

27/10/2024

Date: / /20

(1)

Criminology

Sunday

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Short note (10 marks)

Q. Write short note on the following:

(a) Money Laundering:

Money Laundering refers to the process of making illegally obtained money appear legitimate. It involves disguising the origins of funds acquired through illegal activities such as drug trafficking, fraud, or corruption.

"Money laundering is one of the greatest threats to the security and economic well-being of any country"
(Peter Lilley)

I. Types of Money Laundering:

1. Bank-Based Laundering:

It involves depositing illicit money directly into banks, often through structured transactions or by using accounts in different names to avoid detection. This method takes advantage of the financial system's complexity.

2. Trade-Based Money Laundering (TBML):

It uses international trade to disguise the movement of illegal money. Common techniques include over-invoicing, under-invoicing, and multiple invoicing of goods and services to move funds across borders under the guise / guise of legitimate trade.

According to the United Nations Office on Drugs and Crime (UNODC), trade-based money laundering is one of the most prevalent methods, with an estimated \$1.6 trillion laundered annually.

3. Real Estate Laundering:

It involves buying and selling properties to launder money. Criminals invest illegal funds in real estate and later sell the properties, sometimes at inflated prices to integrate the money into the economy.

Buying properties is a favored method for criminals to clean their dirty money, often involving transactions that appear legitimate but disguise to illicit funds.

(FATF)

4. Cryptocurrency Laundering :

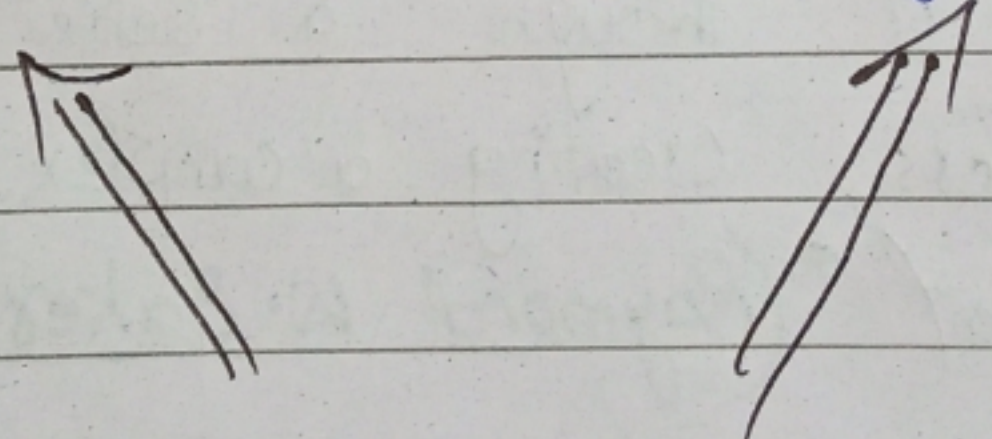
It utilizes digital currencies to transfer illegal money. Due to the anonymity and decentralized nature of cryptocurrencies, it is difficult to trace transactions, making them a popular choice for laundering.

"Nearly 75% of darknet market payments are made using cryptocurrencies with Bitcoin being the most common due to its pseudonymous nature"

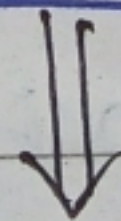
II.

Placement

Layering



Stages of Money Laundering



Integration

i- Placement:

Placement involves introducing illegal money into the financial system, often through banks, casinos and businesses.

ii- Layering:

Layering entails moving the money through various transactions to obscure its origin, including transfers between multiple accounts or investments.

"The goal of layering is to distance the money from its criminal origins by moving it through a series of transfers, creating a complex paper trail" (Raymond W. Baker)

iii- Integration:

The laundered money is integrated back into the economy, appearing as legitimate funds often through investments or purchasing assets.

III. Preventive measures of Money Laundering:

1. Know Your Customer (KYC):

Banks and financial institutions are required to verify the identities of clients to prevent money laundering.

2. Anti-Money Laundering (AML) Laws:

Governments enforce strict regulations and monitoring to detect and prevent money laundering activities.

"Money Laundering is like water flowing downhill — it will always find the path of least resistance"

(Ronald K. Noble)

"Former Secretary General of Interpol"

write one para of theoretical perspective too

