armenia, and Kazakhstan have encountered a considerable shrinkage of assets and shifting financial balance in favor of money. These processes made it more difficult to design and manage the economy and contributed to the expansion of the shadow economy.

iii) Magnitude

Many regulative and governmental authorities issue the estimated amount of money laundered every year, either worldwide or in their economic system. In 1996, an advocator for the IMF estimated that 2–5% of the worldwide global economy concerned laundered money. The Financial Action Task Force on money laundering (FATF), an intergovernmental body came to combat money laundering stated, "Due to the illegal nature of the transactions, precise statistics aren't available and it's thus not possible to provide a definitive estimate of the number of cash that's globally laundered each year. The FATF thus doesn't publish any figures during this regard." Tutorial commentators have likewise been unable to estimate the amount of cash with any degree of assurance. Varied estimates of the scale of worldwide money laundering are often repeated typically enough to make some individuals regard them as factual—but no investigator has overcome the inherent problem of measurement and put it into an actively concealed practice.

Regardless of the issue in measurement, the number of cash laundered every year is within the range of billions of US dollars and poses a big policy concern for governments worldwide. As a result, governments and international bodies have undertaken efforts to discourage, prevent, and apprehend money launderers. Financial establishments have likewise undertaken efforts to stop and discover transactions involving dirty money, each as a result of government needs, and to avoid the reputational risk concerned. Problems about money laundering have existed as long as there were massive-scale criminal enterprises. Modern anti-money laundering laws have developed alongside the Modern War on Drugs. In more recent times, anti-money laundering legislation is seen as an adjunct to the monetary crime of terrorist financing in that each crime sometimes involves the transmission of funds through the financial system (although money laundering relates to where the cash has come from, and terrorist financing about wherever the money goes to).

Transaction laundering may be a large and growing problem. Finextra estimated that transaction laundering accounted for over \$200 billion within the US in 2017 alone, with over \$6 billion of those sales involving illicit products or services, sold by nearly 335,000 unregistered merchants.

C) Combating

Anti-money laundering (AML) is a term primarily used in the money and legal industries to explain the legal controls that need financial establishments and different regulated entities to stop, detect, and report hiding activities. Anti-money laundering tips came into prominence globally as a result of the formation of the financial Action Task Force (FATF) and also the promulgation of an international framework of anti-money laundering standards. These standards began to own a lot of relevance in 2000 and 2001 when FATF began a process to publicly identify countries that were deficient in their anti-money laundering laws and international cooperation, a method informally called "name and shame".

An effective AML program needs a jurisdiction to illegalize money laundering, giving the relevant regulators and police the powers and tools to investigate; to be able to share data with different countries appropriately; and need financial establishments to spot their customers, establish risk-based controls, keep records, and report suspicious activities.

Strict background checks are necessary to combat as several money launderers escape by investing through advanced possession and company structures. Banks will do this; however, proper police work is needed on the government side to reduce money laundering.

Over recent years, the increase in anti-money laundering mechanisms has been attributed to the utilization of huge information and computing. Ancient anti-money laundering systems are falling behind against evolving threats and new technologies. These new technologies are serving AML compliance officers to deal with: poor implementation, increasing regulation, administrative complexness, and false positives.

i) Criminalization

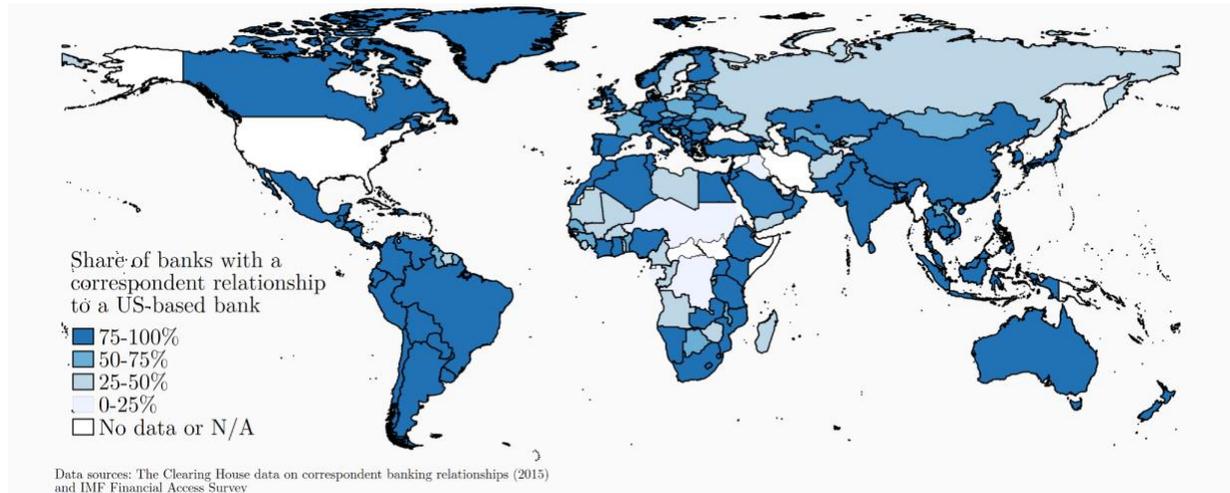
The elements of the crime of money laundering are set forth within the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances and Convention against transnational organized crime. It is outlined as wittingly engaging in a very financial transaction with the takings against the law for the aim of concealing or disguising the illicit origin of the property from governments.

ii) Role of Financial Institutions

Banks operating within the same country, usually have to be compelled to follow constant anti-money laundering laws and rules. Today, most global financial establishments, and plenty of non-financial establishments, need to spot and report transactions of a suspicious nature to the financial intelligence unit within the respective country. For instance, a bank should verify a customer's identity and, if necessary, monitor transactions for possible suspicious activity. This method comes underneath "know your customer" measures, which suggests knowing the identity of the client and understanding the forms of transactions during a possible customer interaction. By knowing one's customers, financial establishments will usually establish uncommon or suspicious behavior, termed anomalies, which can be a sign of money laundering.

