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CRIMINOLOGY
SECTION IV (2018)

Q9.

LAWS AND INSTITUTIONAL ARRANGEMENTS FOR CONTROLLING MONEY LAUNDERING

ANS.

• INTRODUCTION:

The term 'money laundering' is used to describe a process by which the proceeds of illegal activity (black money) are put through a series of transactions to make them white money. It is a process through which a criminal can enjoy the financial gains of his criminal activities. It is important for such criminals to avoid leaving money trails behind in order to avoid getting caught. This is why Money laundering is one of the greatest concerns of law enforcement agencies because these criminals are difficult to catch. However, certain laws and institutions are made to counter money launderers.

• DEFINITION:

There are multiple sources that give the definition of money laundering. The simplest definition can be as the process of converting illegally obtained money to white money in order to use it according to one's desire. **Joint Money Laundering Sterling Group** in the UK defined it as "the process whereby the criminals attempt to hide the origin and ownership of the proceeds of their criminal activities thereby avoiding prosecutions, convictions and confiscations of their criminal funds."

• LAWS TO CONTROL MONEY LAUNDERING

- Anti-money laundering ordinance, 2007
- Anti Money Laundering Act, 2010
- Anti money laundering Regulations, 2015
- Anti Terrorism Act, 1997

FATF ORDINANCE AND FATF ACT??

SECP REGULATIONS
STATE BANK MONITORING UNITS

(i) ANTI-MONEY LAUNDERING ORDINANCE, 2007:

AMLO came in force on **October 4, 2007**. It was an ordinance used to prevent money laundering and forfieture of property derived from or involved in money laundering. It was one of the first acts introduced by Pakistan to counter money laundering. However, it lost its authority in 2009. Then came AMLA, 2010.

(ii) ANTI MONEY LAUNDERING ACT, 2010:

AMLA 2010, provides legal framework to prevent, investigate and punish money laundrers. It came to form in accordance with international standards. Banks and Financials Institutions are required to file **Suspicious Transactions Report (STRs)**. **FIA, NAB, ANF, Customs Intellegence and IR Intellegence** are made the investigating agencies. A **Financial Monitoring Unit (FMU)** has also been established. For implementing AMLA 2010 the leadership role has been given to **National Executive committee**.

(iii) ANTI-MONEY LAUNDERING REGULATIONS, 2015:

AMLR, 2015 was notified by **FMU** in 2015. It prescribed the mechanism of reporting and administrative freezing of property. It empowers **DG FMU** to require **non-financial businesses to file STRs**. It also provides templates, forms and red flags to exchange companies, security companies etc.

(iv) ANTI-TERRORISM ACT, 1997:

It provides the legal framework to **combat terrorism**. It contains basis for **criminalizing terrorist financing**. The funds maybe seized even if legal. It empowers freezing funds and property involved in terrorist financing. The **maximum punishment** according to this act is **10 years imprisonment and fine**. This act provides with all necessary information that is required to criminalize terrorist financing through legal or illegal channels.

• INSTITUTIONAL ARRANGEMENTS:

The institutions formulated to control money laundering in Pakistan include:

↳ National Executive committee

↳ Financial monitoring Unit

↳ Law enforcement Agencies

(i) NATIONAL EXECUTIVE COMMITEE:

Section V of Anti money laundering Act, 2010 empowers **FG** to constitute NEC. It is chaired by **Minister of Finance** and includes six designated members

(1) minister for Foreign Affairs
(2) minister for Law and Justice
(3) Minister for Interior
(4) Governer SBP
(5) chairman SECP
(6) Director General FMU

It is obligatory that atleast two meetings are held annually. ~~AA~~ NEC also completed the **National Risk Assessment** in collaboration with **World Bank**.

(ii) FINANCIAL MONITORING UNIT:

FATF recommends a fully autonomous FMU. The Pakistan FMU was established in 2007 and given full autonomy in 2015. It comprises of different functional Divisions. It has various functions such as:

(1) **Receive STRs and CTRs** and subsequent transmissions to LEAs.

(2) **Create and maintain database** of STRs, CTRs and other necessary information

(3) **Represent Pakistan** at all international and regional organizations

(4) **Submit reports** containing analysis of STRs and CTRs to the GC + ~~LE~~ NEC

(iii) LAW ENFORCEMENT AGENCIES:

These agencies have separate functions and domains. These include:

(1) Financial crimes:

These include ~~FIA~~, NAB, custom Intellegence, IR intellegence

(2) Terrorism:

For terrorism LEAs include Police, CTD and NACTA

THEY HAVE A ROLE BUT IT IS NOT THEIR JOB TO CONTROL ,MONEY LAUNDERING

(3) Narcotics:
For Narcotics, the departments include ANF and customs

(4) FIA:
This has multiple overlapping jurisdictions.

ANS Is acceptable
read the LEA roles and jusrisdictions again
content needs improvement 7/20

• CONCLUSION:
money laundering is a global phenomenon and Pakistan also suffers from ~~the~~ the plague that is money laundering. It is occuring at all levels - may it be private or public sector, may it be any social class. Even though Pakistan has established many departments and agencies to counter money laundering, the issue still persists and prevails. upgrading the systems to the newest technology and training of personnel can have promising results in the future to tackle this issue.