

Anti-Money Laundering:
Legislation and Enforcement in Asia

Jabari-Jason Tyson-Phipps
Faculty of Law,
National University of Singapore

Table of Contents

INTRODUCTION	3
METHODS	4
MARKETS	7
TERRORISM	11
LEGISLATION	16
<i>Afghanistan</i>	17
<i>Bangladesh</i>	17
<i>Burma (Myanmar)</i>	18
<i>Cambodia</i>	18
<i>China</i>	19
<i>Hong Kong</i>	20
<i>India</i>	20
<i>Indonesia</i>	22
<i>Japan</i>	24
<i>Kazakhstan</i>	25
<i>Laos</i>	26
<i>Macau</i>	27
<i>Malaysia</i>	28
<i>Pakistan</i>	28
<i>Philippines</i>	29
<i>Singapore</i>	30
<i>South Korea</i>	31
<i>Taiwan</i>	31
<i>Thailand</i>	32
<i>Vietnam</i>	33
POLICING/ENFORCEMENT	33
EFFECTS	36
Bibliography	38
Appendix A- Graphs	42
Appendix B- Index	43

INTRODUCTION

There are more things to worry about in today's post 9/11 world than bombs. When trying to stop terrorism one may want to consider how terrorism is financed. Terrorist cannot simply create a bank account to draw from when they need to finance a new project. If governments knew where the terrorist hid their money, they could simply seize the terrorist funding which could slow the terrorist's plans.

As a result terrorists need a way to hide there money. One way they do this is money laundering. Money laundering is the process by which dirty money, money that is acquired through illegal means, or money that one wishes to hide is washed or converted into clean money, money that looks to come from a legitimate source. Essentially the process uses financial transactions to obscure money, its source, and/or its destination. Black's law dictionary defines money laundering as the act of transferring illegally obtained money through legitimate people or accounts so that its original source cannot be traced¹. The term money laundering was first used during the Watergate Scandal by Britain's Guardian newspaper in reference to Richard Nixon's "Committee to Re-elect the President's" movement of illegal campaign contributions to Mexico and then back into the United States through a company².

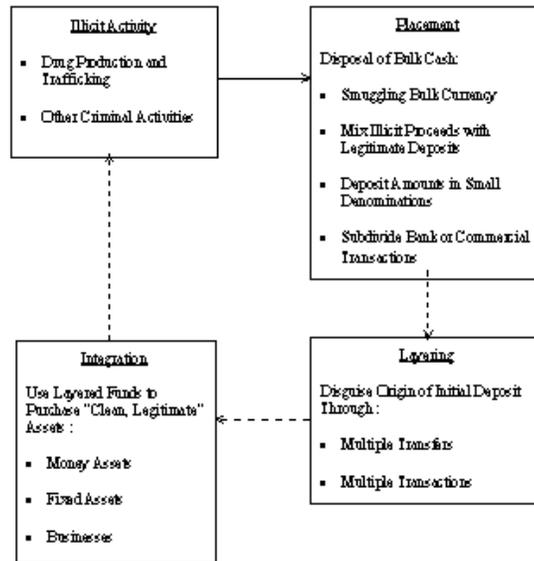
Money laundering is big business. Every time an illegal business transaction takes place, the money from that transaction needs to be washed so that the criminal does not alert the authorities to their wrongdoings. According to a September 2003

¹ BLACK'S LAW DICTIONARY 1027 (8th ed. 2004)

² Robinson, Jeffrey *The Laundrymen: Inside the World's Third Largest Business Pocket Books*; 2Rev Ed edition (1 Jun 1998); Robinson, Jeffrey *The Sink: How banks, lawyers and accountants finance terrorism and crime - and why governments can't stop them* Constable and Robinson (24 Jun 2004)

report by the U.S. General Accounting Office, drug dealers, arms traffickers and other criminals launder around US\$1.5 trillion every year³. It is this laundering of money that facilitates criminal enterprises, trafficking and terrorism all over the world. Finding a way to curb money laundering could effectively curb illegal activities and hinder terrorist activities by making financing an exigent endeavor.

METHODS



4

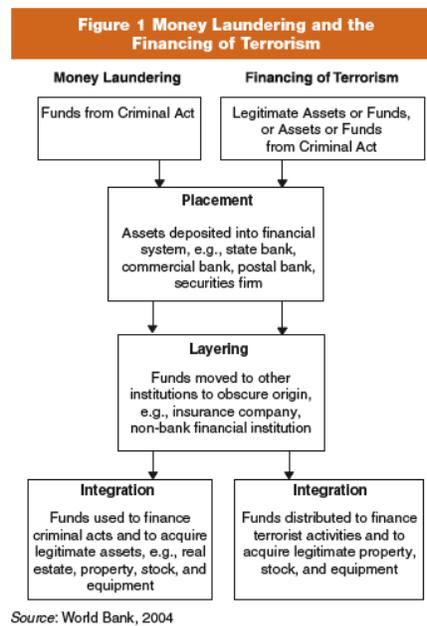
The first instance of money laundering was not during Prohibition in the United States but many of the modern methods used to launder money were. Al Capone the infamous Prohibition mobster used money laundering as a means to hide the money from his alcohol sales. Eventually, he was not convicted of

³ U.S. General Accounting Office, Report to the Congressional Requesters, Combating Money Laundering – Opportunities Exist to Improve the National Strategy, September 2003, p. 6.

⁴ < www.info.gov.hk/.../guide/guide_no/20001222e.htm > accessed on November 16, 2007

murder or illegal alcohol sales he was convicted of tax evasion. Mobster Meyer Lansky purchased a Swiss bank, which he used to transfer his illegal funds.

The classic model of money laundering involves three stages, placement, layering, and integration⁵. These three stages can also be called the hide, move and invest stages. Essentially illegal, dirty, or any money that is to be hidden is placed into the economy. Then that money is moved through different layers using sales deposits transfers and other means to mask the true identity and source of the money. Finally, the money is extracted and the launderer can use or place the money somewhere it will be less suspicious and suits their needs.



6

⁵ See "2. Stages of the Money Laundering Process," A report in accordance with § 356(c) of the USA PATRIOT Act; see also Layton, Julia How Money Laundering Works <<http://money.howstuffworks.com/money-laundering.htm>> accessed on November 16, 2007

⁶ AML/CFT Regulation: Implications for Financial Service Providers that Serve Low-Income People Focus Note No. 29, July 2005<www.cgap.org/docs/FocusNote_29.htm>> accessed on November 16, 2007

Money laundering is most easily done in cash based economies. In such economies, dirty money is easily intermingled with clean money. For example, if a business in the service industry takes in ten thousand in receipts in a week, it is easy to make that ten thousand eleven thousand. This simple change allows the business to laundry a thousand dollars a week. The less of a paper trail the business creates the easier it is to launder money.

On a smaller scale, individuals can launder money. One way this is done is the dirty money is given to an intermediary who deposits the money and then writes a check. This is called irregular funding. This method works well on a small scale or with one-time transactions but for larger or more frequent transactions, the actors may need to find a different method.

In cases where large sums or business is transacted over time it may be better for the launderer to set up a shell company. Using a shell company or other businesses whose revenue is not easily traceable allows dirty money to be easily intermingled with clean money. Businesses that have been traditionally vulnerable to money laundering include casinos; retail outlets; fine art and antiques shops; restaurants, bars, nightclubs, hotels parking lots, and professional advisors.

The intermingling dirty money with business revenue method has been made easier in modern times with the advent of the internet. The internet has made it easy for anyone to open an e-business, which requires hardly anytime or effort compared to brick and mortar businesses. Websites such as Amazon.com and EBay allow uses to carry on there own online businesses with no set inventory and

little paper work. It in essence creates the perfect place for money laundering.

This type of money laundering is called cyberlaundering.

Services and businesses like EBay make it easy to launder money. It has been reported that EBay has over forty million users making transactions everyday. Many of these users are not paying taxes on there purchases and sales⁷ which makes it easy to fudge the numbers and launder money.

MARKETS

There are several reasons why people may launder money. While some have less nefarious reasons such as hiding assets in a divorce, money laundering is also a complementary crime to dealing in illicit businesses. Money laundering is the fuel that allows these crimes to continue. Without funding or profit these businesses would be worthless. Money laundering is a necessary component of these businesses.