Bank employees, like tellers and customer account representatives, are trained in anti-money laundering and are instructed to report activities that they regard as threats. Additionally, anti-money laundering software filters client data, classify it according to the level of suspicion and inspects it for anomalies. Such anomalies include a fast and substantial increase in funds, an outsized withdrawal, or moving cash to a bank secrecy jurisdiction. Smaller transactions that meet

sure criteria might also be flagged as suspicious. For instance, structuring will result in flagged transactions. The software also flags names on the government's "blacklists" and transactions that involve countries hostile to the host nation. Once the software has mined the data and flagged suspect transactions, it will alert bank management. In this case, bank management will be responsible for confirming whether or not to file a report with the government.



Brookings, 2015

iii) Enforcement Costs and Associated Privacy Concerns

The financial services industry has become more vocal about the rising costs of anti-money laundering regulation and also the restricted benefits that claimed to bring with it. One commentator wrote that "without facts, legislation has been driven on rhetoric, driving by guided policy responding to the necessity to be "seen to be doing something" (Harvey, 2008) instead of by an objective understanding of its effects on predicate crime. The social panic approach is even understandable by examining the language used: We talk of the battle against terrorism or the war on drugs. The Economist magazine has become progressively vocal in its criticism of such regulation, notably with reference to countering terrorist financing, referring to it as a "costly failure", though it concedes that alternative efforts (like reducing identity and credit card fraud) should still be effective at combating money laundering.

There is no precise measure of the costs of regulation balanced against the harms related to money laundering, and given the analysis issues involved in assessing such a difficulty, it is unlikely that the effectiveness of terror finance and money laundering laws can be determined with any degree of accuracy. The economist estimated the annual prices of anti-money laundering

efforts in Europe and North America at US\$5 billion in 2003, an increase from US\$700 million in 2000. Government-linked economists have noted the many negative effects of money laundering on economic development, as well as undermining domestic capital formation, depressing growth, and diverting capital far from development. Due to the intrinsic uncertainties of the quantity of money laundered, changes within the quantity of money laundered, and also the cost of anti-money laundering systems, it's virtually impossible to inform that anti-money laundering systems work and that they are more or less cost-effective.

Besides the economic costs to implement anti-money-laundering laws, improper attention to data protection practices might entail disproportionate costs to individual privacy rights. In June 2011, the data-protection advisory committee to the EU issued a report on data protection problems associated with the prevention of money laundering and terrorist financing, that known varied transgressions against the established legal framework on privacy and data protection. The report created recommendations on a way to address money laundering and terrorist financing in such ways like safeguard personal privacy rights and data protection laws. Within the U.S., teams such as the American Civil Liberties Union have expressed their concerns about the money laundering rules that banks need to report on their own customers, basically conscripting non-public businesses "into agents of the surveillance state".

iv) Global Organizations

Formed in 1989 by the G7 countries, the Financial Action Task Force on money laundering (FATF) is an intergovernmental body whose purpose is to develop and promote a global response to combat money laundering. The FATF Secretariat is housed at the headquarters of the OECD in Paris. In October 2001, FATF enlarged its mission to incorporate combating the finance of acts of terrorism. FATF is a policy-making body that brings along legal, financial, and enforcement specialists to realize national legislation and restrictive AML and CFT reforms. As of 2014, its membership consists of 36 countries and territories, and 2 regional organizations. FATF works together with a variety of international bodies and organizations. These entities have observers standing with FATF, which does not entitle them to vote but permits them full participation in comprehensive sessions and working groups.

FATF has developed 40 recommendations on money laundering and 9 special recommendations relating to terrorist finance. FATF assesses every member country against these

recommendations in revealed reports. Countries seen as not being sufficiently compliant with such recommendations are subjected to financial sanctions.

FATF's 3 primary functions with reference to money laundering are:

1. Monitoring members' progress in implementing anti-money laundering measures,
2. Reviewing and reporting on laundering trends, techniques, and countermeasures,
3. Promoting the adoption and implementation of FATF anti-money laundering standards globally.

The United Nations Office on Drugs and Crime maintains the International Money Laundering Information Network, a website that gives information and packages for anti-money laundering knowledge collection and analysis. The World Bank features a website that gives policy recommendations and best practices to governments and also the non-public sector on anti-money laundering problems. The Basel AML Index is an independent annual ranking that assesses the chance of money laundering and terrorist financing around the world.

Anti-Money Laundering Regulators Around The World



Feedzai, 2021

D) Notable Cases

According to the databases*, real estate is quite popular in money laundering operations these days. The FATF organization is one of the leading intergovernmental organizations which comes to the forefront by dealing with money laundering and is basically focused on standardizing anti-money laundering laws. The organization is supported by G7: Canada, France, Italy, Germany, Japan, the UK, and the USA. The organization works on creating a regular blacklist of states which helps global money laundering according to its evidence. Among many important cases, the three biggest money laundering cases are considered Commerzbank, Westpac Bank, and Goldman Sachs.

i) Commerzbank (\$347 Million)

German Commerzbank's London facility got one of the rasing penalties of the United Kingdom; \$50 million, in June 2020. The bank ignored the required customer and anti-bribery laws. In 2016 and 2017, the firm hired 47 additional employees to the department of AML to make the total employee number 50. This step helped the bank a bit for the penalties in the future, but still, it could not respond to all of the requirements in AML protections.

ii) Westpac Bank (\$11 Billion)

