

MBA SEM - I

DATE OF CLASS 10 / 06 / 21 THURS

PERIOD - II / TIME 11:05 AM TO 12:05 PM

SUB : MB104 AFA

TOPIC : MONEY LAUNDERING : INTRODUCTION
& MEANING

This paper tackles the quite difficult topic of money laundering.

Let We start how to define the "money laundering"

Simply MONEY LAUNDERING is the illegal process of making large amounts of money generated by a criminal activity, such as drug trafficking or terrorist funds, 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 is a process that criminals use in an attempt to hide the illegal source of their income. By passing money through complex transfers and transactions, or through a series of businesses, the money is "cleaned" of its illegitimate origin and made to appear as legitimate business profits.

A major business problem of large, organised criminal enterprises — such as drug smuggling operations — is that they end up with huge amount of hard cash that they need to conceal in order to avoid attracting investigations

by legal authorities. The recipients of such large amounts of cash also do not want to have to acknowledge it as income, thereby incurring massive income tax liabilities.

To deal with that problem of having millions of dollars in cash obtained from illegal activities, criminal enterprises create ways of "laundering" the money to obscure the illegal nature of how it is obtained. In short, this is done to select the easiest way of transfer of money without hurdle. Money laundering aims to disguise money made illegally by working it into a legitimate financial system such as a bank or business.

Awardip to McCoy in USA ← Money laundering is the act of placing illegal gains into the legitimate financial system in ways that avoid drawing the attention of banks, financial institutions, or law enforcement agencies.

Example & Legal Predicates

The "office space" scheme was good for a few laughs at the perpetrators' expense, but real-world money laundering is not funny — and can be highly consequential. One of the highest-profile recent money laundering cases involved Paul Manafort and Rick Gates, two associates of former US President Donald Trump.

In 2017, an indictment brought by former Special Counsel ~~the~~ Robert Mueller, who was then investigating Russian interference in 2016 USA Presidential campaign, alleged that Manafort and longtime associate Rick Gates "laundered money for nearly a foreign corporation and accounts, and gave false statement to Justice Department and others when asked about their work on behalf of a foreign entity," per the Washington Post.

According to the indictment, Manafort and Gates attempted to conceal the origin of at least \$75 million by routing the funds through offshore bank accounts and shell companies.

Both Manafort and Gates eventually pleaded guilty to some of the charges brought by Mueller's office. Manafort was convicted on eight of 18 charges in superseding indictment

filed in 2018 and sentenced to several years in prison. Trump later pardoned Manafort — although not Gates, who cooperated extensively with Mueller's office as part of plea deal.

A common yet highly illegal business practice.

The Manafort & Gates case attracted an unusual amount of media attention, but the charge the men faced — if not the amounts involved or the political context in which the alleged crimes occurred — are actually quite quite common.

McCoy prove his own words in above case and story tell about money laundering is a common technique used by some white collar to hide illegal gains.