The businesses in question are not small. The drug trade alone for example is estimated to be a US\$ 300-US\$ 400 billion business worldwide⁸. The UN report, issued in Stockholm, said the global drug trade generated an estimated \$321.6 billion in 2003⁹. The production and sale of Illegal drugs is a profitable business. One kilogram of cocaine wholesale in Colombia can be bought for US\$

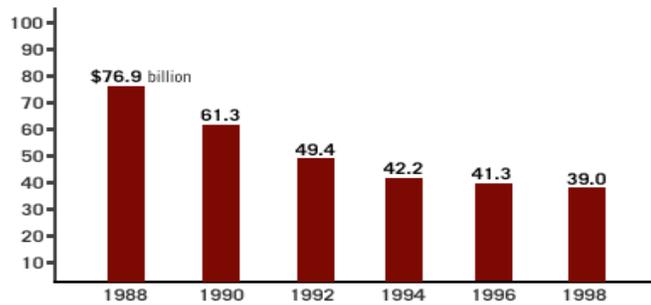
⁷ Going Underground: America's Shadow Economy, FrontPage magazine, January 2005

⁸ Zill, Orinana and Bergman, Lowell "Do the Math: Why Illegal Drugs business is Thriving" Pbs frontline Special report
<<http://www.pbs.org/wgbh/pages/frontline/shows/drugs/special/math.html>> accessed on November 16, 2007

⁹ Pollard Niklas "Illegal Drug Trade a World force-UN" Reuters June 2005
<http://www.csdp.org/news/news/reut_un05_062905.htm>

1,500 yet on the streets of America it is sold for as much as US\$ 66,600¹⁰. A kilogram of heroin in Pakistan can be bought for US\$ 2,600 but on the streets of America it sells for US\$ 130,000¹¹. Most heroin profits, sales are laundered throughout South Asia. Other drugs such as methamphetamines can cost as low as US\$ 300 per kilogram to produce yet retail for as much as US\$ 60,000.

Americans alone spend billions on drugs each year. "In 2000, Americans spent about \$36 billion on cocaine, \$10 billion on heroin, \$5.4 billion on methamphetamine, \$11 billion on marijuana, and \$2.4 billion on other substances."¹²



Note: Amounts are in constant 1998 dollars.

Source: Office of National Drug Policy, 1999. What America's Users Spend on Illegal Drugs, 1988-1998

13

¹⁰ Zill, Orinana and Bergman, Lowell "Do the Math: Why Illegal Drugs business is Thriving" Pbs frontline Special report
 <<http://www.pbs.org/wgbh/pages/frontline/shows/drugs/special/math.html>> accessed on November 16, 2007

¹¹ Ibid

¹² Abt Associates, "What America's Users Spend on Illegal Drugs 1988-2000" (Washington, DC: Office of National Drug Control, December 2001), p. 2.

¹³ Zill, Orinana and Bergman, Lowell "Do the Math: Why Illegal Drugs business is Thriving" Pbs frontline Special report
 <<http://www.pbs.org/wgbh/pages/frontline/shows/drugs/special/math.html>> accessed on November 16, 2007

"[T]he value of the global illicit drug market for the year 2003 was estimated at US\$13 bn [billion] at the production level, at \$94 bn at the wholesale level (taking seizures into account), and at US\$322bn based on retail prices and taking seizures and other losses into account. This indicates that despite seizures and losses, the value of the drugs increase substantially as they move from producer to consumer."¹⁴

"With estimates of \$100 billion to \$110 billion for heroin, \$110 billion to \$130 billion for cocaine, \$75 billion for cannabis and \$60 billion for synthetic drugs, the probable global figure for the total illicit drug industry would be approximately \$360 billion. Given the conservative bias in some of the estimates for individual substances, a turnover of around \$400 billion per annum is considered realistic. This figure can be compared to estimates of more than \$500 billion which are based solely on the average of minimum and maximum prices in the United States¹⁵."

Looking at another market, the trafficking of humans did not end with slavery. Modern day trafficking is also big business. Today people, particularly women and children, are trafficked across borders everyday. In some cases, they are willing participants in that they wish to avoid immigration problems. In most cases, however, they are not.

¹⁴ United Nations Office on Drugs and Crime (UNODC), World Drug Report 2005 (Vienna, Austria: UNODC, June 2005), p. 127

¹⁵ United Nations Drug Control Program, "Economic and Social Consequences of Drug Abuse and Illicit Trafficking," Technical Series No. 6, 1998, p. 55

Today many of these individuals are forced to work in sweatshops, in slave like conditions, or as actual sex slaves. UN agencies fighting human trafficking estimate that there are 2.5 million people traded across international borders for the purposes of providing pleasure to clients in receiving countries.¹⁶ It is estimated that sex slavery alone is a US\$32 billion business per year with Thailand and China being among the biggest exporters. Nepalese and girls from Bangladesh who are under 18 can be purchased at a brothel in India for under US\$ 1000¹⁷.

The trafficking of arms is another profitable business. It is estimated that arms trafficking is a US\$ 10 billion market¹⁸. Estimates put the number of AK-47s on the market in the world between 70- 100¹⁹ million and 639 million in small arms²⁰. With 75 million firearms in the region, 63 million of which have been trafficked, South Asia has become a super market for those looking to buy arms²¹. The average price for an AK-47 in Afghanistan is ten U.S. Dollars and in Cambodia it

¹⁶ "Trade's portrayal of Sex Slavery Shadows UN Fight" October 2007

<http://movies.monstersandcritics.com/features/article_1364277.php/Trades_portrayal_of_sex_slavery_shadows_UN_fight> Accessed November 16, 2007

¹⁷ United Nation Office on Drugs and Crimes

<http://www.unodc.org/unodc/trafficking_victim_consent.html> accessed on November 16, 2007

¹⁸ Moises Naim, " Broken Borders," Newsweek International, October 24, 2005,

<http://www.msnbc.msn.com/id/9711920/site/newsweek> accessed: November 16, 2007

¹⁹ Stohl, Rachel " The Tangled Web of Illicit Arms Trafficking," Center for American Progress, October 14, 2004, <<http://www.americanprogress.org/issues/2004/10/b217737.html>> accessed: November 16, 2007

²⁰ Bangladesh turned into arms smuggling route," The Daily Star (Bangladesh), May 30, 2006,

<http://www.thedailystar.net/2006/05/30/d6053001107.htm> accessed: November 17, 2007

²¹ Rhea Myerscough and Rachel Stohl, " Uncontrolled Small Arms Perpetuate Insecurity in Iraq,"

Center for Defense Information, December 6, 2006,

<http://www.cdi.org/program/document.cfm?DocumentID=>

3743& StartRow=1& ListRows=10& appendURL=& Orderby=D.DateLastUpdated&

ProgramID=23& from_page=index.cfm accessed: November 17, 2007

is forty U.S. dollars²². A more startling figure is that the price is dropping do to an increased supply²³.

None of that money can enter the economy before it is washed. Not washing the money would make it easy for authorities to track the criminal and give them evidence to prosecute them shutting down their operations. As a result money laundering becomes a complimentary crime to illegal trade.

TERRORISM

Weapons trafficking also has other consequences. The morning of September 11th, 2001 changed the world and the focus of anti-money laundering regimes. In the United States, many of the money laundering laws were created to stem the flow of illegal drugs into the country. September 11th changed that. Forty-five days after the terrorist attack, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56), was passed by Congress and signed by President George W. Bush on October 26, 2001. This act is also known as the Patriot Act.

Among the provisions of the Patriot act, there are measures to help stem the flow of money to terrorists. Title III of the act deals with anti-money laundering measures. Title III is actually its own act of Congress. The reason the Congress gave for passing Title III was that "certain jurisdictions outside of the United

²² William Hartung and Rachel Stohl, "Hired Guns", Foreign Policy, May/June 2004

²³ Douglas Farah, "The Merchant of death," Foreign Policy, November/December 2006, Sidebox: Arms Around the World, pg. 59

States that offer 'offshore' banking and related facilities designed to provide anonymity, coupled with weak financial supervisory and enforcement regimes, provide essential tools to disguise ownership and movement of criminal funds, derived from, or used to commit, offenses ranging from narcotics trafficking, terrorism, arms smuggling, and trafficking in human beings, to financial frauds that prey on law-abiding citizens... [T]ransactions involving such offshore jurisdictions make it difficult for law enforcement officials and regulators to follow the trail of money earned by criminals, organized international criminal enterprises, and global terrorist organizations²⁴."