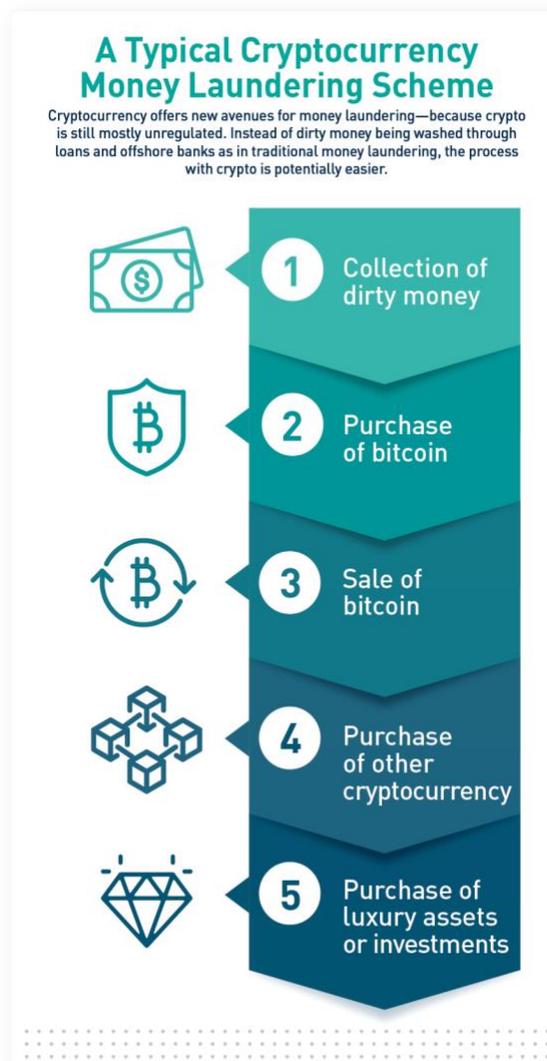
In this very recent case, the total number of 19 million global transactions caused one of the greatest penalties in history. Westpac is the bank that circumvented many provisions of the 2006 Money Laundering and Anti-Terrorism Act. Bank has ignored several laws and as a result of this, it is linked to overseas pedophile gangs located in Southeast Asia.

iii) Goldman Sachs (\$600 Million)

Goldman Sachs has had the biggest penalty of the USA in its 151 years of history in the business. The Malaysian unit of the company was involved in the 1MBD scandal, and bribery, money laundering, and massive abuse of consumer funds were committed.

iv) Cryptocurrency Cases

Behind the scenes, there is an inevitable fact that there is a system called cryptocurrency, which is gaining more importance day by day. According to the Blockchain analytics firm Ciphertrace (2021), the first four months of the year 2021 had an estimated \$432 million in criminal money involved in the market. In addition, many states are present in which cryptocurrencies are not regulated yet. While criminals and hackers are pretty quick to adapt themselves to all of these technological developments, financial institutions should be aware of the importance of the new-age cryptocurrency money laundering methods which are in their creation and improvement process.



Thinkset, 2019

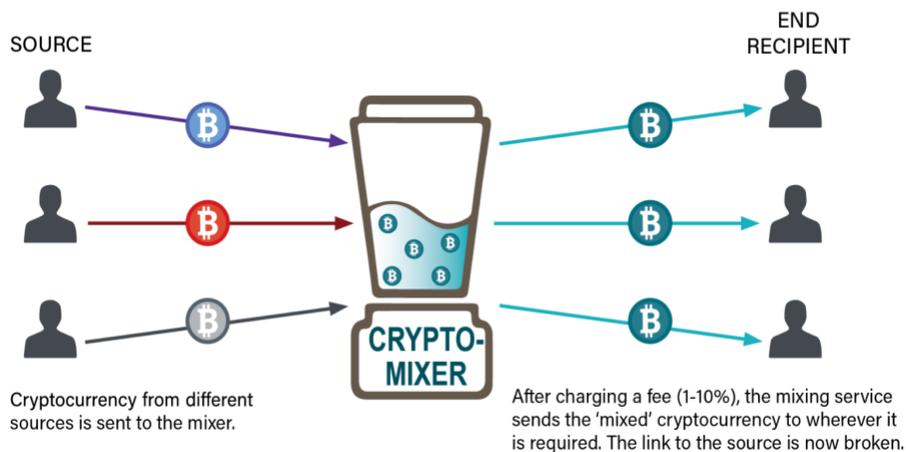
In 2021, The UK made its greatest seizure of cryptocurrency in a money-laundering investigation with the help of the London Metropolitan Police Economic Crime Command detectives by seizing assets worth £114 million. Deputy Assistant McNulty's words were worth noting: "Cash remains king, but as technology and online platforms develop, some are moving to more sophisticated methods of laundering their profits."

There are several wallet providers which offer little-to-no anti-money laundering (AML) and know your customer (KYC) regulations in service, which means it is possible to stop the money laundering in cryptocurrency, related to the anonymity or pseudonymity by providing international law with some regulations. In addition, the red flags related to crypto money laundering have been considered an important note for the delegates to go through:

- Incoming funds from a platform with no or relaxed AML/KYC regulations,
- A single crypto wallet linked to multiple bank accounts and credit cards (an indication that a group of people is using the same wallet to move funds around),
- Incoming transfers of very high frequency from multiple crypto wallets into one account,
- Linked crypto wallets that hardly match customer profiles,
- Transactions amounting just below the reporting thresholds,
- Continuous high-value transactions within a short period of time,
- Quick transfer of deposits to unregulated jurisdictions.

Crypto-mixers

Crypto-mixers: services that take in identifiable cryptocurrency tokens from one wallet and output unidentifiable 'clean' tokens to a different wallet (or wallets). Crypto-mixing is similar to money laundering. However, due to the distributed nature of cryptocurrencies, creating unidentifiable tokens is almost impossible.



UNODC, 2020

The situations given show that money laundering is considered necessary for those who make money in illegal ways. That is the reason why companies accept the risk. Looking at the fact that the laundered money amount via cryptocurrencies quadrupled between 2017 and 2020, it is clear that the situation is not very new to our rapidly developing world. In this committee, the reasons behind this situation are considered out of expectations by the board. Instead, delegates are expected to provide resolutions that are applicable and not overdated, by using both their productivity and information.

E) Anti-Money Laundering Measures by Region

Many jurisdictions adopt a list of specific predicate crimes for money laundering prosecutions, whereas others criminalize the payoff of any serious crime.

i) Afghanistan

The Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA) was established as a Financial Intelligence Unit (FIU) beneath the opposing money laundering and proceeds of Crime Law gone along decree late in 2004. The main purpose of this law is to guard the integrity of the Afghan financial system and to achieve compliance with international treaties and conventions. The Financial Intelligence Unit is a semi-independent body that's administratively housed inside the Central Bank of Afghanistan (Da Afghanistan Bank). The main objective of FinTRACA is to deny the utilization of the Afghan financial system to those that obtained funds because of the results of criminal activity, and to those that would use it to support terrorist activities.

