

Tax And Financial Crime Investigation

Money laundering

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DEFINITION

The Illicit
Nature Of
Money
Laundering

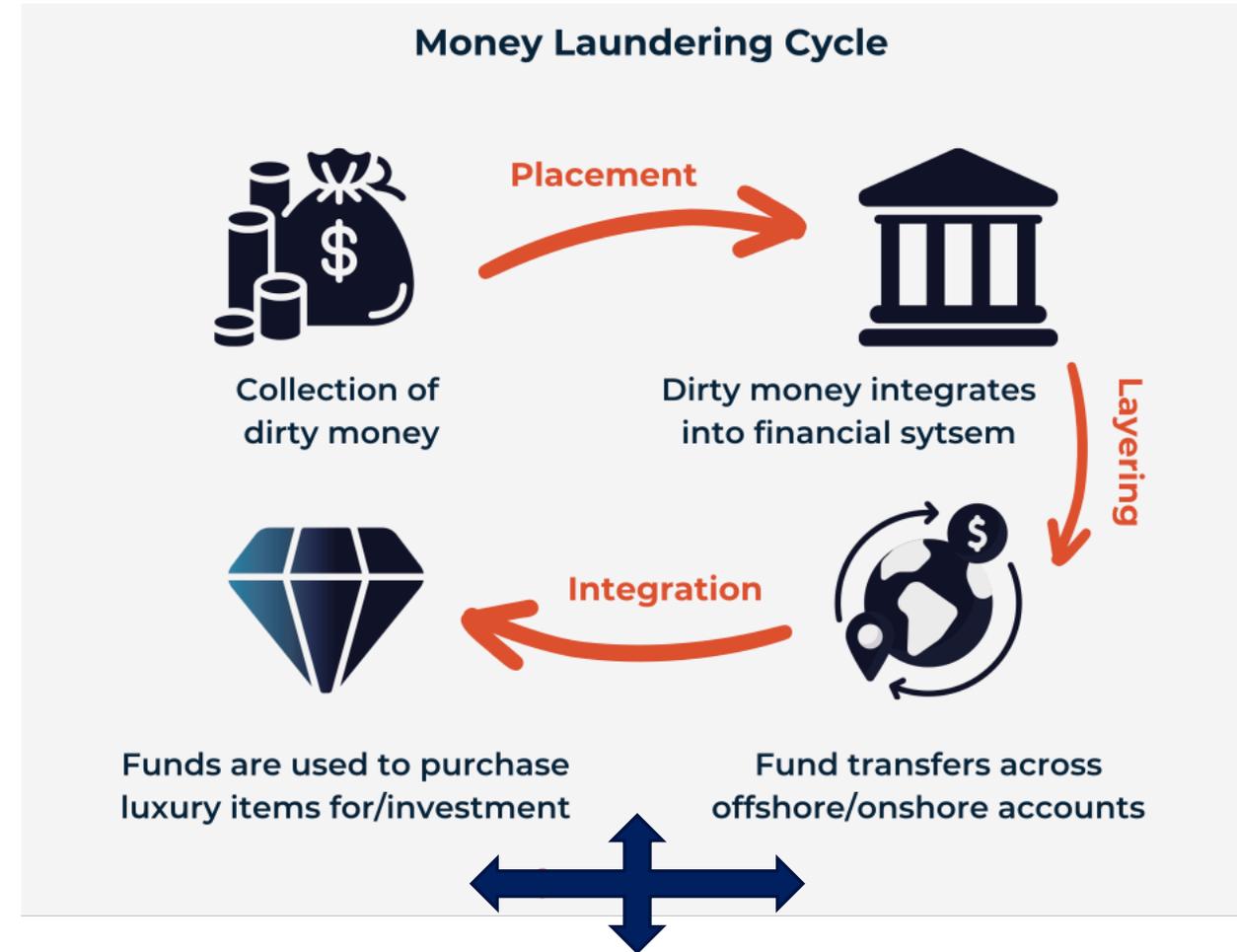
THE
Importance
Of
Combating
Money
Laundering

❖ What s money laundering?

- Money laundering is the illegal process of making large amounts of money generated by criminal activity, such as drug trafficking or terrorist funding, appear to have come from a legitimate source. The money from the criminal activity is considered dirty, and the process “launders” it to make it look clean .
- Money laundering is a criminal activity that facilitates the disguise of the true source of funds, enabling individuals and organizations to benefit from illegal activities without detection
- Understanding and combating money laundering is not just a regulatory requirement; it's a critical step in safeguarding our financial systems and global security

❖ The Money Laundering Process:

- The process involves three steps:
 1. **Placement**: Getting the "dirty" money into the financial system.
 2. **Layering**: Confusing the origin of the money through complex transactions.
 3. **Integration**: Making the money seem clean by investing it in legal activities.
- In short, money laundering makes **illegal money appear legal by putting it through these steps.**



- **Methods of money laundering:** Money laundering can take several forms. These include "bank methods, smurfing (also known as structuring), real estate , and shell companies,....