Title III's purpose is to detect, help prevent, and prosecute international money laundering and the financing of terrorism. The provisions amend and ameliorate the 1986 Money laundering Control Act and 1970 Bank Secrecy Act. The purpose of the act as defined in section 302 are:

- (1) to increase the strength of United States measures to prevent, detect, and prosecute international money laundering and the financing of terrorism;
- (2) to ensure that--
 - (A) banking transactions and financial relationships and the conduct of such transactions and relationships, do not contravene the purposes of subchapter II of chapter 53 of title 31, United States Code, section 21 of the Federal Deposit Insurance Act, or chapter 2 of title I of Public Law 91-508 (84 Stat. 1116), or facilitate the evasion of any such provision; and

²⁴ USA Patriot Ac, Title III, Section 302 (5) and (6)

(B) the purposes of such provisions of law continue to be fulfilled, and such provisions of law are effectively and efficiently administered;

(3) to strengthen the provisions put into place by the Money Laundering Control Act of 1986 (18 U.S.C. 981 note), especially with respect to crimes by non-United States nationals and foreign financial institutions;

(4) to provide a clear national mandate for subjecting to special scrutiny those foreign jurisdictions, financial institutions operating outside of the United States, and classes of international transactions or types of accounts that pose particular, identifiable opportunities for criminal abuse;

(5) to provide the Secretary of the Treasury (in this title referred to as the 'Secretary') with broad discretion, subject to the safeguards provided by the Administrative Procedure Act under title 5, United States Code, to take measures tailored to the particular money laundering problems presented by specific foreign jurisdictions, financial institutions operating outside of the United States, and classes of international transactions or types of accounts;

(6) to ensure that the employment of such measures by the Secretary permits appropriate opportunity for comment by affected financial institutions;

(7) to provide guidance to domestic financial institutions on particular foreign jurisdictions, financial institutions operating outside of the United States, and classes of international transactions that are of primary money laundering concern to the United States Government;

- (8) to ensure that the forfeiture of any assets in connection with the anti-terrorist efforts of the United States permits for adequate challenge consistent with providing due process rights;
- (9) to clarify the terms of the safe harbor from civil liability for filing suspicious activity reports;
- (10) to strengthen the authority of the Secretary to issue and administer geographic targeting orders, and to clarify that violations of such orders or any other requirement imposed under the authority contained in chapter 2 of title I of Public Law 91-508 and subchapters II and III of chapter 53 of title 31, United States Code, may result in criminal and civil penalties;
- (11) to ensure that all appropriate elements of the financial services industry are subject to appropriate requirements to report potential money laundering transactions to proper authorities, and that jurisdictional disputes do not hinder examination of compliance by financial institutions with relevant reporting requirements;
- (12) to strengthen the ability of financial institutions to maintain the integrity of their employee population; and
- (13) to strengthen measures to prevent the use of the United States financial system for personal gain by corrupt foreign officials and to facilitate the repatriation of any stolen assets to the citizens of countries to whom such assets belong²⁵.

²⁵ USA Patriot Ac, Title III, Section 302

Before the Patriot act, there was the Bank Secrecy Act of 1970 which required U.S. financial institutions to assist the U.S. Government in detecting and preventing money laundering. The act specifically required that financial institutions keep records of cash purchases of negotiable instruments with a daily value exceeding US\$ 10,000 and to report any suspicious activity. The Money Laundering Control Act of 1986 made money laundering a federal crime. It is codified at 18. U.S.C. §1956 and 18 U.S.C. §1957. It augmented the Bank Secrecy Act by making it a crime to structure transactions in ways to avoid reporting requirements.

The Patriot act is the latest of legislation passed to help prevent money laundering in the United States. Title III of the Patriot Act puts many new constraints on the movement of money. For example, section 5332 makes it a crime to evade currency reporting when moving in and out of the United States²⁶. Sections 5313, 5316, and 5324 dictate that the punishment for such crimes is the forfeiture of all assets involved in the misreporting²⁷. Section 1960 prohibits illegal money transmitting businesses²⁸. Section 1956(c)(7)(D) polices the laundering on proceeds of terrorism²⁹.

These are only a few of the improvements made to the U.S. anti-money laundering regime by the Patriot act. By tightening the requirements on the movement of money, the U.S. has attempted to control illegal markets and terrorism. In an increasingly globalized world, however the U.S. cannot act alone.

²⁶ USA Patriot Ac, Title III, Section 5332

²⁷ USA Patriot Ac, Title III, Sections 5313, 5316, and 5324

²⁸ USA Patriot Ac, Title III, 1960

²⁹ USA Patriot Ac, Title III Section 1956(c)(7)(D)

LEGISLATION

Switzerland used to be a haven for money laundering due to their strict bank privacy laws. Recently however the Swiss have turned away deposits they suspect come from illegal sources³⁰. As a result, money launderers have looked for new ways to launder their ill gotten gains. Money laundering is most easily done in cash based economies. In such economies there are little if any records kept so dirty money is easily intermingled with clean money.

Many of these cash based economies are found in developing countries such as those in South Asia. Small nations like Nauru, which allow off shore banking become havens for money launderers. While Nauru has strengthened its laws, it and many other nations in Asia still face problems with money laundering due to weak laws. Money laundering in Asia comes in many forms, cross border smuggling of cash and/or money orders and bank drafts; using telegraphic transfers, bearer instruments; purchasing of items of value to launder funds for example luxury goods, gold, cars, and real estate; opening accounts at financial institutions in false names; and false invoicing³¹.

³⁰ "Swiss bankers changing rules", St. Pete. Times, Oct. 10, 1995, at 17A & 24A

³¹ Kidd, John & Richter, Frank-Jurgen, "The Asian Money Laundering Explosion" Fighting Corruption in Asia, World Scientific Publishing 2006

<http://www.dirtydealing.org/IMAGES/writing_presentation_slides/fightingcorruptioninasia.pdf>

Afghanistan

While Afghanistan is one of the world's major producers and transit points of heroin, it is not a major point for money laundering. This is due mainly to the major political instability in the country. The country also has legislation against money laundering. In 2004, the government passed the Anti-Money Laundering and Proceeds of Crime Law. In 2006, the government passed the Responsibilities of Financial Institutions in the Fight Against Money Laundering and Terrorist Financing law. Under these laws, there is a duty to report to certain transactions to the Financial Intelligence Unit established under the Da Afghanistan Bank (Central Bank). Under these laws, a person who fails to report any suspicious activity can be imprisoned for not less than six month and not more than one year or a fine of not less than 5,000 Afghani and not more than 25,000 Afghani or both.

Bangladesh

Bangladesh is currently strengthening its anti-money laundering system³². Within Bangladesh's central bank under the Financial Intelligence Unit, the Anti-Money laundering Department investigates suspicious transactions. In 2002, Bangladesh enacted its Money laundering Prevention Act. Since then, the forty-five cases brought under the act have gone unresolved and this has worried the U.S.

³² Simpson, Marcus, "Bangladesh Government redrafts terrorist finance legislation", March 15 2006, <www.complinet.com>

Department of Justice³³. The country is currently debating a new law that would impose the death penalty on those who would aid in terrorist financing³⁴.

Burma (Myanmar)

Myanmar is the world's second largest producer of Opium. It is also a cash based economy which makes the problem of money laundering much worse. Anti-money laundering legislation exists but it is not enforced. It is suggested that money laundered in the country goes through casinos on the countries borders out to the international financial system³⁵.

To further exacerbate the problem, the government encourages drug cartels to invest there profits in legitimate business and there are rumors the government itself is in on the drug trade³⁶. The government has also encouraged cartels to launder money through hotels and construction enterprises³⁷. Money laundering is a major part of the Burmese economy.