To meet its objectives, the FinTRACA collects and analyzes information from a range of sources. These sources include entities with legal obligations to submit reports to the FinTRACA once a suspicious activity is detected, furthermore as reports of money transactions higher than a threshold quantity specified by regulation. Also, FinTRACA has access to any and all connected Afghan government information and databases. Once the analysis of this information supports the supposition of ineligible use of the financial system, The FinTRACA works closely with law enforcement to investigate and prosecute the criminal activity. FinTRACA conjointly cooperates

internationally in support of its own analyses and investigations and to support the analyses and investigations of foreign counterparts, to the extent allowed by law. Different functions include coaching of these entities with legal obligations to report information, development of laws, rules to support national-level AML objectives, and international and regional cooperation within the development of AML typologies and countermeasures.

ii) Australia

Australia has adopted a variety of ways to combat money laundering, that mirror those of a majority of western countries. AUSTRAC is Australia's financial intelligence unit to combat money laundering and terrorism funding, which needs each supplier of selected services in Australia to report back to it suspicious money or different transactions and different specific data. The Attorney-General's Department maintains a listing of illegitimate terror organizations. It is an offense to materially support or be supported by such organizations. It is an offense to open a bank account in Australia with an exceedingly false name, and rigorous procedures should be followed once new bank accounts are opened.

The Anti-Money Laundering and Counter-Terrorism Funding Act 2006 (AML/CTF Act) is the principal legislative instrument, though there also are offense provisions contained in Division 400 of the Criminal Code Act 1995. Upon its introduction, it was supposed that the AML/CTF Act would be additionally amended by the second part of reforms, extending to selected non-financial businesses and professions (DNFBPs) together with, inter alia, lawyers, accountants, jewellers, and property agents. But, these additional reforms have nevertheless to be progressed.

The Proceeds of Crime Act 1987 imposes criminal penalties on a person who engages in money laundering and permits the arrogation of property. The principal objects of the Act are set out in s.3:

- to deprive persons of the proceeds of, and edges derived from the commission of offenses,
- to provide for the forfeiture of property utilized in or in reference to the commission of such offenses, and
- to modify enforcement authorities to effectively trace such take, edges, and property.

iii) Bangladesh

The first anti-money laundering legislation in Bangladesh was the Money Laundering Prevention Act (2002). Being replaced by updated acts and ordinances over the years, the government finally replaced it with the Money Laundering Prevention Act in 2012.

In terms of section 2, "Money laundering means that – knowingly moving, converting, or transferring return of crime or property concerned in an offense for the subsequent purposes: concealing or disguising the illicit nature, source, location, possession or management of the return of crime; or aiding anyone concerned within the commission of the predicate offense to evade the legal consequences of such offense; importing cash or property earned through legal or outlaw means that to a foreign country; wittingly transferring or remitting the return of crime to a foreign country or remitting or bringing them into Bangladesh from a foreign country with the intention of hiding or disguising its outlaw source; or closing or attempting to conclude money transactions in such a fashion so on reportage demand below this act could also be avoided; changing or moving or transferring property with the intention to instigate or assist for committing a predicate offense; getting, possessing or victimization any property, knowing that such property is that the return of a predicate offense; performing such activities therefore on the outlaw supply of the proceeds of crime could also be hid or disguised; taking part in, associating with, conspiring, attempting, abetting, instigate or counsel to commit any offenses mentioned above."

To prevent these outlaw uses of cash, the Bangladesh government has introduced the money laundering prevention Act. The Act was last amended within the year 2009 and every one of the financial institutes followed this act until nowadays. There are twenty-six circulars issued by Bangladesh Bank under this act. To stop hiding, a banker should do the following:

- While opening a new account, the account opening form ought to be duly filled up with all the knowledge of the client.
- The Know Your Customer (KYC) must be properly filled.
- The Transaction Profile (TP) is necessary for a consumer to understand his/her transactions. If needed, the TP must be updated with the client's consent.
- All alternative necessary papers ought to be properly collected in conjunction with the National ID card.

- If any suspicious transaction is noticed, the Branch Anti Money Laundering Compliance Officer (BAMLCO) must be notified and consequently, the Suspicious Transaction Report (STR) must be filled out.
- The cash department ought to be aware of the transactions. It must be noted if suddenly a giant quantity of cash is deposited in any account. Proper documents are needed if any consumer does this kind of transaction.
- Structuring, over/under invoicing, is otherwise to do money laundering. The foreign exchange department ought to examine this matter cautiously.
- If any account contains a group action over one million Taka during a single day, it must be reported in a cash transaction report (CTR).
- All bank officers must go through all the twenty-six circulars and use them.

iv) Canada

In 1991, the Proceeds of Crime (Money Laundering) Act was brought into force in Canada to present legal impact to the previous FATF Forty Recommendations by establishing record keeping and client identification necessities within the financial sector to facilitate the investigation and prosecution of money laundering offences beneath the Criminal Code and also the Controlled Drugs and Substances Act.

In 2000, the Proceeds of Crime (Money Laundering) Act was amended to expand the scope of its application and to establish a financial intelligence unit with national control over money laundering, particularly FINTRAC.

In December 2001, the scope of the Proceeds of Crime (Money Laundering) Act was once more enlarged by amendments enacted beneath the Anti-Terrorism Act with the target of deterring terrorist activity by isolating sources and channels of funding utilized by terrorists in response to 9/11. The Proceeds of Crime (Money Laundering) Act was renamed the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.

In December 2006, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act was further amended, in response to pressure from the FATF for Canada to tighten its money laundering and finance of terrorism legislation. The amendments enlarged the client identification, record-keeping and reporting necessities of organizations and enclosed new obligations to report attempted suspicious transactions and outgoing and incoming international electronic fund

transfers, undertake risk assessments and implement written compliance procedures in respect of these risks.

The amendments additionally enabled bigger money laundering and terrorist financing intelligence-sharing among enforcement agencies.

