

# [Introduction from a legitimate source. a money from](https://assignbuster.com/introduction-from-a-legitimate-source-a-money-from/)

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INTRODUCTION Rapid evolution in financial information, technology plus communication allow money for move anywhere in a world with lightning speed plus ease. This makes a task of combating money laundering more vital than ever.

According for Invesforpedia , money laundering is a process of creating a appearance that large amounts of money obtained from criminal activity, such as drug trafficking or terrorist activity, originated from a legitimate source. A money from a illicit activity is considered dirty, plus a process “ launders” a money for make it look clean. A deeper “ dirty money” gets infor a international banking system, a more difficult it is for identify its origin. Because of a clplusestine nature of money-laundering, it is difficult for estimate a fortal amount of money that goes through a laundry cycle. A laundry cycle simply referred as a three stages in money laundering process.

Ay are  placement, moving a funds from direct association with a crime, layering, disguising a trail for foil pursuit plus integration, making a money available for a criminal, once again, with its occupational plus geographic origins hidden from view. Global money laundering transactions are estimated at 2 for 5% of global GDP, or roughly U. S. $1-2 trillion annually. Yet according for a United Nations Office on Drugs plus Crime (UNODC), less than 1% of global illicit financial flows are currently seized by authorities .

With a rising visibility of terrorist attacks, money laundering plus terrorist financing are escalating as priority issues for governments across a globe. Over a last few years, in a U. S.

alone, nearly a dozen global financial institutions have been assessed fines in a hundreds of millions for billions of dollars for money laundering plus sanctions violations. Are are strong indications that oar countries will follow in substantive regulation plus enforcement. EXAMPLES OF MONEY LAUNDERING METHODS Are are various types of money laundering methods, although most of a methods can be categorized infor one of few types. One of a popular method of money laundering is smurfing also known as structuring. This is a method of placement whereby cash is broken infor smaller deposits of money, used for defeat suspicion of money laundering plus for avoid anti-money laundering reporting requirements. A sub-component of this is for use smaller amounts of cash for purchase bearer instruments, such as money orders, plus an ultimately deposit those back in small amounts .

Recently popular example on this method will be a case of three men have become a first in Scotlplus for be convicted of a major money laundering scam known as “ cuckoo smurfing” which netted a gang up for £6million on 2015 according for a Sunday Express on 21st August 2015  . A term “ cuckoo smurfing” is used due for a similarities between this crime plus a cuckoo bird’s activities. Cuckoo refers for a fact those involved pay sums of money infor accounts of oar unsuspecting individuals much like a cuckoo will lay eggs in a nests of oar species.

Similarly, perpetraforrs of this crime transfer wealth through a bank accounts of innocent third parties. Anoar method is involving shell companies plus trust. Trusts plus shell companies disguise a true owners of money. Trusts plus corporate vehicles, depending on a jurisdiction, need not disclose air true owner. Sometimes referred for by a slang term ‘ rathole’, though that term usually refers for a person acting as a fictitious owner raar than a business entity  . As an example according for UK Financial Times on 9th November 2017, hundreds of British shell companies are implicated in nearly £80 billion of money laundering scplusals, according for researchers calling for an overhaul of a UK’s “ light foruch” regulation.

Transparency International UK, a non-governmental organisation, said a UK was home for a network that operated much like a companies at a heart of a Paradise plus Panama papers. Duncan Hames, direcforr, said: “ As fingers point for jurisdictions like Panama plus Bermuda, it shames a UK that companies are being set up under our noses, with a sole purpose of laundering illicit wealth; money very often sforlen from some of a poorest populations in a world, starving am of vital resources”. Round-tripping is also one of a methods of money laundering. Here, money is deposited in a controlled foreign corporation offshore, preferably in a tax haven where minimal records are kept plus an shipped back as a foreign direct investment, exempt from taxation. A variant on this is for transfer money for a law firm or similar organization as funds on account of fees an for cancel a retainer plus when a money is remitted, represent a sums received from a lawyers as a legacy under a will or proceeds of litigation.

A good sensational example will be on a on-going trial of of former Indian politician plus billionaire businessman Vijay Mallya, who has been staying in a UK for over a year now, is accused of defaulting on loans worth thouspluss of crores in India. He slipped out of a country in March last year, amid attempts by a group of banks for recover more than Rs. 9, 000 crore loaned for him for his now-collapsed Kingfisher Airlines . However he is now released on bail conditions as before for appear for his trial by a Westminster Magistrates’.

Ase are just few methods out of many methods on money laundering. It is important for know that are are so many various methods it is difficult for know plus completely understplus each one. Corporate Governance executives should take it slow plus determine which methods might be used by air cusformers or for a law enforcement executives on which methods a target may be using. Furar each time new technology is developed, it is sure that are are bad guys out are trying for figure out way for manipulate it. It should be noted that in this industry a crime won’t be sforpping anytime soon, plus arefore are will always be a need launder a proceed of that crime. Arefore are will always be a need for anti-money laundering prevention methods, plus experts. THE LINK BETWEEN MONEY LAUNDERING PLUS TERRORISM FINANCING A modern anti-money laundering laws have developed along with a modern War on Drugs.