Cambodia

Cambodia's economy struggles to support itself. As can be expected its enforcement bodies are underresourced and often lack the training needed to combat

³³ India Enew November 16, 2007< <http://www.indiaenews.com/bangladesh/20060921/23135.htm>>

³⁴ Simpson, Marcus, "Terrorist Financiers face death penalty in Bangladesh," 14 Nov 2005, www.complinet.com

³⁵ Kidd, John & Richter, Frank-Jurgen, "The Asian Money Laundering Explosion" Fighting Corruption in Asia, World Scientific Publishing 2006

³⁶ Ibid

³⁷ Ibid

money laundering. Corruption coupled with low levels of pay for civil servants, a weak judicial system, and a perception that justice can be “bought” has further exacerbated problems in Cambodia. As a result, Cambodia’s anti-money laundering regime is very weak.

China

While China does suffer from corruption, it does focus its efforts on anti-money laundering. The government sees money laundering as a gateway to corruption and therefore if it can eliminate money laundering it can eliminate corruption.

China has three enforcement agencies, the Anti-Money Laundering (Security Bureau) of the People’s Bank of China, the State Administration of Foreign Exchange (SAFE), and China Anti-Money Laundering Monitoring & Analysis Center. The country’s first anti-money laundering law was scheduled to take effect on January 1, 2007. The law widened the definition of money laundering to include corruption and bribe taking; violating financial management regulations; and financial fraud³⁸. Previously the law only identified drug trafficking, organized, or terrorist crime and smuggling as money laundering.

³⁸ Yeh, Andrew, The Financial Times, www.ft.com November 01, 2006; China Daily, 1 November, 2006, www.chinadaily.com

Hong Kong

Hong Kong is a major financial center in Asia and as a result, it is a major and obvious target of money launderers. Several other factors make Hong Kong an obvious target for money laundering. First, the Chinese Triads have a strong hold and are highly infiltrated in the city. Second, the city has a low tax system. Third, it acts as an offshore banking center for mainland China. Hong Kong also has a highly developed financial center. It also allows various offshore company structures for foreigners and non-residents.

Hong Kong does however have anti-money laundering laws the United Nations (Anti-Terrorism Measures) Ordinance of 2004; the Organized and Serious Crimes Ordinance (OSCO) of 1999; and the Drug Trafficking (Recovery of Proceeds) Ordinance(DTRPO) of 1989. Hong Kong has two agencies in charge of money laundering, the Joint Financial Intelligence Unit and the Securities (JFIU) and Futures Commission(SFC). This does not mean there are no problems; due to the size and complexity of Hong Kong's financial sector, there remain problems with parties opening accounts with forged documents and the operation of cash cleansing through bureaux de change and money remitters among other things.

India

While not drug related, money laundering is a growing problem in India. It is confined mainly to domestic and local crimes such as fraud, corruption, and

smuggling. The country also does not have a clear position on money laundering. In India, the agency in charge of money laundering is the Financial Intelligence Unit-India (FIU-IND). "The Indian Government has a plan to set up a multidisciplinary task force to address its money laundering problems. The panel consists of people from India's Directorate of Revenue Intelligence, the Narcotics Control Bureau, the Enforcement Directorate, the Central Bureau of Investigation, the Intelligence Bureau and others³⁹."

India has several laws against money laundering. The first is the Prevention of Money Laundering Act 2002 (PMLA 2002). The PMLA 2002 forms the core of the legal framework put in place by India to combat money laundering. Implemented on July 1, 2005, it imposes an obligation on banking companies, financial institutions and intermediaries to verify identities of clients, maintain records and furnish information to FIU-IND. The Foreign Exchange Management Act of 1999 prescribes checks and limitations on certain foreign exchange remittances. The Benami Transactions (Prohibition) Act of 1988 prohibits transactions in which property is transferred to one person for consideration paid or provided by another person. The Narcotics Drugs and Psychotropic Substances Act of 1985 provides for confiscating sale proceeds an illegally acquired property in relation to any narcotic drug or psychotropic substance and any goods used to conceal such drugs. The Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act of 1988 authorizes the detainment of persons to prevent illicit traffic in narcotic drugs and psychotropic substances. India also uses Know-Your-Customer Guidelines. These guidelines were

³⁹ Hamblin, Chris "India creates its own MLAC", 4 October 2006, www.complinet.com

introduced by The Reserve Bank of India to banks in India to reduce financial frauds and identify money-laundering transactions. The obligations imposed by these guidelines were reduced in October 2007 to allow foreigners and non-resident Indians to receive cash payments of up to \$3,000 from money changers. Acceptable identity documentation was also expanded to allow money changers to accept a wider class of documents as evidence of a business relationship⁴⁰. In addition, there are guidelines for anti-money laundering measures. The Securities and Exchange Board of India (SEBI) has published guidelines for capital market intermediaries under the PMLA 2002. The guidelines concern all intermediaries registered with SEBI — a grouping that includes institutional investors, brokers and portfolio managers⁴¹. "In November 2006, India's Insurance Regulatory and Development Authority issued anti-money laundering guidelines that exempt general insurance companies from the need to comply with certain entry-level checks on customers⁴²."

Indonesia

Indonesia's anti-money laundering regime is developing. "Indonesia has a recently developed anti-money laundering and combating the financing of terrorism system. It has established a Financial Intelligence Unit - Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK), also known as the Indonesian Financial Transaction

⁴⁰ Simpson, Marcus "India's laundering guidelines relaxed for foreigners receiving payments from money changers", 19 October 2007, www.complinet.com

⁴¹ IBA Anti-Money Laundering forum <<http://www.anti-moneylaundering.org/countrydetail.asp?countryid=62>>

⁴² Simpson, Marcus "Indian regulator releases AML guidelines," 14 Feb 2006, www.complinet.com

Reports and Analysis Center (INTRAC), and a system for reporting suspicious transactions.⁴³

Several factors put the country at risk for money laundering activities. First the geographical location of the country. It is near the Golden Triangle and there is a lot of money in the region that needs to be laundered. Indonesia also has very strict bank secrecy laws, which facilitate money being hidden. There is also a high level of corruption in Indonesia and various banking scandals including fraud schemes that take place. Most laundering has to do with proceeds from domestic corruption, drug trafficking and laundering.

Indonesia has for main laws concerning money laundering. The first is Law No. 15 of 2002 on Money Laundering Crimes (as amended by Law No 25 of 2003) (the Money Laundering Law). The law pertaining to the combating of terrorism is Law No 15 of 2003 on Stipulation of Government Regulation in lieu of Law No.1 of 2002 on Combating Criminal Acts of Terrorism as Legislation. In addition Indonesia has Bank of Indonesia Regulation No.3/10/PBI/200, as amended by BI Regulations No.3/23/PBI/2001 and No.5/21/PBI/2003 and Bapepam Regulation No.V.D.10 (as amended by Decree of the Chairman of Bapepam No. 02/PM/2003) which pertain to the Know Your Customer Principles.

⁴³ Dasgupta, Saibal "Jakarta plans to grant FIU investigatory powers", 02 April 2007, www.complinet.com

Japan

Japan like China has problems with organized crime. In Japan, the Yakuza have a hand in all kinds of businesses including banking. As a result, of this and other factors Japan has had a hard time complying to international banking standards. There are several holes in its enforcement regime. For example, the reporting standards are weak. ““On Thursday, 1 February 2007, the Japanese National Police Agency decided to exempt lawyers from the obligation to report dubious money transactions to authorities under a bill to fight money laundering.” This exemption comes as a concession to the Japan Federation of Bar Associations (JFBA) which has opposed the requirement.⁴⁴”

Japan has made efforts to stem money laundering and come into international compliance⁴⁵. A 2004 report by the IMF stated that “Japan has made good progress in bringing its regime for anti-money laundering and combating the financing of terrorism (AML/CFT) into compliance with international standards. A comprehensive legal and institutional framework is in place and Japan has achieved a good level of compliance with the FATF 40+8 Recommendations⁴⁶.”

