

ABSTRACTS

Anthony P. Maingot, "Offshore Secrecy Centers and the Necessary Role of States: Bucking the Trend," *Journal of InterAmerican Studies and World Affairs*, Vol. 37, No. 4, Winter 1995.

Money from illicit transactions flows into bank accounts in the Caribbean despite European and American efforts. The author advocates greater foreign government attention to offshore banking to restrict these illicit activities. The Cayman Islands signed onto measures promoted by the United States that would combat drug related "dirty money," but failed to address the proceeds of tax evasion, insider trading, and other forms of financial fraud that can be prosecuted under the RICO statutes.

Cayman-based banks have refused to lift secrecy even in the case of the proven corruption charges against former Peruvian President Alan Garcia Perez. In connection with this case, Italy and Peru presented judicial evidence to the Caymans that Garcia's money had flowed through their banking systems into the Caymans. Despite this evidence, the Cayman banks refused to cooperate.

In the face of such problems, the author believes that concerted action among nations is needed to combat the threat from off-shore centers. This may include incentives for clean dealing, as is the case now in Barbados, as well as the threat of exposure for countries that allow banks to operate in unacceptable ways. Maingot suggests that there are positive material reasons for rectitude. Bad publicity is detrimental to banking interests. The costs of being tainted by a powerful US or international agency are great.

Graham Pinner, "Money Laundering: The State of Play," in *Money Laundering in the 21st Century: Risks and Counter-measures*, Adam Graycar and Peter Grabosky (eds.). Australia: Australian Institute of Criminology, 1996.

Australia is among the world leaders in devising systems for the prevention and control of money laundering. Estimates of money laundering in Australia are around A\$3.5 billion annually. Money can be laundered out of Australia through financial institutions in the region and can then be returned to Australia at a latter part of the laundering cycle. Large-scale operations of the National Crime Authority joint task force indicate that, despite governmental intervention, there is considerable movement of funds overseas, a situation facilitated by the failure of surrounding countries to control their laundering. Cambodia is singled out as a particularly lax environment. Drug monies originating from Australia are moving to Hong Kong, a fact acknowledged by Hong Kong in its reports to the Financial Action Task Force. Cooperation between Australia and Hong Kong is good, and agreements on the exchange of information on financial transactions are being developed with many countries. This coordination is important in exploiting the weakness of criminal organizations—the need to launder their money.

Patrick Moulette, "Experience of the International Community in Countering Money Laundering," Paper presented at the Joint Presidency and Finnish Ministry of the Interior Conference, Helsinki, Finland, December 4–5, 1996.

The Secretary of OECD's Financial Action Task Force points out the troubling increase in the use of the unregulated bureaux de change for money laundering activities. The FATF has recommended that bureaux de change, often outside the banking system, should be subject to the same anti-money laundering laws and regulations as are other financial institutions, even in countries that are not subject to formal supervision as member states. Smuggling currency across borders remains a major form of money laundering. Moulette calls on countries to enhance their efforts to stop such activities.