In Canada, casinos, money service businesses, notaries, accountants, banks, securities brokers, insurance agencies, assets salespeople and dealers in precious metals and stones are subject to the reporting and record-keeping obligations beneath the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. However, in recent years, casinos and realtors have been embroiled in scandal for aiding and abetting money launderers, particularly in Vancouver, which has come to be referred to as the "Vancouver Model." Some have speculated that more or less \$1 Billion is laundered in Vancouver annually.

v) The European Union

The fourth iteration of the EU's Anti-money Laundering Directive (AMLD IV) was revealed on 5 June 2015, once clearing its last legislative stop at the EU Parliament. This directive brought the EU's money laundering laws additional in line with the United States', which is advantageous for financial establishments in operation in each jurisdiction. The Fifth Money Laundering Directive (5MLD) comes into force on 10 January 2020, addressing a variety of weaknesses within the European Union's AML/CFT regime that came to light once the enactment of the Fourth Money Laundering Directive (AMLD IV). The AMLD5 magnified the scope of the EU's AML rules. It minimized the edge of client identity verification for the paid card trade from €250 to €150. The purchasers who deposit or transfer funds over €150 are known by the prepaid card issuing company. The lack of harmonization in AML needs between the US and EU has complicated the compliance efforts of institutions that are wanting to standardize the Know Your Customer (KYC) element of their AML programs across key jurisdictions. AMLD IV guarantees to align the AML regimes by adopting an additional risk-based approach compared to its predecessor, AMLD III.

Certain elements of the directive, however, go beyond current needs in both the EU and US, imposing new implementation challenges on banks. As an example, additional public officers are brought inside the scope of the directive, and EU member states are needed to determine new

registries of "beneficial owners" (i.e., people who ultimately own or control each company) which can impact banks. AMLD IV became effective on 25 June 2015.

On 24 January 2019, the EU Commission sent official warnings to 10 member states as a part of suppressing the lax application of money laundering rules. The Commission sent Deutschland a letter of formal notice, the primary step of the EU legal procedure against states. Belgium, Finland, France, Lithuania, and Portugal were sent reasoned opinions, the second step of the procedure that could lead to fines. The second round of reasoned opinions was sent to Bulgaria, Cyprus, Poland, and Slovakia. The 10 countries have 2 months to reply or face court action. The commission had set a 26 June 2017 deadline for EU countries to use new rules against money laundering and terrorist financing.

On 13 February 2019, the Commission added Saudi Arabia, Panama, Nigeria and alternative jurisdictions to a blacklist of states that create a threat thanks to lax controls on terrorism financing and money laundering. This is an additional expansive list than that of FATF.

In addition, the EU Commission has created a list of insecure countries on money laundering and terrorism financing, including Afghanistan, Iran, Iraq, North Korea, Syria, Uganda, Vanuatu and Yemen (Since 20 Sep 2016), Trinidad and Tobago (Since 14 Feb 2018), Pakistan (Since 2 Oct 2018), The Bahamas, Barbados, Botswana, Cambodia, Ghana, Jamaica, Mauritius, Mongolia, Myanmar, Nicaragua and Panama. (Since 1 Oct 2020).

(1) Cyprus

In Cyprus, the Advisory Authority for Combating Money Laundering and Terrorist funding is the political body for anti-money laundering, established under the prevention and Suppression of Money Laundering Activities Law of 2007.

(2) Spain

Former King of Spain, Juan Carlos came under investigation by the Supreme Court in November 2020, which was linked to money laundering. He was alleged to face prosecution for the offence of money laundering if he was proved guilty of exploitation of the funds withdrawn from tax authorities. Throughout that point, Carlos was in exile in Abu Dhabi, as he was under another investigation regarding corruption. The monarch allegedly received a \$100 million donation from Saudi Arabia, with the exception of \$6 billion kick-backs for the Haramain high-speed railway within the Arab nation.

vi) India

In 2002, the Parliament of India passed an act known as the prevention of money laundering Act, 2002. The main objectives of this act were to stop money laundering as well as to provide for the seizure of property either derived from or involved in, money-laundering.

Section 12 (1) describes the obligations that banks, alternative financial establishments, and intermediaries got to,

(a) Maintain records that detail the nature and worth of transactions, whether or not such transactions comprise one transaction or a series of connected transactions, and wherever these transactions surface within a month.

(b) Furnish data on transactions remarked in clause (a) to the Director among the time prescribed, together with records of the identity of all its clients.

Section 12 (2) prescribes that the records remarked in sub-section (1) as mentioned higher than, must be maintained for 10 years once the transactions are finished. It's handled by the Indian tax Department.

The provisions of the Act are often reviewed and varied amendments are passed from time to time.

Most money laundering activities in India are through political parties, companies and therefore the share market. These are investigated by the Enforcement Directorate and the Indian Tax Department. According to the Government of India, out of the entire tax arrears of ₹2,480 billion (US\$35 billion) about 1,300 billion (US\$18 billion) pertain to money laundering and securities scam cases.

Bank accountants must record all transactions over Rs. one million and maintain such records for ten years. Banks should conjointly create money transaction reports (CTRs) and suspicious transaction reports over Rs. one million among seven days of initial suspicion. they have to submit their reports to the Enforcement Directorate and Tax Department.

vii) Latin America

In Latin America, money laundering is principally joined to drug trafficking activities and to having connections with criminal activity, like crimes that got to do with arms trafficking, human trafficking, extortion, blackmail, smuggling, and acts of corruption of people related to governments are more common in Latin American countries. There's a relationship between

corruption and money laundering in developing countries. The economic power of Latin America will increase rapidly and without support, these fortunes being of illicit origin and having the appearance of legally acquired profits. With regard to money laundering, the ultimate goal of the method is to integrate illicit capital into the overall economy and rework it into licit merchandise and services.