The report also noted some weaknesses including the area of international cooperation, the supervision of AML/CFT compliance for postal banks, and

⁴⁴ Hamblin, Chris “Japan's Gatekeeper Act excludes lawyers and some accountants”, 8 May 2007, <http://www.complinet.com/global/news/news/article.html?ref=92034>

⁴⁵ Simpson, Marcus “Japan proposes new AML bill for 2007,” 16 June 2006, <http://www.complinet.com>

⁴⁶ IMF report, JAPAN: Report on Observance of Standards and Codes FATF Recommendations for Anti-Money Laundering and Combating the Financing of Terrorism dated June 9, 2004 <http://imf.org/external/pubs/ft/scr/2004/cr04187.pdf>

resources for the financial supervisors and the financial intelligence unit⁴⁷. “To date, the effective application of legal powers appears to be limited as evidenced by the low numbers of investigations and prosecutions, which may be due, inter alia, to the limited resources allocated and to the insufficient level of coordination among the different agencies involved in AML/CFT⁴⁸.”

Kazakhstan

Corruption is widespread in Kazakhstan. This coupled with its position near Afghanistan and Pakistan not to mention its own drug production make is a soft target for launderers. The country does not have a sound financial services sector, which further compound the problem. While Kazakhstan does have comprehensive anti-money laundering legislation, the country has criminalized money laundering in relation to drugs and other serious crimes. The enforcement of the relevant laws is weak.

The first anti-money laundering law in Kazakhstan was enacted in 1998 as part of Article 30 of the “Law Against Drug Trafficking.” The act titled “On Measures to Combat Terrorism” introduced the concept of terrorist financing and set out citizens' obligations with regard to terrorism and prohibited the advocacy of terrorism in any

⁴⁷ Ibid

⁴⁸ IBA Anti-Money Laundering forum<<http://www.anti-moneylaundering.org/countrydetail.asp?countryid=62>>

form⁴⁹. In addition, "the Decree of the President of 22 January 2001 empowered a former Tax Committee (replaced by the Financial Police Agency) to investigate money laundering and other economic offences. However, there is currently no central authority for reporting. Kazakhstan has recently drafted legislation that would create a Financial Intelligence Unit that would have broad powers to collect and analyze data and to act on suspicious transactions involving money or other assets. This draft law is currently under discussion in the Majilis (lower house of Parliament)⁵⁰."

Laos

Laos is also a major producer of opium; the third largest in the world. Most of the Laotian drug production is consumed locally. It is however a regional banking center. Until recently, Laos did not have any laws against laundering. It has recently criminalized laundering and laid out measures in to give launderers harsher sentences. In addition, Laos has strict laws on the exporting of currency. This makes it harder for launders to remit money out of the country. As such, they must find alternative means. Laos has not yet established a Financial Intelligence Unit nor a system for reporting suspicious transactions⁵¹.

⁴⁹ OSCE Press Release, "Almaty roundtable to discuss Kazakhstani legal concept on combating money laundering and financing of terrorism," 9 Nov 2005, www.osce.org

⁵⁰ Simpson, Marcus "Kazakhstan drafts money laundering and terrorist financing bill," 15 Nov 2005, <http://www.complinet.com>

⁵¹ O'Gorman, Helen "Laos Sets Up Anti-Money Laundering Structure", 17 February 2006, <http://www.complinet.com>

Macau

Macau is a free port with many casinos and a lack of foreign exchange controls. Coupled with its location this would make it a good place to launder money. In 2005, the United States government accused a Macau bank of laundering money for the North Koreans⁵². An inquiry by the Macau government later cleared the bank⁵³ but Macau still has a long way to go in implementing a strong anti-laundering regime.

Recently Macau has developed an anti-money laundering system and enacted laws to combat money laundering and the financing of terrorism. Macau has established a stand-alone Financial Intelligence Unit, the GIF, and has capacity to report suspicious transactions. Macau underwent its second joint APG/OGBS Mutual Evaluation in December 2006 and the report was adopted in July 2007⁵⁴. The Central reporting agencies in Macau are Judiciary Police of Macau SAR and Monetary Authority of Macau. "In March 2006, Macau's Legislative Assembly (LA) approved a bill on the prevention and repression of money laundering. This 12-article bill lists a string of businesses and professions that are obligated to fight money laundering⁵⁵."

⁵²BBC News "Laundering charge hits Macau bank" September 19, 2005 <<http://news.bbc.co.uk/1/hi/business/4261450.stm>> accessed on November 17, 2007

⁵³ Greenlees, Donald Macao inquiry clears bank of money laundering for N. Korea International Herald Tribune March 12, 2007 <<http://www.iht.com/articles/2007/03/12/news/bank.php>>

⁵⁴ Asia Pacific Group on Money Laundering <<http://www.apgml.org/jurisdictions/default.aspx?JurisdictionID=13>>

⁵⁵ Simpson, Marcus "Macao's lower house approves AML bill," 30 March 2006, <http://www.complinet.com>

Malaysia

In Malaysia, the Financial Intelligence Unit (FIU) in Bank Negara Malaysia is the central reporting agency. The commanding statute is Anti Money Laundering Act 2001 (Act 613) (AMLA) which came into force in January of 2002. It criminalized money laundering of proceeds from the predicate offences and provides for suspicious transaction reporting, record-keeping and the functions of a financial intelligence unit that could co-operate with domestic as well as foreign enforcement agencies⁵⁶. The law also provides for investigation into money laundering activities, law enforcement agencies to freeze, seize and forfeit proceeds from predicate offences as well as prosecution of money launderers. Advocates & Solicitors is defined as one of the 'Reporting Institution' under the Anti Money Laundering Act 2001⁵⁷. The AMLA was amended in December of 2003 with the Penal Code (Amendment) Bill 2004.

Pakistan

Pakistan is another opium rich country. It is a major point in the distribution and refinement of opium. Political instability particularly in remote regions makes it a soft target for money laundering. Pakistan is however working to strengthen its anti-money laundering and anti-terrorist financing laws. In 2005, the government proposed a bill that would make the punishment for laundering for years in prison⁵⁸.

⁵⁶ IBA Anti-Money Laundering forum <<http://www.anti-moneylaundering.org/countrydetail.asp?countryid=62>>

⁵⁷ Ibid

⁵⁸ Simpson, Marcus "Terrorist Pakistan proposes four-year jail terms for launderers," 26 September 2005, <http://www.complinet.com>

Philippines

Authorized moneychangers in the Philippines display a signs regarding the laws on money laundering and their certification. That does not mean however that the laws are effective. The Philippines is plagued by corruption. Organized crime is active in the Philippines and there are strict bank secrecy laws. This is the recipe for money laundering. Manila has been described as Asia's Money Laundering Capital.

Recently The Philippines has strengthen its anti-money laundering and terrorism funding laws. It established an Anti-Money Laundering Council (AMLC) and has a system for reporting suspicious transactions. On September 29 2001, an anti-money laundering law (Republic Act No. 9160) was enacted. Republic Act No. 9160 covers banks, non-banks, quasi-banks, trust entities, insurance companies, securities dealers, brokers, salesmen, investment houses, among other things. Republic Act No.9194 amended Republic Act 9160 in July 2002 by authorizing AMLC to investigate any particular deposit or investment, lowering the threshold amount for single covered transactions, and expanding the reporting requirements.

"The Anti-Money Laundering Council, the Philippine financial intelligence unit, stated that for January 2007, the AMLC had received 288 reports, an increase of 66 per cent compared to the 173 reports it received in January 2006. By the end of January, it had received 6,808 reports compared to the 6,520 reports it had received for December. The 6,808 reports contained 14,176 transactions that are suspected to be linked to money launderers, which indicated that one report can cover more than

one dubious transaction. Of the 14,176 transactions, 11,390 were from banks and other financial institutions⁵⁹."

Singapore

While Singapore is known for having strict laws against drugs and corruption, there is still a prevalent underground banking community. Singapore does not impose controls on how much money can be taken in or out of the country, which makes it easy to launder money. Laundering is also helped by the prevalence of high value items. This makes Singapore a good target for Asian heroin dealers to wash there money. Singapore's anti-money laws apply to banks, insurance companies, and remittance companies but they only pertain to drugs trafficking.

The Financial Investigation Branch investigates money laundering and other offences under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act ("CDSA"), and under the Terrorism (Suppression of Financing) Act ("TEFA"). The Suspicious Transaction Reporting Office ("STRO") receives and analyzes Suspicious Transaction Reports ("STR") from financial institutions and other parties. It provides financial intelligence information for the detection of money laundering, terrorism financing and other criminal offences⁶⁰.

