

TOPIC: STAGES OF MONEY LAUNDERING By Dr. Ahmad

It is called process of money laundering.
[Laundered Money (Dirty money) are not considered "clean" until the integration step is completed.]

There are 3 process (stages) of ML

1. Placement
2. Layering
3. Integration

I. PLACEMENT

First thing first is "placing" ill-gotten gains into the financial system. Detection risk is greatest during the placement phase due to large-deposit reporting requirements ~~at the~~

Placing ill-gotten money or gains from cash transactions mean making lots of relatively small bank deposits over time, often in multiple accounts. This is known as smurfing and may involve lower level participants who physically deposit cash in their bosses' account.

To avoid scrutiny, some money launderers turn to alternative financial systems. Cryptocurrencies such

"BitCom", which are not subject to the same regulatory requirements as fiat-currency banking, are increasingly popular laundering vectors. So are ancient informal value transfer systems [IVTS], such as "fei ch'ien" (meaning "flying money") in China and "hawala" (meaning transfer or trust) in the Middle East and South Asia. These modes operate internationally, beyond the reach of government financial regulators, and leave little to no paper trail.

2. LAYERING

The USA writes McCoy says ~~that~~ that once deposited — the money is layered or shifted through a series of transactions designed to create confusion and complicate the paper trail for investigation."

Layering involves complex — or, at least, confusing — financial maneuvers that slice and dice the initial placement.

Common layering techniques or tactics include:

- Wire transfers between bank accounts often held in multiple names, at multiple banks, and in multiple countries.
- Property or service transactions with shell companies — legal business entities that exist only on a paper and perform no legitimate economic activity and function.
- High-dollar purchases of tangible goods or commodities such as yachts, luxury cars and gold.
- Purchase of real estate investment properties including luxury homes and condominiums.

As before discuss the case of Donald Trump money launder — Manafort & Gates indictment, US 17 domestic limited liability company (LLC) allegedly owned or controlled by Manafort & Gates, 12 entities in Cyprus and three others in the UK or the Caribbean islands of the Grenadines.

These offshore companies were crucially to the enterprise. Many countries, including Cyprus, have tax bank secrecy regulations that allow bank account (A/C) owners to conceal their identities &, by extension, the source of potentially illicit funds deposited into their accounts. According to financial secrecy index, Cyprus is the 27th most secretive bank destination in the world - not quite as opaque as famously secretive heavens like Switzerland and Cayman Islands, but not going too about transparency either.

The Shell Companies allegedly owned by Manafort & Gates did not simply hoard deposit funds. As part of layering process, they made a slew of investment & purchase.

One of almost comical example of explained by state involved ~~scat~~ persons (Manafort & Gates) enterprises based in Cyprus that collectively spent nearly \$1 million dollar at an antique rug store in Alexandria, Virginia.

3. INTEGRATION

During the final step, integration, laundered funds become legitimate.

Because it generally involves legal transactions, integration is regarded as the lowest risk part of money laundering process — although it is not immune

to scrutiny.

It includes:

- Sale or transfer of high dollar items purchased with laundered funds
- Sale or transfer of real estate purchased with laundered funds
- Legitimate purchases of securities or other financial instrument in the launderer's or launderer's legitimate business entity's name.
- Legitimate transactions with legal entities controlled by the launderer or their associates.