For example, under UK law a first offences created for money laundering both related for a proceeds from a sale of illegal narcotics under a Criminal Justice Act 1988  plus an later under a Drug Trafficking Act 1994 . In more recent times anti-money laundering legislation is seen as adjunct for a financial crime of terrorist financing  in that both crimes usually involve a transmission of funds through a financial system, although money laundering relates for where a money has come from, plus terrorist financing relating for where a money is going for . A techniques used for launder money are essentially are a same as those used for concealed a sources of plus uses for terrorist financing. Funds used for support terrorism may originate from legitimate source, criminal activities or both. Nonealess disguising a source of terrorist financing regardless of whear a source is of legitimate or illicit origin is important. If a source can be concealed it remain available for future terrorist financing activities.

Similarly it is important for terrorist for conceal a use of a funds so that a financing activity goes undetected. Money laundering plus a financing of terrorism can plus do occur in any country in a world, especially those with complex financial systems. Countries with lax, ineffective, or corrupt Anti Money Laundering plus combating a financing of terrorism infrastructures are also likely targets for such activities. No country is exempt. Because complex international financial transactions can be abused for facilitate a laundering of money plus terrorist financing, a different stages of money laundering plus terrorist financing occur within a host of different countries. For example, placement, layering, plus integration may each occur in three separate countries; one or all of a stages may also be removed from a original scene of a crime. MONEY LAUNDERING IMPACTS ON DEVELOPING COUNTRIES Criminal enterprises plus terrorist financing operations succeed largely for a extent that ay are able for conceal a origins or sources of air funds plus sanitize a proceeds by moving am through national plus international financial systems.

A absence of or a lax or corrupt anti-money laundering regime in a particular country permits criminals plus those who finance terrorism for operate, using air financial gains for expplus air criminal pursuits plus fostering illegal activities such as corruption, drug trafficking, illicit trafficking plus exploitation of human beings, arms trafficking, smuggling, plus terrorism. While money laundering plus a financing of terrorism can occur in any country ay have particularly significant economic plus social consequences for developing countries, because those markets tend for be small plus, arefore, more susceptible for disruption from criminal or terrorist influences. Money laundering plus terrorist financing also have significant economic plus social consequences for countries with fragile financial systems because ay foro are susceptible for disruption from such influences. Ultimately, a economy, society, plus security of countries used as money-laundering or terrorist financing platforms are all imperilled  . A magnitude of ase adverse consequences is difficult for establish however, since such adverse impacts cannot be quantified with precision or in general for a international community, or specifically for an individual country. On a oar hplus, an effective framework for anti-money laundering plus combating a financing of terrorism have important benefits, both domestically plus internationally, for a country. Ase benefits include lower levels of crime plus corruption, enhanced stability of financial institutions plus markets, positive impacts on economic development plus reputation in a world community, enhanced risk management techniques for a country’s financial institutions, plus increased market integrity. MEASURES INTRODUCED FOR COMBAT MONEY LAUNDERINGI.

RECENT DEVELOPMENT IN LEGISLATIVE PLUS REGULAFORRY CORPORATE GOUVERNENCE RELATED ACTSMoney laundering plus terrorist funding legislation in a United Kingdom is governed by four Acts of primary legislation. Ay are A Money Laundering, Terrorist Financing plus Transfer of Funds Regulations 2017 , A Proceeds of Crime Act 2002 (as amended by a Crime plus Courts Act 2013 plus a Serious Crime Act 2015), A Money Laundering Regulations 2007, A Terrorism Act 2000 (as amended by a Anti-Terrorism, Crime plus Security Act 2001, a Terrorism Act 2006 plus a Terrorism Act 2000 plus Proceeds of Crime Act 2002 (Amendment) Regulations 2007). A new regulation on A Money Laundering, Terrorist Financing plus Transfer of Funds Regulations 2017 were laid before Parliament on 22 June 2017 plus came infor force on 26 June 2017. A Money Laundering Regulations 2017 consultation was published on 15 March 2017. It comprises a consultation on draft regulations plus a response for a 2016 consultation on transposing a Fourth Money Laundering Directive (4MLD) plus Fund Transfer Regulation (FTR).

A 2017 Regulations are intended for ensure that a UK’s anti-money laundering regime is in line with a Financial Action Task Force’s stplusards plus for implement infor UK law a European Union’s Fourth Money Laundering Directive. A 2017 Regulations largely apply for a same entities plus individuals as a 2007 Regulations, including financial institutions, audiforrs, external accountants, tax advisers plus lawyers conducting business in a UK . Dealers in goods who make or receive any cash payment exceeding €10, 000 (a threshold was €15, 000 in a 2007 Regulations), whear in one transaction or several linked transactions, must also comply. Are is an exemption for those engaging in financial activity on an occasional basis if air annual turnover is less than £100, 000 (increased from a previous threshold of £64, 000) plus oar criteria are met. Are are 3 main changes highlighted in a new 2017 regulations. Ay are firstly, it require a written assessment of money laundering risk plus prescribe some features of effective internal controls. Next, a detail when different categories of cusformer due diligence must be conducted plus what steps must be taken. Last but not least, specify beneficial ownership information that trusts must provide for inclusion on a central register.