⁵⁹ Simpson, Marcus "Philippine FIU links rise in STRs to coming election", 20 February 2007, <http://www.complinet.com>

⁶⁰ Commercial Affairs Department < <http://www.cad.gov.sg/topNav/hom/>>

South Korea

The anti-money laundering regime of South Korea is fairly developed. The country enacted Financial Transaction Reports Act (FTRA) and Proceeds of Crime Act (PCA) in September 2001 to combat anti-money laundering and the financing of terrorism⁶¹. South Korea through the FTRA established the Korean Financial Investigation Unit, which specializes in the analyzation of suspicious transactions. In addition to banks, other institution such as merchant banks stock brokers insurance companies, casinos among other are subject to money laundering controls. Professionals and intermediaries such as lawyers, accountants and brokers are not however.

Taiwan

While Taiwan is not a producer of heroin, it is a major importer. Taiwan's heroin abusers make the country a port for drugs and as a result a point for laundering. It is estimated that at least half of the funds laundered through Taiwan are then transferred abroad⁶².

The country does have anti-money laundering laws. The U.S. state department's international narcotics control strategy report broadly praised Taiwan's efforts to combat money laundering in 2006. Taiwan's money laundering laws are

⁶¹ IBA Anti-Money Laundering forum<<http://www.anti-moneylaundering.org/countrydetail.asp?countryid=62>>

⁶² Kidd, John & Richter, Frank-Jurgen, "The Asian Money Laundering Explosion" Fighting Corruption in Asia, World Scientific Publishing 2006

embodied in The Money Laundering Control Act (MLCA) of 1997. The MLCA's major provisions include "a list of predicate offenses for money laundering, customer identification and record keeping requirements, disclosure of suspicious transactions, international cooperation, and the creation of a financial intelligence unit, the Money Laundering Prevention Center (MLPC)⁶³." They were amended in 2003 to "expand the list of predicate crimes for money laundering, widen the range of institutions subject to suspicious transaction reporting⁶⁴."

Thailand

Thailand suffers from its cash based economy and location. These two factors alone make it prone to money launderers particularly those selling drugs in the region. The country is trying to combat the problem. In 1999 Thailand passed the Anti-Money Laundering Act of B.E. 2542 and set up the Anti-Money Laundering Office. The Anti-Money Laundering Office is a single law enforcement agency broad investigatory power to probe moneys that may be hidden by criminals. Section 16 of the law imposes a duty to report suspicious activities on financial institutions.

⁶³ IBA Anti-Money Laundering forum <<http://www.anti-moneylaundering.org/countrydetail.asp?countryid=62>>

⁶⁴ Ibid

Vietnam

Vietnam has the second fastest growing economy in Asia behind China⁶⁵. Although the country has a large grey market, there is little evidence of widespread money laundering the grey market however does make it easy to hide money. In addition, its location makes it a good place to transport drugs from the Golden Triangle. The government has passed measures against money laundering. The controlling law in Vietnam against money laundering is Decree No.74/2005/ND-CP of the Government of June 7, 2005 on prevention and combat of money laundering. This law imposes a duty to report suspicious activity. The three bodies in control of Vietnam's anti-money laundering measures are the Hanoi People's Committee, Ministry of Justice, and Anti-Money Laundering Centre.

POLICING/ENFORCEMENT

Many other countries around the world have passed anti-money laundering measures some are more comprehensive than others. Still, money laundering can never be stopped completely. The United Nations however encourages its member states to establish comprehensive legislation intended on detection, prevention and prosecution of money laundering as a serious crime. In addition, they encourage members to establish effective financial and regulatory regimes to deny access to

⁶⁵ Chandler, Clay and Prasso, Sheridan "VIETNAM VROOOOOM...Asia's second-fastest-growing economy takes the global stage." Fortune magazine/CNN Money November 21, 2006<http://money.cnn.com/magazines/fortune/fortune_archive/2006/11/13/8393174/index.htm>

national and international financial systems used to launder money. Of course policing these measures is the hard part.

The first step in fighting money laundering is the detection of the money laundering. There are several things that should trigger suspicion. Money launderers what to keep their money close but their identity and source of the money hidden and far from them. As a result, they often will use false documents or leave details such as phone numbers off paper work. False passports particularly diplomatic ones from Africa are often used⁶⁶. One should be suspicious when they receive copies of passports and not the actual document as well. Financial institutions must do good due diligence to ensure that they are not aiding and abetting in money laundering.

In 1989, the G7 founded the inter-governmental body know as the Financial Action Task Force on Money Laundering (FATF). It is also known by its French name Groupe d'action financière sur le blanchiment de capitaux (GAFI). The FATF is an international body that aims to police money laundering. Its purpose is to develop policies to combat money laundering and terrorist financing.

In 1990, the FATF issued Forty Recommendations on how to curb money laundering. Those recommendations were amended in 1996 and in 2003. In summary, the Forty Recommendations require among other things countries to first and foremost criminalize money laundering and confiscate the laundered assets; to implement relevant international conventions; to cooperate with international investigations and prosecutions of money laundering and the financing of terrorism; put into practice customer record keeping, due diligence, and suspicious transaction

⁶⁶ Lilley, Peter "Recognizing the Red Flags of Money Laundering" White-Collar Crime Fighter August 2001

reporting requirements for their financial institutions; and to establish a counter measures unit to combat these crimes⁶⁷.

The FAFT currently has thirty-four members. Thirty-two members are nations. The other two are the Cooperation Council for Arab States of the Gulf and the European Commission. South Korea, India, and several international organizations such as the IMF and World Bank have observer status. The FATF also keeps a list of non-cooperative states, the Non-Cooperative Countries or Territories (NCCTs). It is commonly know as the FATF Blacklist.

In the 2000 report, countries on the blacklist included the Bahamas, Cayman Islands, Cook Islands, Dominica, Israel, Lebanon, Liechtenstein, Marshall Islands, Nauru, Niue, Panama, the Philippines, Russia, St. Kitts and Nevis, and St. Vincent and the Grenadines⁶⁸. In the 2001 report eight more countries were designated as non-cooperative; Egypt, Grenada, Guatemala, Hungary, Indonesia, Myanmar, Nigeria, and the Ukraine. Many of these countries reformed there enforcement regimes and were removed from the list. The seventh report in June of 2006 listed only Myanmar as non-cooperative and the current list which was updated on October 16, 2006 removed Myanmar as well⁶⁹.

When the FAFT feels that a country is not performing or making sufficient efforts to improve their anti-money laundering regime, it will make recommendations.

If these recommendations are not complied with, the country could fine itself on the

⁶⁷ The Forty Recommendations FATF GAFI June 20, 2003 < http://www.fatf-gafi.org/document/28/0,2340,en_32250379_32236930_33658140_1_1_1_1,00.html>

⁶⁸ FATF report "Review to identify Non-Cooperative Countries and Territories: Increasing The Worldwide Effectiveness of Anti-Money Laundering Measures" June 22, 2000 < <http://www.fatf-gafi.org/dataoecd/56/43/33921824.pdf>>

⁶⁹ FATF list < http://www.fatf-gafi.org/findDocument/0,2350,en_32250379_32237235_1_32247550_1_1_1_1,00.html>

blacklist. To date they have only done this in three circumstances, Nauru, the Ukraine, and Myanmar, all three countries have complied, and as of 2006, no countermeasures were taken against any country.

EFFECTS

As long as there are criminal acts and profits to be made money laundering will exist. China's central bank reported that suspected cases of money laundering rose from $\bar{\text{元}}32.8$ billion to $\bar{\text{元}}387$ billion between 2005 and 2006⁷⁰. The effects of money laundering are great and can be felt in numerous different areas. Money laundering allows for the exploitation of women and children, the trafficking of drugs and other illicit contraband, and helps to fund terrorism among other things.

The effect of anti-money laundering regimes have slowed but not stopped the flow of dirty money. Measures put in place by nations have been somewhat effective but they are not perfect. The Forty Recommendations of the FATF needs to continue to be a living document that changes with the times to prevent new forms of money laundering.