❖ **Combatting Money Laundering: Processes and Strategies:**

- Money laundering investigations are tied to probing the initial crimes that produce illegal funds. Financial investigations aim to uncover where the unlawful income comes from, how it moves, and where it is located. Revealing these details helps identify involved networks. When illegally obtained assets are found, they can be frozen or seized, enabling the prosecution of individuals behind the initial crimes and those engaged in money laundering.
- Processes and strategies:

Identification of Illicit Funds:	Follow the Money Trail	Evidence Gathering	Disruption of Criminal Networks	Regulatory Measures	International Cooperation	Technological Solutions
<ul style="list-style-type: none">• Concealing the Source of Illegal Funds• Uncovering Associated Criminal Activities	<ul style="list-style-type: none">• Tracking Money Movements• Understanding Criminal Organizations' Structure and Activities	<ul style="list-style-type: none">• Providing Evidence (Financial Records, Transactions, and Connections as Crucial Court Evidence)	<ul style="list-style-type: none">• Targeting Financial Aspects of Criminal Enterprises• Impact of Seizing Assets and Freezing Accounts on Criminal Operations	<ul style="list-style-type: none">• Implementation of Anti-Money Laundering (AML) Regulations• Monitoring and Reporting Suspicious Transactions	<ul style="list-style-type: none">• Importance of Collaborative Efforts• Information Sharing to Combat Transnational Money Laundering	<ul style="list-style-type: none">• Utilizing Advanced Technologies in Investigations• Role of Data Analytics and Artificial Intelligence in Detecting Anomalies

Case Study: Money Laundering in LEBANON

Background: John runs a successful international business in Lebanon. He wants to legitimize and integrate illicit funds into his business operations, making them appear as legal profits. Here's how he does it:

Phase 1: Placement

Bank Deposits:

Utilizing Lebanese banks with fake identities and opening accounts with small amounts to avoid suspension

Casino chip:

transactions to acquire "clean money"

Phase 2: Layering

Creation of offshore shell companies in tax havens

Trade-Based Money Laundering through price manipulation

Conversion of funds into cryptocurrencies for anonymity

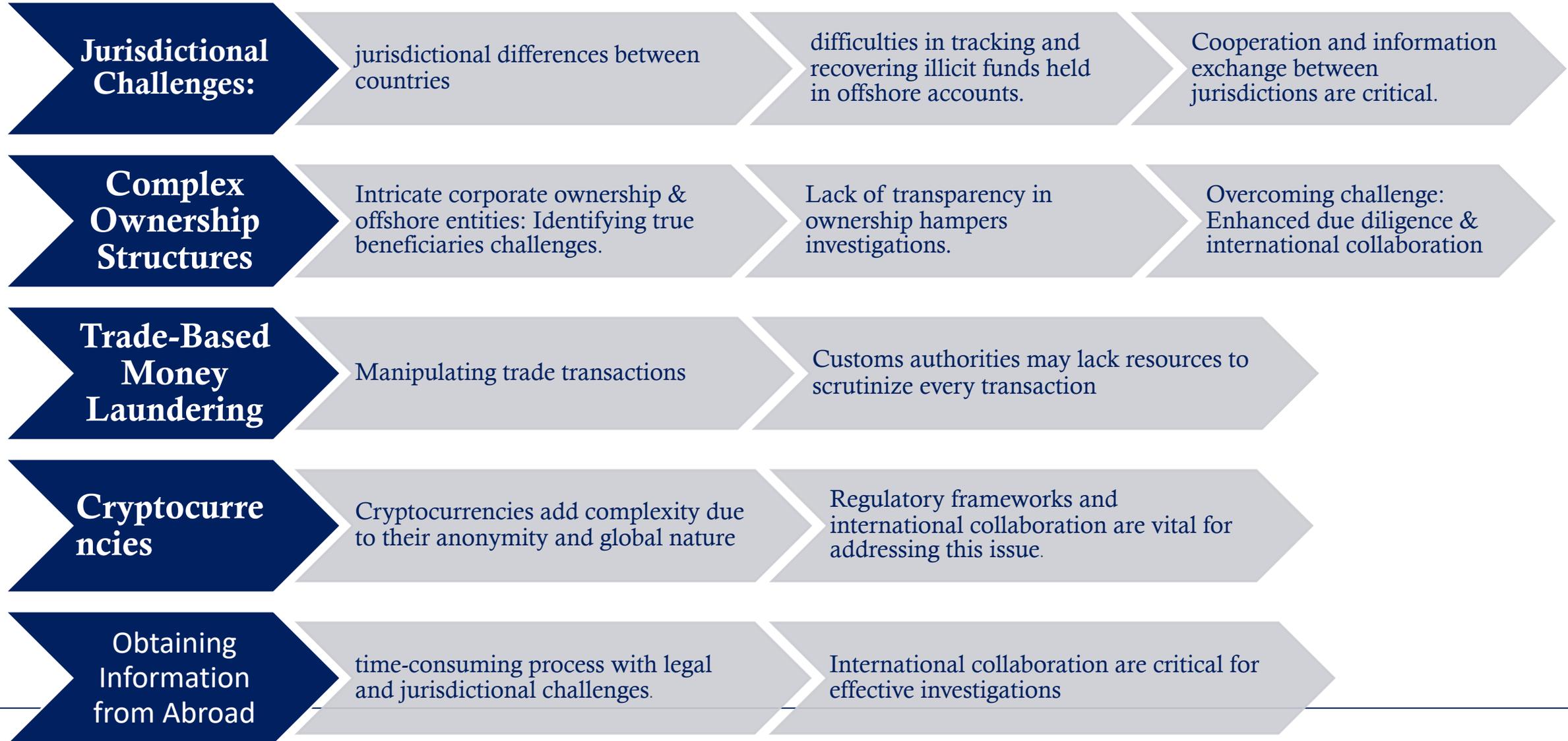
Phase 3: Integration

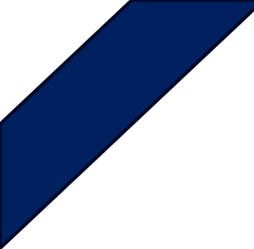
Investment in high-end real estate in LEBANON

Mixing illicit funds with legitimate profits in business operations

➤ **A Focus on Jurisdictional and Technological Complexities:**

➤ Money laundering poses significant challenges for law enforcement globally ,In the context of LEBANON, several unique challenges exacerbate the difficulty in tracking and recovering illicit funds:





Thank You