

: DATE OF CLASS: 17 JUNE 2021 TIME 10AM-11AM
MBA SEM I/SUB - MB 104 AFA/UNIT -5

TOPIC: Money Laundering Technique by Dr. N. Ahmad

Money laundering has one purpose to turn the proceeds of crime into cash or property that looks legitimate and

can be used without suspicion. Here are some of the most common ways this is achieved.

There are usually two or three phases to the laundering -

1. Placement
2. Layering
3. Integration/ Extraction.

Placement

Cash Businesses — adding the cash gained from the crime to legitimate takings.

structuring

It is method of placement whereby money is broken into smaller deposits. This method is also called smurfing. Criminals use smaller amounts of money to purchase financial instruments such as money order, and then ~~the~~ ultimately deposit these instruments to bank accounts, again in small amount s. Payment of expenses

False invoicing

putting through dummy invoices to match cash lodged, making it look like payment in settlement of the false invoice.

Trust and offshore companies -

useful for hiding the identity of the real beneficiary owners.

Foreign Bank A/c

Physically taking small amounts of cash abroad, below the customs declaration threshold, lodging

in foreign bank accounts, then sending back to the country of origin.

Aborted transactions

Fund are lodged with a lawyer or accountant to hold in their client account to settle a proposed transaction.

After a short time, the transaction is aborted. Fund are repaid to the client from an unimpeachable source.

≡ At this stage of placement of money, illegal monies are still traceable back to their source.

but person who involved in such activity, he also that want to trace the illegitimate source, then he goes to

2nd step. The next step

is: LAGERINS, allows criminals to remove that traceability and level legitimacy to their funds money.