

Money Laundering and Terrorism Financing: patterns and tendencies

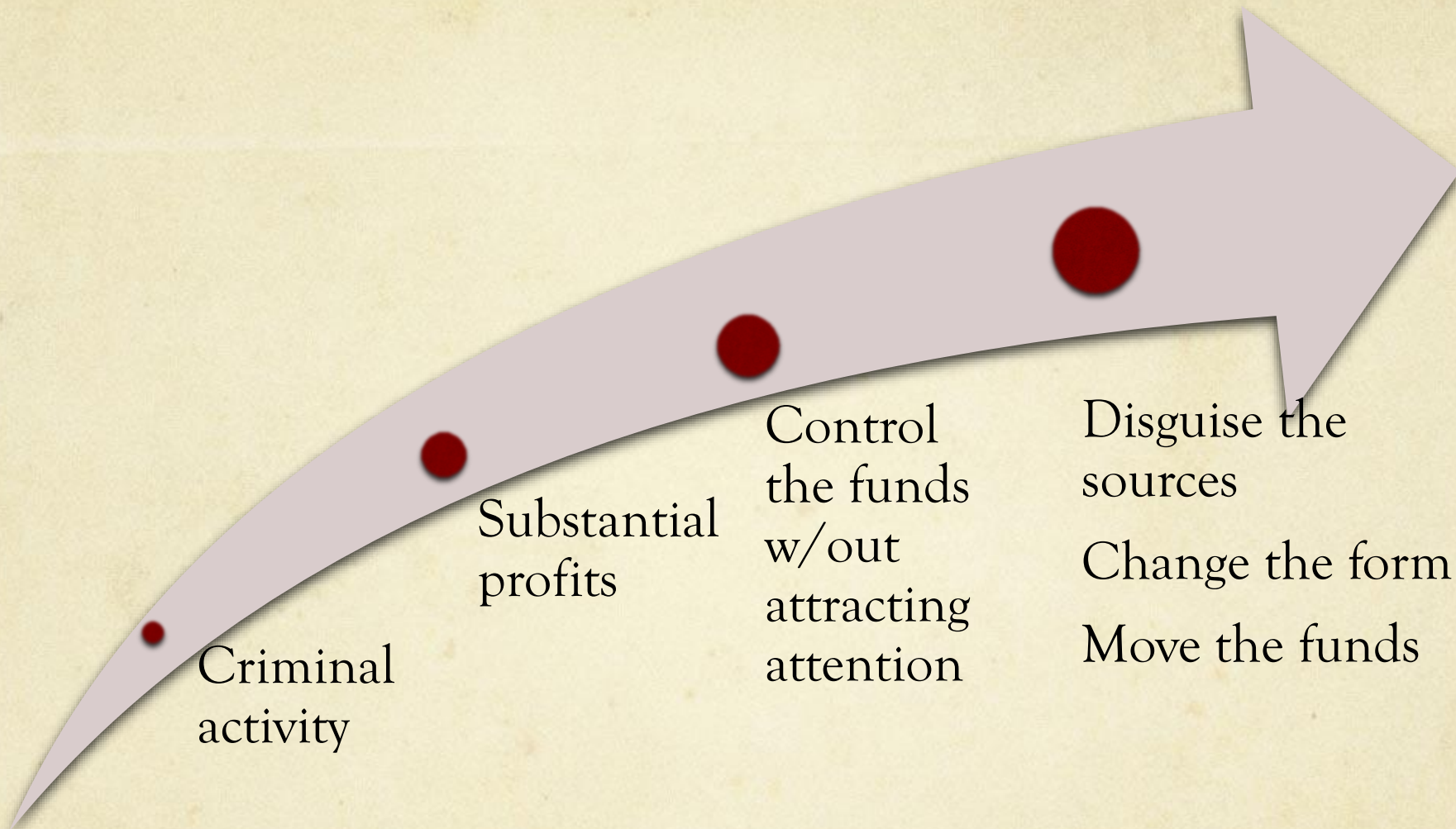
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Money laundering



