

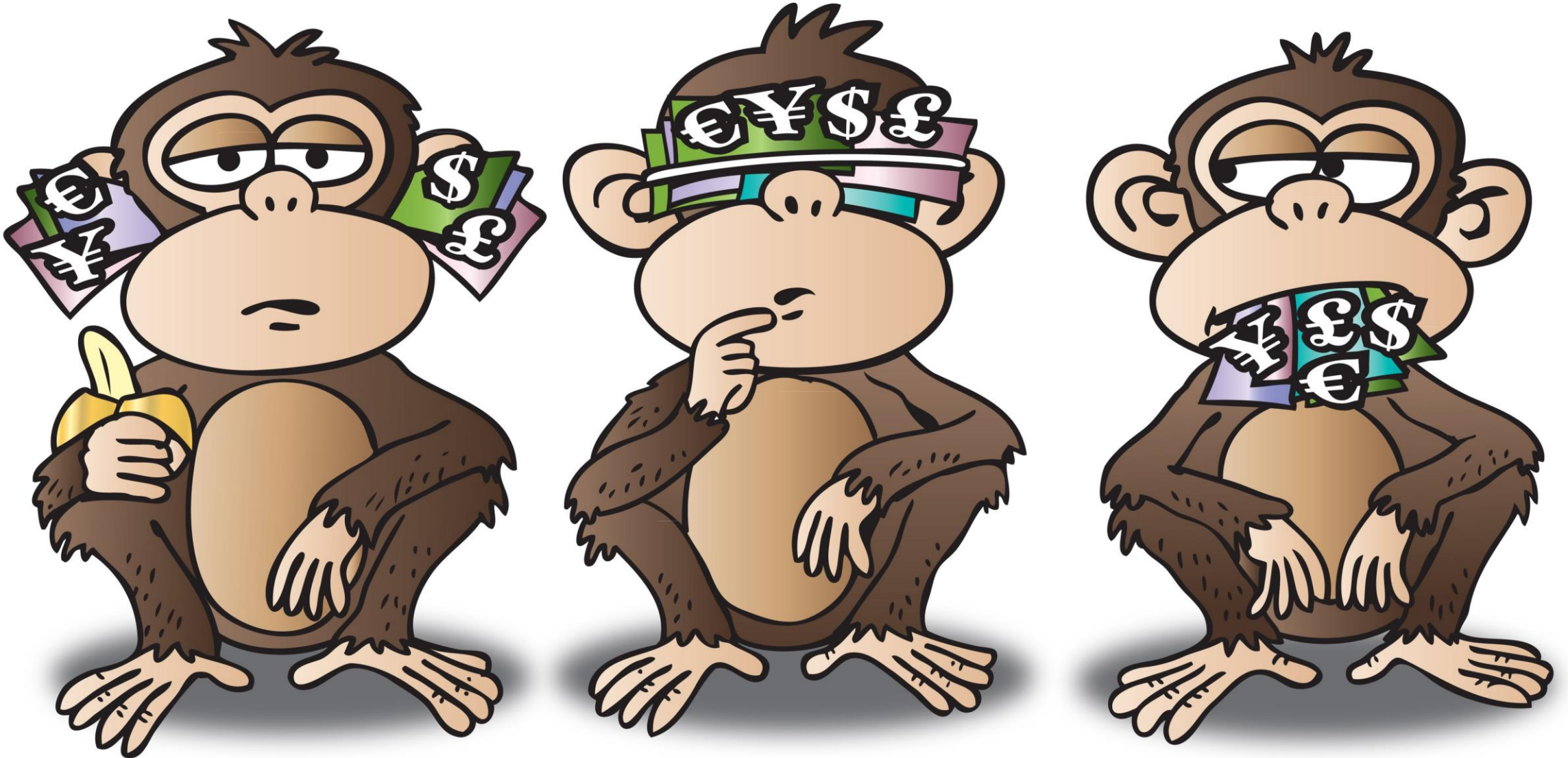


CORRUPTION AND MONEY LAUNDERING

Prof.Dr.Aung Tun Thet
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HEAR NO EVIL, SEE NO EVIL, SPEAK NO EVIL





CORRUPTION

- **Demoralize**
- *Human development*
- *National security*
- *Economy*
- **Greatest hurdle** to lifting millions of people from destitution

**Money laundering
invigorate corruption**



CORRUPTION AND MONEY LAUNDERING

- **Mutualistic**
- **Occur together**
- Presence of one tends to **produce** and **reciprocally support** occurrence of the other



MONEY LAUNDERING



- **Process of concealing** illegal origins of money
- Increasingly **international status** with growth of cross-border crime and progress of legitimate international trade and finance

A TYPICAL MONEY LAUNDERING SCHEME

Collection of dirty Money



1. PLACEMENT



Dirty Money Integrates
into the financial System



2. LAYERING

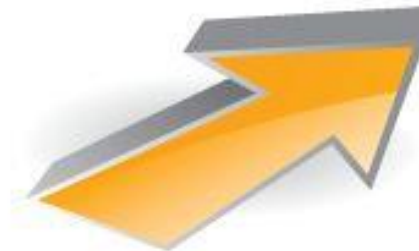


Transfer funds between various
Offshore / Onshore Banks

3. INTEGRATION



Purchase of Luxury Assets
Financial Investments
Commercial / Industrial Investments





MONEY LAUNDERING



- Inextricably linked to **corruption**
- Design of **anti-corruption policy** measures incorporate effective implementation **anti-money laundering (AML)** strategy



CORRUPTION PROCEEDS

- **Laundered** to conceal **illicit origin**
- **Money laundering** schemes created to **facilitate** corruption activities and legitimization of illicit money
- **Financial institutions** (banks) and **professional intermediaries** (lawyers) key conduits for laundering of proceeds of corruption
- Use of **intermediaries** primary mechanism for obscuring link between origins of corrupt proceeds and ultimate beneficiary



CORRUPTION AND MONEY LAUNDERING



- Thrive in environment of **bad governance**, lack of **oversight institutions**, and tenuous **legal systems and laws**
- **Intertwined**
- **Embedded** in each other
- **Symbiotic**



CORRUPTION AND MONEY LAUNDERING



- **Close connection**
- **Overlapping** relationship
- **Inextricably linked**



CORRUPTION AND MONEY LAUNDERING



- Addressed as matter of **seriousness** nationally and internationally
- **Eroded** fabric of societies
- Cannot afford to ignore transgressions **against humanity**
- No state **immune**



RELATIONSHIP AND CURRENT MITIGATING MECHANISMS



- Dealing with corruption and money laundering **collectively** difficult
- Two concepts *historically* and **bureaucratically separated**
- **AML Financial Intelligence Units (FIUs)** believe corruption outside area of responsibility
- **Anti-corruption bodies** believe similarly when it comes to money laundering



RELATIONSHIP AND CURRENT MITIGATING MECHANISMS



- ***International* initiatives and projects** to combat corruption and money laundering: OECD Convention for Combating Bribery of Public Officials in International Business Transactions; Joint UNODC/World Bank Stolen Assets Recovery initiative; ADB/OECD Anti-Corruption Plan for Asia and the Pacific; Financial Action Task Force; and Asia-Pacific Group on Money Laundering



WAY FORWARD



- Single **most important tool** in preventing corruption and money laundering:
- ***Register listing public officials' assets and income***
- ***Updated and audited regularly***



WAY FORWARD



- Officials make **declaration** of all assets and liabilities
- **Benchmark** facilitate discovery of subsequent large sums
- Include assets derived from **spouses** and **immediate families**
- Address corruption AND money laundering **together** in **holistic manner**