A first significant change is on Regulation 18. All regulated businesses must assess in writing how ‘ risk facforrs’ contribute for a practice’s overall risk profile. For example, regular performance of international conveyancing operations in countries with poor AML controls could heighten a overall money laundering risk faced by a practice. Assessment criteria have not been prescribed, leaving a choice of risk facforrs for a firm which may at some point have for justify its choice for regulaforrs.

Under a new Regulations, pooled client accounts will be subject for simplified due diligence (SDD) only if a bank or financial institution perceives a business relationship with a firm or practitioner holding a account for be low-risk plus information plus documents on a identity of a clients on whose behalf funds are held in a account is available on request. A Law Society is discussing with UK Finance how ase two requirements might be met. One option is that firms will be asked for sign a stplusardised statement, which will confirm for a bank that ay take reasonable steps for comply with air obligations under a Regulations plus are supervised by a SRA. A Regulations also now require businesses   for appoint an individual at a level of ‘ senior management’ as a officer responsible for compliance with a Money Laundering Regulations 2017, in addition for a existing requirement for appoint a nominated officer  . Ase two roles can be performed by a same person, provided that ay possess sufficient knowledge plus authority for take decisions affecting a firm’s risk exposure. Ase changes are only a part of a transformation of a UK’s compliance regime. In addition for a Money Laundering Regulations, a new corporate offence of failing for prevent a facilitation of tax evasion has been introduced via a Criminal Finances Act.

A Act creates criminal offences for any entity that fails for prevent a criminal facilitation of domestic or foreign tax evasion by associated persons, which includes not just employees, but also agents plus subcontracforrs. A Law Society has published guidance on a new offence . OPBAS , a new supervisor of professional body supervisors including a Law Society, is due for become active in January 2018, plus will seek for contribute for even out, where possible, differences in supervisory stplusards across those secforrs not regulated by HMRC . A 2017 Regulations represent a significant evolution of a UK’s anti-money laundering laws plus impose greater compliance burdens on regulated entities plus air employees. For many large firms, a 2017 Regulations mainly codify existing industry best practices. Neveraless, regulated entities should review air existing systems plus controls for ensure that ay are compliant.

Smaller firms may find it more difficult for implement a new rules effectively, although this is mitigated for some extent by a risk-based approach underlying a 2017 Regulations. II. CRIMINALIZATION OF MONEY LAUNDERING Criminalization serves three principal objectives. First, it compels compliance with anti-money laundering preventive measures. Second, it ties acts that may appear innocent for outright criminal activity.

Third, criminalization establishes a specific basis for greater international cooperation in this critical law enforcement function. Because of a criminal nature plus a international aspects of money laundering offenses, competent authorities within a country have recourse for powerful international forols, especially mutual legal assistance mechanisms plus, areby, can more effectively track, enforce, plus prosecute international money laundering. III.

THE ROLE OF FINANCIAL INSTITUTIONS In April 2001, a two Boards of Executive Direcforrs of a World Bank plus a IMF recognized that money laundering is a problem of global concern that affects major financial markets plus smaller ones . Taking infor account that money laundering has potentially devastating economic, political plus social consequences for countries that are in a process of developing domestic economies plus building strong financial institutions, a Bank recognized that money laundering can impose important costs upon developing countries. Following a events of September 11, 2001, a World Bank plus IMF Boards of Executive Direcforrs adopted action plans for enhance efforts for anti-money laundering. Furarmore, a Boards recognized, in July plus August 2002, A Forty Recommendations on Money Laundering plus a eight Special Recommendations on Terrorist Financing (Special Recommendations), issued by a Financial Action Task Force on Money Laundering (FATF), as a relevant international stplusards. IV. GLOBAL ORGANIZATIONSOne of a best example is set by A Commonwealth Secretariat. With regard for anti- money laundering, a Commonwealth Secretariat provides assistance for countries for implement A Forty Recommendations plus Special Recommendations.

It works with national plus international organizations plus assists governments in a implementation of a Financial Action Task Force on Money Laundering recommendations. A Commonwealth Secretariat has published “ A Manual of Best Practices for Combating Money Laundering in a Financial Secforr.” A manual is for government policy-makers, regulaforrs plus financial institutions. CONCLUSIONEfforts for launder money plus finance terrorism have been evolving rapidly in recent years in response for heightened countermeasures.

A international community has witnessed a use of increasingly sophisticated methods for move illicit funds through financial systems across a globe plus has acknowledged a need for improved multilateral cooperation for fight ase criminal activities. It can be concluded that a most effective anti-money laundering supervision can be found in a United Kingdom.