

Money Laundering

Money laundering is the processing of criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminal to enjoy these profits without jeopardizing their source.

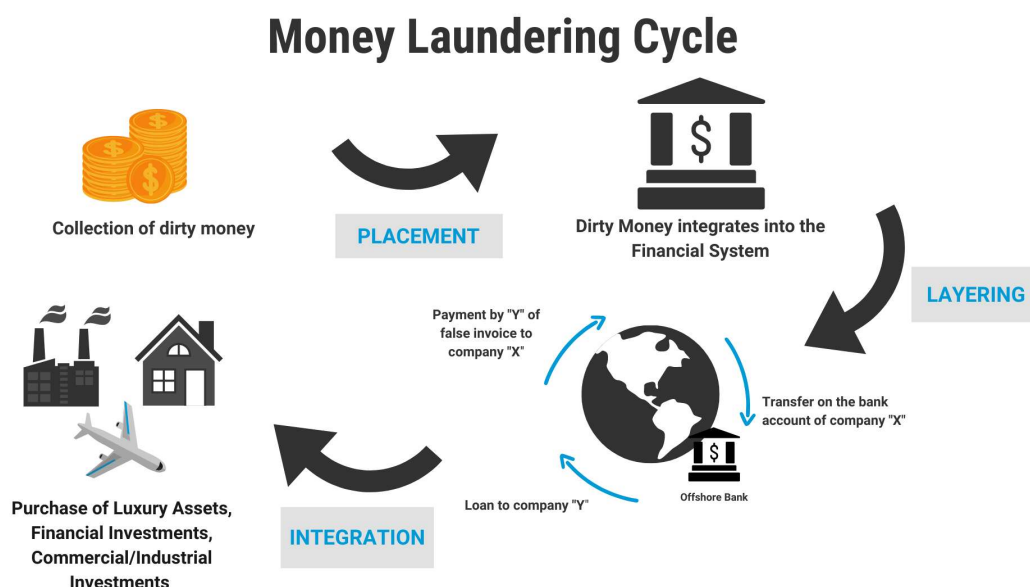
Money laundering has been addressed in the UN Vienna 1988 Convention Article 3.1 describing Money Laundering as: ***“the conversion or transfer of property, knowing that such property is derived from any offense(s), for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in such offense(s) to evade the legal consequences of his actions”.***

In addition, the 2000 [UNTOC Convention](#) contains provisions related to combatting money laundering in Articles 6 and 7, while Articles 12, 13 and 14 relate to confiscation of proceed of crime. Furthermore, the 2003 [UNCAC Convention](#) Articles 14, 23 and 24 also contains measures related to combating money laundering, with Article 31, and 51 to 59 (Chapter V) containing provisions for the freezing and confiscation of proceeds of crime.

Money laundering is a process which typically follows three stages to finally release laundered funds into the legal financial system.

3 Stages of Money Laundering

- Placement (i.e. moving the funds from direct association with the crime)
- Layering (i.e. disguising the trail to foil pursuit)
- Integration (i.e. making the money available to the criminal from what seem to be legitimate sources)



In reality money laundering cases may not have all three stages, some stages could be combined, or several stages repeat several times. For instance, if cash from drug sales is divided into small amounts and then deposited into banking accounts by “money mules” and afterwards transferred as payment for services to a shell company. In this case the placement and layering are done in one stage.

The estimated amount of money laundered globally in one year is 2 - 5% of global GDP, or \$800 billion - \$2 trillion in current US dollars. Due to the clandestine nature of money-laundering, it is however difficult to estimate the total amount of money that goes

through the laundering cycle.

Terrorist Financing

Terrorists and terrorist organizations usually need to rely on money to sustain themselves and to carry out terrorist acts. Terrorist financing encompasses the means and methods used by terrorist organizations to finance activities that pose a threat to national and international security. Money provides terrorist organisations with the capacity to carry out terrorist activities, which can be derived from a wide variety of sources. Money can come from both legitimate sources (i.e. profits from businesses and charitable organizations) and criminal sources (i.e. Drug trade, weapon smuggling, kidnapping for ransom).

While a money laundering scheme is usually circular and the money eventually ends up with the person who generated it, a terrorist financing process is typically linear, and the money generated is used to propagate terrorist groups and activities.

It can be divided in following stages:

- Raise
- Store
- Move
- Use



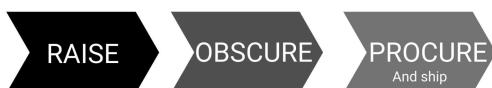
Proliferation Financing

Generally speaking, proliferation is the spread of nuclear, radiological, chemical or biological weapons; their means of delivery such as missiles, rockets and other unmanned systems, as well as related materials, such as weapons of mass destruction (WMD)-sensitive materials, equipment and technology. If appropriate safeguards are not established, maintained and enforced sensitive materials, technology, services and expertise can become accessible to individuals and entities seeking to use them in WMD programmes. They can also become accessible by terrorists who are pursuing chemical, biological, radiological or nuclear (CBRN) capabilities.

While there is no internationally agreed definition for proliferation financing yet, it can be described as providing financial services for the transfer and export of nuclear, chemical or biological weapons; their means of delivery and related materials. It involves the financing of trade in proliferation sensitive goods, but could also include other financial support to individuals or entities engaged in proliferation.

The financial elements of a WMD programme can be divided into three stages:

- Raising of funds
- Obscuring of funds
- Shipping of necessary items



United Nations Office on Drugs and Crime

