

Introduction

This Book is intended to serve as a comprehensive source of information for money laundering professionals that wish to better understand, establish or improve their money laundering, terrorist financing, fraud, sanctions, bribery and corruption prevention frameworks (hereafter referred to as money laundering). These issues are of utmost importance and increasingly so, as the international community is relying on money laundering professionals to assist in successfully preventing, detecting and reporting money laundering in order to fight the devastating economic and social consequences of these criminal activities.

No Financial Institution worthy of its license, and mindful of its reputation and the risks, both criminal and civil that exist will deal knowingly with the proceeds of crime. More than that a financial institution will want to assist government authorities in every way in disrupting criminal funds, interdicting criminal flows and gathering intelligence to follow criminal trails. In addition to following the requirements by anti money laundering standard setters, as presented for compliance by applicable laws and regulations, Financial Institutions are faced with the challenge of designing appropriate AML Programmes which respond not only to the law, but should be based on the financial institutions own business activities but also reflect the changing threats posed by criminals and terrorists, to societies priorities championed by various stakeholders and to the pace of change within the Financial Services Industry.

This challenge is not all straightforward and requires a profound understanding of criminal behavior, the actors themselves, their criminal activities and in particular their attitudes and methods used in carrying out their crimes and laundering the proceeds of these crimes. In this criminals have a serious information advantage.

As Sun Tzu wrote in the Art of War, “If you know the enemy and yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained, you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.”¹

The Book is intended to reduce the criminals advantage, to alter the current imbalance and to get to know the criminal and his ways better. They provide money laundering prevention professionals, those that design, implement and test and for those that are also interested in combatting money laundering on a day to day basis with a comprehensive basis to improve both their understanding and ultimately improve effectiveness.

This Book is divided into **2 Parts** each divided into **4 Sections**, with, **5 Recommendations to “Effectively” combat Money Laundering; Money Laundering Facts and Figures; and What is Money Laundering?** providing an introduction to Part 1.

Part 1

Section 1 starts by looking at each of the **predicate offences to money laundering**, recognising that whilst the motive for economic crime, for money, may be similar there are many differences that set each of these crimes apart and make them attractive to criminals. For each, a look back through time provides the context in which to place criminal activities and relevant statistics aim to show the scale and size of the profits earned by the criminals, why criminals find these crimes so attractive and how criminals launder their money.

Section 2 focuses on **money laundering risks**, those that a money laundering prevention

professional should be most concerned about and is divided into 4 Subsections.

Sub-section 1 contains specific information from **FATF, the US and the EU and then from the Wolfsberg Group** and other sources focussing on the main areas of inherent money laundering risk, customers, products and services and the risk of distribution or channel risk, geography and country risks.

Sub-section 2 focuses in more detail on the main **Customer** types that pose increased risks.

Sub-section 3 analyses in more detail the core **Products and Services** via the main business operations conducted by Financial Institutions. For each of these major lines of business, the most important risks are identified alongside distribution or channel risks as well where appropriate alongside key scenarios identified that may pose the greatest risks and may need to be addressed.

Sub-section 4 deals with **Geography or Country Risk**, looking at methodologies, examples and many of the most important sources, in order to identify relative risk classifications between Countries. Country Profiles themselves particularly countries that are significantly vulnerable and/or exposed to money laundering and/ or where terrorists groups or organised criminal gangs operate or call home are included in Part 2, Section 5 (see later).

Section 3 provides a comprehensive guide to the **most important legal instruments**, the international conventions and treaties that formulate the necessary political agreements and indicate political will to fighting serious crime and on the proceeds of and financial facilitation of crime. This is supplemented by an overview of work conducted over the years by the Financial Action Task Force (FATF) and similarly of that of the leading industry body the Wolfsberg Group, focusing on a chronology of its publications and contributions. Finally a more detailed examination of existing Sanctions and Embargo laws and regulations completes this Section 3.

Section 4 offers suggestions on how to manage and mitigate money laundering risks, with details about **Risk Assessment and AML Programme** design and frameworks for each of money laundering, sanctions compliance, anti-bribery and corruption, and anti-fraud Programmes.

Part 2

Section 5 provides an insight into more than **250** of the most powerful **criminal gangs** and the most dangerous **terrorist groups** operating still today and some of histories most notorious, are profiled. In doing so, it demonstrates the continued prevalence of these groups their menace and it also demonstrates that few areas of the world have escaped the insidious attentions of these parasitical and determined criminal organisations. All **Regions** of the world are included, focussing on some **Key Countries** in these regions, with increased risks and where these organised criminal gangs and or terrorists call home. The gangs and groups include mafia type organisations, street gangs, prison gangs and other gangs that are involved in substantial collective criminality and terrorist organisations, religious, political and ethnic.

Section 6 continues with a focus on Terrorists with a chronology and short summary of the **Worlds Worst Terrorist attacks** over the last 100 Years by the number of fatalities which is also followed by the **Worlds Worst Terrorist Attacks on Airlines** amounting to up to more than **150** major incidents.

Section 7 continues the focus on serious crime, the financial rewards and the laundering of the proceeds of crime by looking at more than **150** of the most renowned **Criminal Cases**, covering all manner of crimes, including corruption, drug trafficking, fraud, insider dealing and market

manipulation and robbery, and many more. Whilst these cases can be seen as often exceptional, they nevertheless have to a large extent driven the legislative and public policy agenda in response to the concerns raised once these cases have come to public attention.

Section 8 completes the case theme, this time focussing on more than **75 Financial Institution Enforcement Cases**. FIs have been publicly sanctioned and/or fined for money laundering and or sanctions compliance related failings and these are summarised in order to illuminate the pitfalls and the increasing expectations placed on financial institutions.

Final Remarks

The contents of this Book are a work in progress as it has not been possible to include everything of interest and because new revelations will bring to light new areas of concern new areas of vulnerabilities and new areas to focus on. For now it is essential that the current areas of concern highlighted in this Book are considered and where appropriate addressed by all those keen on managing and mitigating money laundering risks.

Note to Reader

Where text is underlined it indicates a more detailed summary or profile can be found in this book, usually identifying a major risk category, instrument of law, an organised criminal gang, terrorist organisation, attack, criminal case or enforcement case.

Further Information

For more information go to www.redalert.org.uk.

Red Alert Test

For readers interested in assessing their financial crime knowledge and testing themselves against the contents of this Book, a multiple choice test is available with approximately 250 tailored questions in aggregate but individual tests covering a number of themes; including: Bribery & Corruption; Organised Crime/Drug Trafficking; Other Crimes; Terrorism Finance; WMD Proliferation Finance; Fraud; Market Abuse; Sanctions; Customer Risks; Products & Services Risks; and Money Laundering Prevention Programmes. For details about how to take the test and receive a Red Alert Certificate of Achievement for one or more modules or for the entire Test, contact the author directly on [jpcusack78@ gmail.com](mailto:jpcusack78@gmail.com).

Note on support to the National Autistic Society

From any profits generated from the commercial sale of this Book, a contribution will be made to The National Autistic Society (www.autism.org.uk)