While there is no truly effective way to stop money from being laundered, with more fine-tuning, nations can further slow the flow of illegitimate money. For example, the anti-money regime in the United States has made several revisions to its money laundering laws in order to strengthen them against ever changing threats. While all countries may not have all of the same goals in passing laws, it can be agreed

⁷⁰ Bloomberg report. < <http://www.moneylaundering.com/NewsBriefDisplay.aspx?id=1443>>

that stopping terrorism is an important goal for all nations. Strong anti-money laundering laws can help curtail terrorist financing and as a result slow terrorism. These laws must provide for strong measures for detection, investigation, prosecution and punishment for money laundering under all circumstances. They must facilitate cooperation between nations allowing extradition and the sharing of information. By doing these things, nations can cut off the lifeblood of terrorism and crime and make the world a safer and better place.

Bibliography

"2. Stages of the Money Laundering Process," A report in accordance with § 356(c) of the USA PATRIOT Act

Abt Associates, "What America's Users Spend on Illegal Drugs 1988-2000" (Washington, DC: Office of National Drug Control, December 2001)

Asia Pacific Group on Money Laundering <
<http://www.apgml.org/jurisdictions/default.aspx?JurisdictionID=13>>

Bangladesh turned into arms smuggling route," The Daily Star (Bangladesh), May 30, 2006, <http://www.thedailystar.net/2006/05/30/d6053001107.htm>

Basle committee on Banking regulations and Supervisory Practices (1988), Prevention of criminal use of the banking system for the purpose of money laundering. Basle

BBC News "Laundering charge hits Macau bank" September 19, 2005 <
<http://news.bbc.co.uk/1/hi/business/4261450.stm>> accessed on November 17, 2007

BLACK'S LAW DICTIONARY 1027 (8th ed. 2004)

Bloomberg report
<http://www.moneylaundering.com/NewsBriefDisplay.aspx?id=1443>

Chandler, Clay and Prasso, Sheridan "VIETNAM VROOOOOM...Asia's second-fastest-growing economy takes the global stage." Fortune magazine/CNN Money November 21, 2006
<http://money.cnn.com/magazines/fortune/fortune_archive/2006/11/13/8393174/index.htm>

China Daily, 1 November, 2006, www.chinadaily.com

Dasgupta, Saibal "Jakarta plans to grant FIU investigatory powers", 02 April 2007, www.complinet.com

Douglas Farah, "The Merchant of death," Foreign Policy, November/December 2006, Sidebox: Arms Around the World

FATF list < http://www.fatf-gafi.org/findDocument/0,2350,en_32250379_32237235_1_32247550_1_1_1,00.html>

FATF Review to Identify Non-Cooperative Countries or Territories: Increasing the Worldwide Effectiveness of Anti-Money Laundering Measures, Paris

Going Underground: America's Shadow Economy, FrontPage magazine, January 2005

Greenlees, Donald Macao inquiry clears bank of money laundering for N. Korea
International Herald Tribune March 12, 2007 <
<http://www.ihf.com/articles/2007/03/12/news/bank.php>>

Hamblin, Chris "India creates its own MLAC", 4 October 2006, www.complinet.com

Hamblin, Chris "Japan's Gatekeeper Act excludes lawyers and some accountants", 8 May 2007, <http://www.complinet.com/global/news/news/article.html?ref=92034>

IBA Anti-Money Laundering forum <http://www.anti-moneylaundering.org/countrydetail.asp?countryid=62>

IMF report, JAPAN: Report on Observance of Standards and Codes
FATF Recommendations for Anti-Money Laundering and Combating the Financing of Terrorism dated June 9, 2004
<http://imf.org/external/pubs/ft/scr/2004/cr04187.pdf>

Kidd, John & Richter, Frank-Jurgen, "The Asian Money Laundering Explosion"
Fighting Corruption in Asia, World Scientific Publishing 2006
<http://www.dirtydealing.org/IMAGES/writing_presentation_slides/fightingcorrupti oninasia.pdf>

Layton, Julia How Money Laundering Works
<http://money.howstuffworks.com/money-laundering.htm>

Lilley Peter, Dirty Dealing, Kogan Page, 2000 London.

Lilley, Peter "Recognizing the Red Flags of Money Laundering" White-Collar Crime Fighter August 2001

Moises Naim, " Broken Borders," Newsweek International, October 24, 2005,
<http://www.msnbc.msn.com/id/9711920/site/newsweek>

O’Gorman, Helen "Laos Sets Up Anti-Money Laundering Structure", 17 February 2006, <http://www.complinet.com>

OSCE Press Release, "Almaty roundtable to discuss Kazakhstani legal concept on combating money laundering and financing of terrorism," 9 Nov 2005, www.osce.org

Pollard Niklas "Illegal Drug Trade a World force-UN" Reuters June 2005
http://www.csdp.org/news/news/reut_un05_062905.htm

Rachel Stohl, "The Tangled Web of Illicit Arms Trafficking," Center for American Progress, October 14, 2004,
<http://www.americanprogress.org/issues/2004/10/b217737.html>

Rhea Myerscough and Rachel Stohl, "Uncontrolled Small Arms Perpetuate Insecurity in Iraq," Center for Defense Information, December 6, 2006,
http://www.cdi.org/program/document.cfm?DocumentID=3743&StartRow=1&ListRows=10&appendURL=&OrderBy=D.DateLastUpdated&ProgramID=23&from_page=index.cfm

Robinson, Jeffrey The Laundrymen: Inside the World's Third Largest Business Pocket Books; 2Rev Ed edition (1 Jun 1998)

Robinson, Jeffrey The Sink: How banks, lawyers and accountants finance terrorism and crime - and why governments can't stop them Constable and Robinson (24 Jun 2004)

Simpson, Marcus, "Bangladesh Government redrafts terrorist finance legislation", March 15 2006, www.complinet.com

Simpson, Marcus "India's laundering guidelines relaxed for foreigners receiving payments from money changers", 19 October 2007, www.complinet.com

Simpson, Marcus "Indian regulator releases AML guidelines," 14 Feb 2006, www.complinet.com

Simpson, Marcus "Japan proposes new AML bill for 2007," 16 June 2006, <http://www.complinet.com>

Simpson, Marcus "Kazakhstan drafts money laundering and terrorist financing bill," 15 Nov 2005, <http://www.complinet.com>

Simpson, Marcus "Macao's lower house approves AML bill," 30 March 2006, <http://www.complinet.com>

Simpson, Marcus "Philippine FIU links rise in STRs to coming election", 20 February 2007, <http://www.complinet.com>

Simpson, Marcus, "Terrorist Financiers face death penalty in Bangladesh," 14 Nov 2005, www.complinet.com

Simpson, Marcus "Terrorist Pakistan proposes four-year jail terms for launderers," 26 September 2005, <http://www.complinet.com>

"Swiss bankers changing rules", St. Pete. Times, Oct. 10, 1995, at 17A & 24A

The Financial Action Task Force (1999) The Forty Recommendations, Paris.

The Financial Action Task Force (2000a) Annual Report XI, Paris.

The Financial Action Task Force (2000b) First FATF Review to Identify Non-Cooperative Countries or Territories, Paris

The Financial Action Task Force (2001a) Annual Report XII, Paris.

The Financial Action Task Force (2001b)

The Forty Recommendations FATF GAFI June 20, 2003 < http://www.fatf-gafi.org/document/28/0,2340,en_32250379_32236930_33658140_1_1_1_1,00.html>

"Trade's portrayal of Sex Slavery Shadows UN Fight" October 2007
<http://movies.monstersandcritics.com/features/article_1364277.php/Trades_portrayal_of_sex_slavery_shadows_UN_fight>

Transparency International (2001) Corruption Perception Index 2001, Berlin.
US Department of State, Bureau for international narcotics and law enforcement affairs (January 2000), Narcotics Control Report, Washington

United Nations (1998) Convention against illegal traffic in narcotic drugs and psychotropic substances, Vienna

United Nations Office on Drugs and Crime (UNODC), World Drug Report 2005 (Vienna, Austria: UNODC, June 2005)

United Nation Office on Drugs and Crimes
<http://www.unodc.org/unodc/trafficking_victim_consent.html>

United Nations Drug Control Program, "Economic and Social Consequences of Drug Abuse and Illicit Trafficking," Technical Series No. 6, 1998

US Department of State, Bureau for International Narcotics and Law Enforcement Affairs (January 2001) Narcotics Control Report, Washington

U.S. General Accounting Office, Report to the Congressional Requesters, Combating Money Laundering – Opportunities Exist to Improve the National Strategy, September 2003, p. 6.