- “ The process by which proceeds of crime are transformed into ostensibly legitimate money or assets” – *by Anti ML Compliance Unit, Dept. of Justice and Equality.*



The Process of Money Laundering:

Placement phase

- Wash the evidence
- Most risky phase
- Techniques: deposit boxes, buy art, antiques, gold, real estate



Layering phase

- False records
- Accounting documents
- Cover the tracks



Integration phase

- Funds in legal activities

Terrorism Financing

- “The processing of the funds to sponsor or facilitate terrorist activities” – *by Anti ML Compliance Unit, Dept. of Justice and Equality.*
- Primary purpose is not financial, but using the funds to “encourage, plan, assist or engage in” acts of terrorism – *the WorldBank.org, 2003.*
- Includes “provision, collection or receipt of funds” with the intention/knowledge that the money will be used to commit a terrorist act – *by Anti ML Compliance Unit, Dept. of Justice and Equality.*

Terrorism financing sources:

Financial Support:

- donations
- community solicitation
- charity activities
- funds from companies
- funds from private persons

Revenue generating activities:

- criminal activities: human kidnapping
- legal ec. activities: diamond trading, real estate.



Funds

Investigation purposes:



Money laundering:

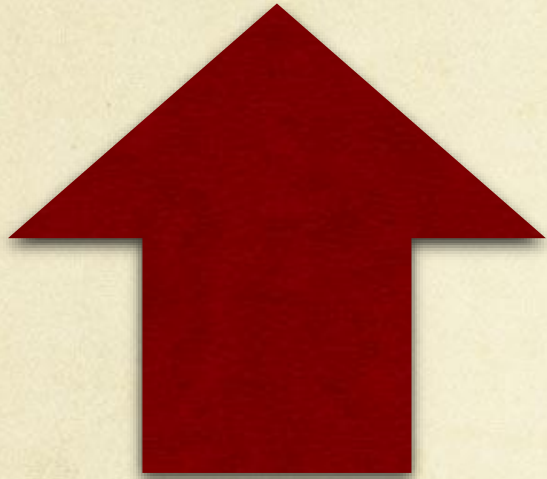
- relate the funds to a crime
- deprive the authors of ec. benefits



Terrorism financing:

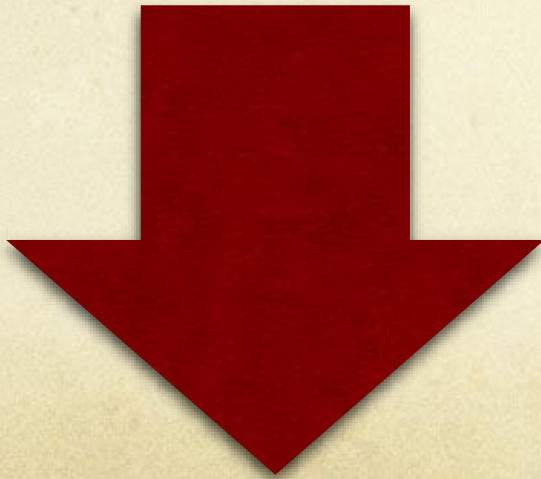
- acces to funds prevention

Motivations:



Money laundering:

- financial gain



Terrorism financing:

- dissemination of ideologies
- terror spreading
- intimidation

Money laundering typologies by phase:

- **Placement:** - smurfing → drug traffickers, tax evaders
 - structuring → drug traffickers
 - camouflage → fraudsters
- **Layering:** - shell companies → thieves, fraudsters
 - fake invoices → tax evaders
 - bank cheques → drug traffickers
 - money transfer → human traffickers
- **Integration:** - real estate → drug traffickers, tax evaders, fraudsters
 - import/export companies → commodity traffickers
 - cash-intensive businesses → human traffickers

Terrorism financing typologies by phase:

- **Placement:** - smurfing
 - structuring
 - camouflage
 - currency smuggling
- **Layering:** - money transfer
 - shell companies
 - money exchange offices
- **Integration:** - real estate
 - investments in capital markets
 - import/export companies

Conclusion:

