**1. Title Slide**

Hello everyone, today I will be discussing a fascinating yet alarming topic: ‘Money Laundering’. Today’s presentation is based on the video ‘The Rise of Chinese Money Brokers and Global Impacts’. We will explore how Chinese money brokers have revolutionized money laundering, and the impact of it.

**2. Contents**

We will first realize the rising threat of Chinese money laundering using some examples, then I will introduce how Chinese money laundering works to see how it causes such an impact. Last, we will look at my personal insights into this evolving issue.

**3. Rising Threat of Chinese Money Laundering**

Let’s begin with some examples of Chinese money laundering in different countries. We will be looking into the fentanyl epidemic in America and the drug business of Italian Mafias.

**3.1. Fentanyl Epidemic**

Now, let’s talk about the fentanyl epidemic. Fentanyl is a serious issue in America that about 2.7 million Americans had an opioid use disorder by 2020.

Local authorities say that the Fentanyl epidemic is the leading cause of death among people under 50. They emphasize that “one pill can kill”, meaning that Fentanyl is a serious issue that can cause death. The cartels used to utilize trucks to transport money from the US back to Mexico, and the police can trace the truck to find the cash flow. However, the cartels now use the services provided by Chinese money brokers, which do not produce cash flow. We will see why there is no cash flow later.

**3.2. Italian Mafias**

The authorities in Itali say that there are estimated 40 to 45 billion euros of cash flow by cocaine only in Itali. This is a large sum of money that it is twice the Italian state budget.

US police found that some of the drugs come from port of Gioia Tauro, a port in Itali which transits 4 million containers per year. Local authorities from Itali also discovered that Chinese brokers can make funds appear in Itali. It is estimated to have around 400 Chinese illegal money brokers operating in Italy, provide money laundering services for the Italian mafias and the local drug business.

**4. The Hawala System**

So, what is the system that the Chinese money broker is using? It is an ancient technique called the hawala system. Let’s see how it works by a simple example.

We look at the cartels operating between Mexico and America. The left side represents Mexico, and the right side represents United States.

Let’s say there is a cartel member trying to smuggle drugs to America. The smuggling uses physical routes.

Then, the cartel member in US distribute and sell those drugs for profit.

We can see that now the cartel member needs to find out a way to transit the money back to Mexico. This is where the Chinese money broker joins. The Chinese money broker will be requested for transaction.

Then the broker in Mexico will contact the broker in the US to pick up the money.

The cartel member in the US will drop the money to the broker, often using “dead drop”, meaning that the cartel member drops the money at a place and leaves, for the broker to pick up later. There is no physical meeting in the process.

The broker in the US contacts the broker in Mexico that the money is received.

Finally, the broker in Mexico gives the same amount of money, minus the processing fees, to the cartel member in Mexico.

You can see that there is no physical transaction between borders. The money in the US never leaves the US, and same for the money in Mexico. This makes the authorities hard to trace the money because it “appears” in a country.

But that leaves us a problem. If the system keeps going, there will be US dollars that need to be laundered for other use. How do they launder those money?

The Chinese money brokers have thought of a clever way to launder the money. Let’s look at another region, China.

The money broker finds investors in China willing to invest in US dollar, and divide the money into multiple cash flow to different investors into China. Once the money gets in China, it is harder for the police from other countries to figure out the exact cash flow.

The investors provide laundered money to the money broker through a legit bank, and the money is laundered.

**5. Personal Insights**

The video only mentioned the “Chinese Money Broker System”. This makes me curious about whether this system is new. After some research, it turns out that the system is not new.

It is actually called hawala system, and there are evidences that shows this ancient technique has already existed back to 1327.

Hawala system like this is an old technique, but being used by Chinese money broker on new purposes. It turns out that this system is effective against authorities, and they need new investigation methods to deal with it.

**6. Conclusion**

We see that Chinese money broker is an international problem that affects multiple countries like America and Itali, and the system they use, hawala, is untraceable by the current investigation methods, which focuses on the physical cash flow. Therefore, the police around the world should come up with new investigation methods to deal with this problem. Thank you for your listening, I hope you have a nice weekend.