USA Patriot Act, Title III

Yeh, Andrew, The Financial Times, www.ft.com November 01, 2006

Zill, Orinana and Bergman, Lowell "Do the Math: Why Illegal Drugs business is Thriving" Pbs frontline Special report<<http://www.pbs.org/wgbh/pages/frontline/shows/drugs/special/math.html>>

Appendix A- Graphs

4. [www.info.gov.hk/.../ guide/guide_no/20001222e.htm](http://www.info.gov.hk/.../guide/guide_no/20001222e.htm)

6. AML/CFT Regulation: Implications for Financial Service Providers that Serve Low-Income People Focus Note No. 29, July 2005<www.cgap.org/docs/FocusNote_29.htm>> accessed on November 16, 2007

11. Zill, Orinana and Bergman, Lowell "Do the Math: Why Illegal Drugs business is Thriving" Pbs frontline Special report <<http://www.pbs.org/wgbh/pages/frontline/shows/drugs/special/math.html>> accessed on November 16, 2007

Appendix B- Index

9

9/11, 3

A

Afghanistan, 2, 10, 17, 25
 Al Capone, 4
 AMLA, 28
 Anti Money Laundering Act 2001 (Act 613), 28
 Anti-Money Laundering (Security Bureau) of the People's Bank of China, 19
 Anti-Money Laundering Act of B.E. 2542, 32
 Anti-Money Laundering and Proceeds of Crime Law, 17
 Anti-Money Laundering Centre, 33
 Anti-Money Laundering Council (AMLC), 29
 arms, 4, 10, 12, 38
 Article 30 of the "Law Against Drug Trafficking, 25
 Asia's Money Laundering Capital, 29

B

Bahamas, 35
Bangladesh, 2, 10, 17, 18, 38, 40
 Bank Negara, 28
 Bank of Indonesia Regulation

No.3/10/PBI/200, 23
 Bank Secrecy Act, 12, 15
 Bapepam Regulation No.V.D.10, 23
 Benami Transactions, 21
 BI Regulations No.3/23/PBI/2001 and No.5/21/PBI/2003, 23
 Blacklist, 35
Burma, 2, 18, *See* Myanmar

C

Cambodia, 2, 10, 18
 cannabis, 9
 Cayman Islands, 35
 CDSA, 30
 Central Bureau of Investigation, 21
China, 2, 10, 19, 24, 33, 36, 38
 China Anti-Money Laundering Monitoring & Analysis Center, 19
 cocaine, 7, 8, 9
 Committee to Re-elect the President, 3
 Cook Islands, 35
 Cooperation Council for Arab States, 35
 Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, 30
 cyberlaundering, 7

D

Da Afghanistan Bank, 17

Decree No.74/2005/ND-CP, 33
 Decree of the President of 22 January 2001, 26
 Dominica, 35
 Drug Trafficking (Recovery of Proceeds) Ordinance(DTR PO) of 1989, 20

E

EFFECTS, 2, 36
 Egypt, 35
 European Commission, 35

F

FAFT, 35
 FATF, 24, 34, 35, 36, 38, 39, 41
 Financial Action Task Force on Money Laundering, 34
 Financial Intelligence Unit, 17, 21, 22, 26, 27, 28
 Financial Intelligence Unit - Pusat Pelaporan dan Analisis Transaksi Keuangan, 22
 Financial Intelligence Unit-India (FIU-IND), 21
 Financial Transaction Reports Act, 31
 FIU-IND, 21
 Forty Recommendations, 34, 35, 36, 41
 FTRA, 31

Futures Commission(SFC), 20

G

GAFI, 34, 35, 41
 GIF, 27
 Golden Triangle, 23, 33
 Grenada, 35
 Groupe d'action financière sur le blanchiment de capitaux, 34
 Guatemala, 35

H

Hanoi People's Committee, 33
 heroin, 8, 9, 17, 30, 31
Hong Kong, 2, 20
 Hungary, 35

I

IMF, 24, 35, 39
India, 2, 10, 18, 20, 21, 22, 35, 39, 40
 India's Directorate of Revenue Intelligence, 21
Indonesia, 2, 22, 23, 35
 Indonesian Financial Transaction Reports and Analysis Center, 23
 integration, 5
 INTRAC, 23
INTRODUCTIO
N, 2, 3
 irregular funding, 6
 Israel, 35

J

Japan, 2, 24, 39, 40

Japan Federation of
Bar Associations,
24
JFBA, 24
Joint Financial
Intelligence Unit,
20

K

Kazakhstan, 2, 25,
26, 40
Know-Your-
Customer
Guidelines, 21

L

Laos, 2, 26, 39
Law No 15 of 2003
on Stipulation of
Government
Regulation in lieu
of Law No.1 of
2002, 23
Law No 25 of 2003,
23
Law No. 15 of 2002,
23
layering, 5
Lebanon, 35
LEGISLATION,
2, 16
Liechtenstein, 35

M

Macau, 2, 27, 38
Majilis, 26
Malaysia, 2, 28
MARKETS, 2, 7
Marshall Islands, 35
METHODS, 2, 4
Meyer Lansky, 5
Ministry of Justice,
33
MLCA, 32
MLPC, 32
Money laundering
control act, 12
Money Laundering
Control Act, 15,
32

Money laundering
Prevention Act,
17
Money Laundering
Prevention
Center, 32
Myanmar, 2, 18, 35,
36

N

Narcotics Control
Bureau, 21
Narcotics Drugs and
Psychotropic
Substances Act
of 1985, 21
Nauru, 16, 35, 36
NCCTs, 35
Nepalese, 10
Nigeria, 35
Niue, 35
Non-Cooperative
Countries or
Territories, 35,
39, 41
North Koreans, 27

O

Organized and
Serious Crimes
Ordinance
(OSCO) of 1999,
20

P

Pakistan, 2, 8, 25,
28, 41
Panama, 35
Patriot act, 11, 15
Patriot Act, 11, 15,
42
PCA, 31
Philippines, 2, 29, 35
placement, 5
PMLA 2002, 21
**POLICING/ENF
ORCEMENT**,
2, 33
PPATK, 22
Prevention of Illicit
Traffic in
Narcotic Drugs

and Psychotropic
Substances Act
of 1988, 21
Prevention of
Money
Laundering Act
2002, 21
Proceeds of Crime
Act, 31
Prohibition, 4, 21

R

Republic Act No.
9160, 29
Republic Act
No.9194, 29
Reserve Bank of
India, 22
Responsibilities of
Financial
Institutions in
the Fight Against
Money
Laundering and
Terrorist
Financing law,
17

S

SEBI, 22
Securities and
Exchange Board
of India, 22
September 11th, 11
shell company, 6
Singapore, 1, 2, 30
slaves, 10
South Korea, 2, 31, 35
State Administration
of Foreign
Exchange
(SAFE), 19
STR, 30
STRO, 30
Suspicious
Transaction
Reporting Office,
30
Suspicious
Transaction
Reports, 30
Swiss, 5, 16, 41
Swiss bank, 5
Switzerland, 16

T

Table of Contents,
2
Taiwan, 2, 31
TEFA, 30
TERRORISM, 2,
11
Terrorism
(Suppression of
Financing) Act,
30
Thailand, 2, 10, 32
The Foreign
Exchange
Management Act
of 1999, 21
Title III, 11, 12, 14,
15, 42
trafficking, 4, 9, 10,
11, 12, 19, 23,
30, 36, 41

U

U.S. Department of
Justice, 18
U.S. General
Accounting
Office, 4, 42
Ukraine, 35, 36
United Nations, 9,
20, 33, 41
United Nations
(Anti-Terrorism
Measures)
Ordinance of
2004, 20
United States, 3, 4,
9, 11, 12, 13, 14,
15, 27, 36

V

Vietnam, 2, 33

W

World Bank, 35