The money laundering practice uses varied channels to legalize everything achieved through embezzled practices. As such, it is a completely different technique looking on the country wherever this embezzled operation goes to be carried out:

- In Colombia, the laundering of billions of dollars, that comes from drug trafficking, is distributed through imports of contraband from the parallel exchange market.
- In Central American countries like Guatemala and Honduras, money laundering continues to extend in the absence of adequate legislation and rules in these countries. Money laundering activities in Costa Rica have exacerbated substantial growth, particularly using large-scale currency importing and investments of drug cartels in property, in the business sector. Moreover, the Colon free zone in Panama continues to be the area of operations for money laundering wherever money is changed for merchandise of various nature that is then placed up purchasable at costs below those of production for a quick of the capital.
- In Mexico, the popular techniques are still the importing of currency abroad, additionally to electronic transfers, bank drafts with Mexican banks and operations within the parallel exchange market.
- Money Laundering within the Caribbean countries continues to be a heavy problem that appears to be terribly dangerous. Specifically, in Antigua & Barbuda, the Dominican Republic, Jamaica, and Saint Vincent & the Grenadines. Citizens of the Dominican Republic who are concerned with money laundering within the United States, use firms that are dedicated to transferring funds sent to the Dominican Republic in amounts of less than \$10,000 under the use of false names. Moreover, in Jamaica, multimillion-dollar asset laundering cases were discovered through telephone dissipated operations abroad. Thousands of suspicious transactions are detected in French overseas territories. Trade zones like Aruba, meanwhile, remain the popular areas for money laundering. The offshore banking centers, the key bank

accounts and also the tourist complexes are the channels through that the launderers discolor the proceeds of the illicit cash.

Casinos still attract organizations that manage money laundering. Aruba and also the Netherlands Antilles, the Cayman Islands, Colombia, Mexico, Panama, and Venezuela are considered high priority countries within the region, because of the methods utilized by the washers.

(1) Economic Impact on The Region

The practice of money laundering, among alternative economic and financial crimes, seeps into the economic and political structures of most developing countries thus resulting in political instability and economic digression.

Money laundering remains a good concern for the financial services industry. Concerning 500th of the money laundering incidents in Latin America were reported by organizations within the financial sector. According to PwC's 2014 world economic crime survey, in Latin America, only 2.8% of respondents in Latin America claimed to suffer Antitrust/Competition Law incidents, compared to 5.2% of respondents globally.

It has been shown that money laundering has an effect on the financial behavior and macroeconomic performance of industrial countries. In these countries, the macroeconomic consequences of money laundering are transmitted through many channels. Thus, money laundering complicates the formulation of economic policies. It is assumed that the income from criminal activities is laundered by means of the notes and coins in circulation as the financial substitutes.

The laundering causes disproportionate changes within the relative costs of assets which means that resources are allocated inefficiently; and, thus could have negative implications for the economic process, apparently, money laundering is related to a lower economic growth.

The Office of National Drug Control Policy of the US estimates that only in that country, sales of narcotic drugs represent concerning \$57,000 million annually and most of those transactions are created in cash.

(2) Jurisprudence

Money laundering has been increasing. A key issue behind the growing money laundering is the ineffective enforcement of money laundering laws domestically. Maybe due to the shortage of importance that has been given to the topic, since the beginning of the 21st century, there was no jurisprudence concerning the laundering of money or assets or the conversion or transfer of products. That is even worse, the laws of the Latin American countries have extremely not treated their study in a very profound manner, because it is a problem that issues the complete world and is the subject of seminars, conferences and educational analysis in numerous regions of the world. Currently, a replacement figure that's being known as the Economic Criminal Law is being enforced, which ought to be enforced in modern societies, that has inflicted monumental harm to the purpose of moving the final economy of the states. Even supposing, developing countries have responded and still respond, through legislative measures, to the matter of money laundering, at a national level, however, money launderers have taken advantage of the lax regulative environment, vulnerable money systems the continued civil and political unrest of most developing countries.

viii) Singapore

Singapore's legal framework for combating money laundering is contained in a very patchwork of legal instruments, the most parts of that are:

- The Corruption, drug trafficking and alternative Serious Crimes (Confiscation of Benefits) Act (CDSA). This statute criminalizes money laundering and imposes the need for persons to file suspicious transaction reports (STRs) and create a disclosure whenever physical currency or goods exceeding S\$20,000 are carried into or out of Singapore.
- The Mutual Assistance in Criminal Matters Act (MACMA). This statute sets out the framework for mutual legal help in criminal matters.
- Legal instruments issued by restrictive agencies (such as the Monetary Authority of Singapore (MAS), in relation to Financial Institutions (FIs)) impose necessities to conduct Client Due Diligence (CDD).

The term 'money laundering' isn't used in and of itself at intervals by the CDSA. Half VI of the CDSA criminalizes the laundering of proceeds generated by criminal conduct and drug tracking via the subsequent offences:

- The assistance of another person in retentive, controlling or using the advantages of drug dealing or criminal conduct beneath a briefing (whether by concealment, removal from the jurisdiction, transfer to nominees or otherwise).
- The concealment, conversion, transfer or removal from the jurisdiction, or the acquisition, possession or use of advantages of drug dealing or criminal conduct.
- The concealment, conversion, transfer or removal from the jurisdiction of another person's benefits of drug dealing or criminal conduct.
- The acquisition, possession or use of another person's benefits of drug dealing or criminal conduct.

ix) South Africa

In South Africa, the Financial Intelligence Center Act (2001) and subsequent amendments have added responsibilities to the Financial Intelligence Center (FIC) to combat money laundering.

x) The United Kingdom

Money laundering and terrorist funding legislation within the UK is ruled by six Acts of primary legislation:

- Terrorism Act 2000
- Anti-terrorism, Crime and Security Act 2001
- Proceeds of Crime Act 2002
- Serious Organized Crime and Police Act 2005
- Criminal Finances Act 2017
- Sanctions and Anti-Money Laundering Act 2018

Money Laundering laws are designed to protect the United Kingdom's financial system, further preventing and detecting crime. If a business is roofed by these laws, then controls are put in place to forestall it from getting used for money laundering.

The Proceeds of Crime Act 2002 contains the first UK anti-money laundering legislation, together with provisions requiring businesses within the "regulated sector" (banking, investment, cash transmission, certain professions, etc.) to report back to the authorities suspicions of money laundering by customers or others.

Money laundering is broadly outlined within the UK. As a result, any handling or involvement with any issue of any crime (or monies or assets representing the issue of crime) is a money laundering offence. An offender's possession of the issue of his own crime falls within the United Kingdom definition of money laundering. The definition additionally covers activities within the normal definition of money laundering, as a method that conceals or disguises the proceeds of crime to make them seem legitimate.

