

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 Investopedia , 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 cplusestine 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 our 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 our unsuspecting individuals much like a cuckoo will lay eggs in a nests of our 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 their true owner. Sometimes referred to by a slang term 'rathole', though that term usually refers to a person acting as a fictitious owner rather than a business entity. As an example according to the UK Financial Times on 9th November 2017, hundreds of British shell companies are implicated in nearly £80 billion of money laundering scandals, according to researchers calling for an overhaul of the UK's "light touch" regulation.

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

A good sensational example will be on an on-going trial of former Indian politician plus billionaire businessman Vijay Mallya, who has been staying in the UK for over a year now, is accused of defaulting on loans worth thousands

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'.

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

The 2017 Regulations are intended to ensure that the UK's anti-money laundering regime is in line with the Financial Action Task Force's standards plus to implement into UK law the European Union's Fourth Money Laundering Directive. The 2017 Regulations largely apply to the same entities plus individuals as the 2007 Regulations, including financial institutions, auditors, external accountants, tax advisers plus lawyers conducting business in the UK. Dealers in goods who make or receive any cash payment exceeding €10,000 (a threshold was €15,000 in the 2007 Regulations), where

in one transaction or several linked transactions, must also comply. There is an exemption for those engaging in financial activity on an occasional basis if their annual turnover is less than £100,000 (increased from a previous threshold of £64,000) plus other criteria are met. There are 3 main changes highlighted in a new 2017 regulations. They are firstly, it requires a written assessment of money laundering risk plus prescribes some features of effective internal controls. Next, a detail when different categories of customer 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 factors' contribute to a practice's overall risk profile. For example, regular performance of international conveyancing operations in countries with poor AML controls could heighten an overall money laundering risk faced by a practice. Assessment criteria have not been prescribed, leaving a choice of risk factors for a firm which may at some point have to justify its choice for regulations.

Under a new Regulations, pooled client accounts will be subject to simplified due diligence (SDD) only if a bank or financial institution perceives a business relationship with a firm or practitioner holding an account for a low-risk plus information plus documents on the identity of a client on whose behalf funds are held in an account is available on request. A Law Society is discussing with UK Finance how these two requirements might be met. One option is that firms will be asked to sign a standardised statement, which

will confirm for a bank that they take reasonable steps to comply with their obligations under the Regulations plus are supervised by a SRA. The Regulations also now require businesses to appoint an individual at a level of 'senior management' as an officer responsible for compliance with the Money Laundering Regulations 2017, in addition to an existing requirement to appoint a nominated officer. These two roles can be performed by the same person, provided that they possess sufficient knowledge plus authority to take decisions affecting a firm's risk exposure. These changes are only a part of a transformation of the UK's compliance regime. In addition to the Money Laundering Regulations, a new corporate offence of failing to prevent a facilitation of tax evasion has been introduced via the Criminal Finances Act.

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

Smaller firms may find it more difficult to implement a new rule effectively, although this is mitigated to some extent by a risk-based approach underlying the 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 to outright criminal activity.

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

III. THE ROLE OF FINANCIAL INSTITUTIONS In April 2001, the two Boards of Executive Directors of the World Bank plus the IMF recognized that money laundering is a problem of global concern that affects major financial markets plus smaller ones. Taking into 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, the Bank recognized that money laundering can impose important costs upon developing countries. Following the events of September 11, 2001, the World Bank plus IMF Boards of Executive Directors adopted action plans to enhance efforts for anti-money laundering. Furthermore, the Boards recognized, in July plus August 2002, the Forty Recommendations on Money Laundering plus the eight Special

Recommendations on Terrorist Financing (Special Recommendations), issued by a Financial Action Task Force on Money Laundering (FATF), as a relevant international standards. IV. GLOBAL ORGANIZATIONS One 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 Sector.” A manual is for government policy-makers, regulators plus financial institutions. CONCLUSION Efforts 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.