



Asia/Pacific Group
on Money Laundering

MONEY LAUNDERING METHODS AND PROCEEDS OF CRIME TYPOLOGIES WORKSHOP

**WELLINGTON, NEW ZEALAND
27-28 October, 1998**

PUBLIC SUMMARY REPORT

Introduction

A group of experts from twenty-five (25) jurisdictions and four (4) international and regional organisations¹ met in Wellington, New Zealand on October 27 and 28, 1998. This Workshop was mandated by the first annual meeting of the Asia/Pacific Group on Money Laundering, held in Tokyo, Japan, in March, 1998.

The purposes of the Workshop were:

- To bring together knowledgeable law enforcement officers and other specialists in the areas of money laundering investigations and regulations;
- To identify the current ways by which proceeds of crime are used or laundered in the Asia/Pacific region;
- To determine any emerging money laundering trends or patterns within and between jurisdictions in the Asia/Pacific region; and
- To consider ways to improve international cooperation in the detection, investigation and seizure of proceeds of crime, and where appropriate, the repatriation of the proceeds of crime, especially when the proceeds are transmitted to other jurisdictions.

¹ Australia, Canada, Chinese Taipei, Cook Islands, Fiji, Hong Kong, China, India, Indonesia, Japan, Kingdom of Cambodia, Macau, Malaysia, Nepal, New Zealand, Republic of Maldives, Republic of Philippines, Samoa, Singapore, Sri Lanka, Thailand, Union of Myanmar, United Kingdom, United States of America, Vanuatu, Vietnam, Interpol, South Pacific Forum Secretariat, United Nations (ODCCP), World Customs Organisation

Workshop Highlights

Workshop participants were called upon to submit written reports prior to the commencement of the Workshop. At the Workshop, participants were asked to highlight the most significant money laundering related issues specific to their particular jurisdictions, as well as to the Asia/Pacific region as a whole.

Identified below, in summary fashion, are the most common and significant issues:

- Proceeds of crime derived from the activities of traffickers, in both people and illicit drugs, gambling operations and organized criminal groups.
- Money laundering as a means of disguising and hiding the proceeds of violent and serious crimes such as kidnapping, arms smuggling, highjacking, extortion, public corruption and crimes by terrorist groups.
- Money laundering as a means of tax evasion.
- The use and abuse of the services offered by offshore financial centres for the purposes of money laundering.
- The increasing use of professionals, including lawyers and accountants, for the purposes of money laundering.
- Structuring, or deliberately breaking down, currency transactions so as to avoid legal reporting requirements and detection.
- Purchasing of bank drafts and bank cheques, as a substitute for currency, and transporting the drafts and cheques via couriers or through the postal service.
- Physical removal of currency from jurisdictions by the making of false declarations or by the smuggling of large amounts through cargo containers or international courier services.
- Traditional electronic movement of funds by means of bank transfers or transfers through financial advisors and insurance or securities brokers.
- Changes and innovations in technology that allow for undetected electronic movement of funds, such as transfers of funds over the internet, the purchase of goods and services over the internet with illegally derived funds and the use of emerging technologies such as stored-value cards.
- Movement of currency and other forms of funds by means of non-traditional banking services, such as underground or alternative banks, currency exchange houses and remittance facilities.
- The use of company formation agencies to form “shell” companies and the use of “shell” companies to disguise the true ownership and source of illicit funds and to facilitate transfers of those funds.

- Transfers of proceeds of crime outside the jurisdiction for the purpose of investment, including the purchase of real estate.
- The use of the gambling industry, including casinos, to transfer and disguise the proceeds of crime.
- The use of negotiable instruments and credit and debit cards to transfer and disguise the proceeds of crime.

Conclusions

As a result of the discussions and presentations during the course of the Workshop, the Workshop participants concluded that:

- A continuing focus should be placed on the significant issues highlighted in the above points.
- Regional factors must be recognised and addressed, especially the widespread use of cash in daily commerce in the region;
- Close cooperation with the banking and financial sectors in each jurisdiction is essential to successful regional law enforcement efforts against money laundering;
- Sharing of information between jurisdictions is essential to successful regional law enforcement efforts against money laundering; and
- Targeted and continuing training and technical assistance are necessary, especially in light of the ever-changing innovations in technology that allow for the rapid movement of funds.

Recommendations

The Workshop participants determined and consented to the following:

1. To conduct annual typologies workshops for the Asia/Pacific region.
2. To consider the problems raised by alternative remittance services and, in conjunction with Interpol, prepare a paper on this subject. In this regard, the Workshop noted and commended the intention of the APG to conduct a workshop dedicated to this subject matter in Tokyo, Japan, in March 1999.
3. To support the technical assistance and training needs assessment being conducted by the APG and have it applied to the region as a whole.

*Wellington, New Zealand
28 October 1998*