Unlike certain alternative jurisdictions (notably the U.S.A. and much of Europe), UK money laundering offences don't seem to be restricted to the proceeds of serious crimes, nor are there any financial limits. Financial transactions want no money laundering style or purpose for UK laws to consider them a money laundering offence. A money laundering offence underneath UK legislation needn't even involve cash, since the money laundering legislation covers assets of any description. In consequence, someone who commits an acquisitive crime (i.e., one that produces some profit within the variety of the cash or asset of any description) within the UK inevitably also commits a money laundering offence under UK legislation.

This applies also to someone who, by criminal conduct, evades a liability (such as a taxation liability)—which lawyers' decision "obtaining a medium of exchange advantage"—as he's deemed thereby to get a total of cash equal in price to the liability evaded.

The principal money laundering offences carry a maximum penalty of fourteen years' imprisonment.

Secondary regulation is provided by the money laundering laws 2003, which were replaced by the money laundering laws 2007. they directly supported the EU Directives 91/308/EEC, 2001/97/EC and (through the 2007 regulations) 2005/60/EC. The laws list a variety of higher-up authorities who have the job of overseeing the financial activities of their members.

One consequence of the Act is that solicitors, accountants, tax advisers, and economic condition practitioners who suspect (as a consequence of knowledge received within the course of their work) that their purchasers (or alternatives) have engaged in tax evasion or other criminal conduct that created a profit, currently should report their suspicions to the authorities (since these entail suspicions of money laundering). In most circumstances, it might be an offence, "tipping-off", for the newsman to tell the topic of his report that a report has been created. These provisions don't however need disclosure to the authorities of knowledge received by certain professionals in privileged circumstances or wherever the knowledge is subject to legal professional privilege.

Others that are subject to those laws include financial establishments, credit institutions, estate agents (which includes leased surveyors), trust and company service suppliers, and high-value dealers (who settle for debt instruments up to €15,000 or additional for merchandise sold), and casinos.

Professional guidance (which is submitted to and approved by the United Kingdom Treasury) is provided by industry groups together with the Joint Money Laundering Steering Group, the Law Society and also the Consultative Committee of Accountancy Bodies (CCAB). However, there's no obligation on banking establishments to habitually report financial deposits or transfers higher than a given price. Instead, reports should be manufactured from all suspicious deposits or transfers, regardless of their price.

More than 200,000 reports of suspected money laundering are submitted annually to authorities within the UK (there were 240,582 reports within the year concluded 30 Sep 2010 which was a rise from the 228,834 reports submitted within the previous year). Most of those reports are submitted by banks and similar financial establishments (there were 186,897 reports from the banking sector within the year concluded 30 Sep 2010).

Although 5,108 completely different organizations submitted suspicious activity reports to the authorities within the year concluded 30 Sep 2010, simply four organizations submitted just about half of all reports, and also the top twenty reporting organizations accounted for three-quarters of all reports.

The offence of failing to report a suspicion of money laundering by another person carries a maximum penalty of five years' imprisonment.

The Criminal Finances Act 2017 introduced unexplained wealth orders, another tool to combat money laundering, whereby the owner of an asset larger than £50,000 is also needed to indicate how the acquisition was financed.

On 1 May 2018, the United Kingdom House of Commons, without opposition, passed the Sanctions and Anti-Money Laundering Bill, which will set out the United Kingdom Government's supposed approach to exceptions and licenses once the state becomes chargeable for implementing its own sanctions and can additionally need notorious overseas British territory tax havens like the Cayman Islands and also the British Island to determine public registers of the helpful possession of companies in their jurisdictions by the top of 2020. The legislation was passed by the House of Lords on 21 May and received Royal Assent on 23 May. However, the Act's public register

provision is facing legal challenges from local governments within the Cayman Islands and British Islands, who argue that it violates their Constitutional sovereignty.

(1) Bureaux de Change

All Great Britain Bureaux de Changes are registered with Her Majesty's Revenue and Customs, which issues a trading license for every location. Bureaux de Change and Cash Transmitters, like Western Union outlets, within Great Britain, fall among the "regulated sector" and are needed to accommodate the money laundering laws 2007. Checks may be allotted by HMRC to all-cash Service Businesses.

(2) London Bullion Market Association

In November 2020, the London Bullion Market Association wrote a letter to a number of states with large gold markets, including Dubai (United Arab Emirates), China, Singapore, South Africa, Russia, Japan, the United States and others, laying out the standards relating to money laundering and alternative problems like wherever they sourced their gold. It is jointly vulnerable that these countries may well be blacklisted if they did not meet the restrictive standards. This was LBMA's initial move to challenge the smuggled or unethical production and trading of gold.

(3) Ernst & Young Global Limited

A former partner of the UK-based accounting firm Ernst & Young, Amjad Rihan was ousted when he tried to report the money laundering and gold smuggling efforts of Dubai-based firm Kaloti Jewelry International. Rihan had claimed that "Kaloti was wittingly dealing in gold bullion smuggled out of Morocco". However, when he reported the issue, the Dubai government body, DMCC, tried to place unnecessary pressure on him and his firm. In 2021, EY withdrew an eight-year-long legal fight against Rihan asking a compensation of \$10.8 million from him.

xi) The United States

The approach within the US to stopping money laundering is typically broken into 2 areas: preventive (regulatory) measures and criminal measures.

(1) Preventive

In an attempt to stop dirty money from getting into the U.S. financial system in the first place, U.S. Congress passed a series of laws, beginning in 1970, put together referred to as the Bank Secrecy Act (BSA). These laws are contained in sections 5311 through 5332 of Title 31 of the U.S. Code needs financial establishments, that underneath this definition include a broad array of entities, as well as banks, credit card companies, life insurers, cash service businesses and broker-dealers in securities, to report transactions to the U.S. Department of the Treasury. Money transactions in more than a precise quantity must be reported on a Currency Transaction Report (CTR), identifying the individual making the transaction still because of the supply of the money. The law originally needed all transactions of US\$5,000 or a lot to be reported, however thanks to the extremely high levels of reportage the threshold was raised to US\$10,000. The U.S. is one of the few countries in the world to want to report all money transactions over a precise limit, though sure businesses are exempt from the need. To boot, money establishments should report dealings on a Suspicious Activity Report (SAR) that they view as "suspicious", outlined as a knowing or suspecting that the funds return from criminality or disguise funds from criminality, that it's structured to evade BSA necessities or seems to serve no illustrious business or apparent lawful purpose; or that the establishment is being employed to facilitate criminal activity. Makes an attempt by customers to avoid the BSA, typically by structuring money deposits to amounts under US\$10,000 by breaking them up and depositing them on totally different days or at different locations conjointly violates the law.

The money database created by these reports is run by the U.S.'s Financial Intelligence Unit (FIU), known as the Financial Crimes Enforcement Network (FinCEN), placed in Vienna, Virginia. The reports are created out there for U.S. criminal investigators, still as different FIUs around the globe, and Financial Crimes Enforcement Network conduct computer-aided analyses of those reports to work out trends and refer to investigations.

The BSA needs financial establishments to interact in client due diligence, or KYC, which is usually known within the formulation as Know Your Customer. This includes getting satisfactory identification to give assurance that the account is within the customer's true name, and having an understanding of the expected nature and supply of the cash that flows through the customer's accounts. Different categories of consumers, like those with personal banking accounts and people of foreign government officials, are subjected to increased due diligence as a result of

the law deeming that those forms of accounts are a better risk for money laundering. All accounts are subject to in progress watching, in which internal bank software scrutinizes transactions and flags for manual inspection of those who fall outside certain parameters. If a manual inspection reveals that the dealings are suspicious, the establishment ought to file a Suspicious Activity Report.

The regulators of the industries concerned are responsible to make sure that the financial establishments comply with the BSA. For instance, the federal reserve and also the office of the comptroller of the Currency frequently examine banks and should impose civil fines or refer matters for prosecution for non-compliance. A variety of banks are punished and prosecuted for failure to comply with the BSA. Most magnificently, Riggs Bank, in Washington DC was prosecuted and functionally driven out of business as a result of its failure to use correct money-laundering controls, significantly because it was associated with foreign political figures.

In addition to the BSA, the U.S. imposes controls on the movement of currency across its borders, requiring people to report the transportation of money of more than US\$10,000 on a kind known as Report of International Transportation of Currency or Financial Instruments (known as a CMIR). Likewise, businesses, like automobile dealerships, that receive a profit of more than US\$10,000 should file a kind 8300 with the interior Revenue Service, distinguishing the supply of the money.

On 1 Sept 2010, the Financial Crimes Enforcement Network issued a consultative on "informal price transfer systems" referencing U. S. v. Banki.

In the U. S., there are perceived consequences of Anti-Money Laundering (AML) rules. These unintended consequences include FinCEN's publication of a list of "risky businesses," that several believe unfairly targeted money service businesses. The publication of this list and also the subsequent fall-out, banks indiscriminately de-risking MSBs, is mentioned as Operation Choke's purpose. The Financial Crimes Enforcement Network issued a Geographic Targeting Order to combat illegal money laundering within the U. S. This suggests that title insurance firms within the U.S. are needed to spot the natural persons behind firms that pay all profit residential land purchases over a specific quantity in certain U.S. cities.

(2) Criminal Sanctions

Money laundering has been criminalized within the U. S. since the Money Laundering Control Act of 1986. The law, contained in section 1956 of Title 18 of the U. S. Code, prohibits people from participating in an exceedingly large money transaction with issues that were generated from certain specific crimes, referred to as "Specified Unlawful Activities" (SUAs). The law needs that an individual specifically intends in creating the transaction to hide the source, possession or management of the funds. There's no minimum threshold of cash and no demand that the dealings succeeded in really disguising the cash. A "financial transaction" has been broadly defined, and need not involve an establishment, or maybe a business. Simply passing cash from one person to a different, with the intent to disguise the source, ownership, location or management of the cash, has been deemed a money transaction beneath the law. The possession of cash while not either a cash transaction or an intent to hide isn't against the law within the U. S. Besides money laundering, the law contained in section 1957 of Title 18 of the U. S. Code, prohibits spending quite US\$10,000 derived from an SUA, regardless of whether or not the individual needs to disguise it. It carries a lesser penalty than money laundering, and in contrast to the money laundering statute, requires that the cash goes through a financial institution.

According to the records compiled by the U. S. Sentencing Commission, in 2009, the U. S. Department of Justice usually condemned a little over 81,000 people; of this, some 800 are condemned for money laundering because of the primary or most serious charge. The Anti-Drug Abuse Act of 1988 expanded the definition of financial establishment to incorporate businesses like automotive dealers and real estate closing personnel and needed them to file reports on giant currency transactions. It needed verification of the identity of those who purchase financial instruments over \$3,000. The Annunzio-Wylie Anti-Money Laundering Act of 1992 strong sanctions for BSA violations, needed therefore known as "Suspicious Activity Reports" eliminated previously used "Criminal Referral Forms", needed verification and recordkeeping for wire transfers and established the Bank Secrecy Act Advisory Group (BSAAG). The Money Laundering Suppression Act of 1994 needed banking agencies to review and enhance training, develop anti-money laundering examination procedures, review and enhance procedures for referring cases to enforcement agencies, efficient the Currency Transactions report exemption method, needed every Money Services Business (MSB) to be registered by an owner or controlling person, needed each MSB to keep up a list of companies approved to act as agents in reference to

the money services offered by the MSB, created in operation an unregistered MSB a federal crime, and counseled those states to adopt uniform laws applicable to MSBs. The Money Laundering and Financial Crimes Strategy Act of 1998 needed banking agencies to develop anti-money laundering training for examiners, needed the Department of the Treasury and different agencies to develop a "National Money Laundering Strategy", and created the "High Intensity Money Laundering and Related Financial Crime Area" (HIFCA) Task Forces to concentrate enforcement efforts at the federal, state and local levels in zones wherever money laundering is current. HIFCA zones could also be outlined geographically or will be created to deal with money laundering in an industry sector, an establishment, or a cluster of economic establishments.

The Intelligence Reform & Terrorism Prevention Act of 2004 amended the Bank Secrecy Act to want the Secretary of the Treasury to impose rules requiring certain financial establishments to report cross-border electronic transmittals of funds if the Secretary determines that coverage is "reasonably necessary" in "anti-money laundering /combatting the financing of terrorists".

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