

Money Laundering: A Borderless Crime

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ABSTRACT: *Money Laundering has taken a leap of growth globally and is a major concern or topic of evaluation amongst the developing and developed countries. The term money laundering basically means converting black money into white money through some illegal means without being tracked by government authorities. In order to witness the change in the nation and to decrease the volume of such prevailing crimes, practices such as money laundering must be controlled by taking initiatives and introducing various different anti-money laundering policies. This paper initially describes the term money laundering and its impact on the economy of the nation. Further, the paper moves on to discuss the various different initiatives or steps, that are need to be taken or amending the already existing legal framework, in order to curb the rise of such illegal practices of money laundering across the globe. At last, the paper makes an attempt in identifying the root cause behind such crimes and provides suggestions or proposals that must be taken into consideration, in order to control different process and techniques of money laundering.*

KEYWORDS: *Borderless, Crime; Illegal; Money Laundering, Spoofing.*

INTRODUCTION

The term “money laundering” discussed in here, is self-explanatory. It refers to the illegal or dirty activity of converting money obtained through some sort of illegitimate sources in order to create such a disguising or concealing scenario or situation for every transaction, that it has been originated from the sources which are legitimate and legal, so that such sort of transactions are executed without keeping any track or record and evading or eroding the consequences faced legally, behind such an act. In other words, the conversion of black or dirty money into white or clean money is called “Money Laundering”[1].

Organised crime is at the core of a variety of major crimes. Spoofing processes or evading taxes has now become a common occupation for people on the receiving end of various countries' political and operational systems. Anti-money smuggling initiatives are necessary to create the world less desirable to drug barons, shielding the financial services industry from organisational and pecuniary threats[1].

Money laundering is described as the purchase, usage, ownership, mask, camouflage, transformation, exchange, or disappearance of the proceeds of illegal crime through one nation to the other. Even trying to do either of these things, or being interested in a scheme that promotes anything, may be called insider trading. Money laundering is the practise of altering the sources of illegal proceeds and the rightful owners of all those revenues so that they seem to originate from a government source. Tax evasion does not exist where the origin of some of these revenues is hidden or obscured because if the benefits is received by unlawful behavior. Its whole procedure is made up of appointees[1].

If the term “money laundering” is analysed in a literal sense and break up is done in two parts, say the term “laundering” is understood first, it means “washing”, hence, the term “money laundering” turns up to be the washing of the money, basically the black money, earned through the means of illegal sources, and washing or converting the same into white money, so that the original root of the money is avoided from being tracked or traced by any national or international authorities[2].

Its whole procedure involves three stages: positioning, blending, and implementation. Currency theft, banking institutions, investment agencies, property estate or gaming firms, Overseas Trade-based money, overseas investment centres, by practitioners such as attorneys or accountants, and automated currency are all forms of currency manipulation techniques[2].

India is vigilant in its anti-money manipulation criminal laws, however there is no indication that this has resulted in a decline in tax evasion exercise; in fact, amid these attempts, India continues on the list of listed tax evasion nations. This phenomenon must be tackled by regulatory authorities. Since tax evasion happens outside the context of public surveys, there is relatively little analytical evidence on the aggregate severity of the problem. In fact, officials can hardly speculate about the amount of revenue smuggling that exists, but it is generally accepted as a never-ending issue in the finance industry[2].

In the act of money laundering, the process, chain or route for the same, plays a vital role, as every link in the chain is interconnected with each other, and every link in the chain gets the prerequisite share by performing or executing such a white-collar crime. The act is executed in such a manner that, it can't be traced or tracked by any authorities, as they try to change or convert the root source of the money or try to change the location of such an illegal money, and hides the same at some secret place, known to few and crucial links of the chain, and unknown to the authorities, moreover helpless to keep a record of the same. Moreover, the links developed between the traders of money laundering or crucial parties to an act of money laundering, such as business men or politicians, is yet a mystery to be solved by the authorities and public[2].

It is aimed to limit the danger of financial fraud by drawing on the banking sector of the economy strengthening of controls and encouraging stronger investor trust and customer security. In order to prevent, track, and prevent financial crimes and illicit behaviour, introduction would necessitate a high degree of vigilance and transparency along a broader spectrum of enterprises. When victims of violent crime, or even the general population, see offenders leading lives much more luxurious from their own, it can cause mass concern. As a consequence of the enforcement, the nation's foreign standing strengthens[3].

The country has issued a special identifying number for the needy, however they are uncertain of their privileges and fear lenders, so many resist the extensive paperwork necessary to finish a transfer of funds via a finance company. As a result, they get embroiled in a felony. The state must inform the public about certain activities and instil a sense of caution in the face of drug trafficking incidents. The advancement in technology has proven to be a blessing for tax cheats and India, resulting in a spike in cyber-attacks. India wants to strengthen its IT infrastructure so that money-laundering tools can indeed be misused or compromised[3].

Money Laundering has taken a leap of growth globally and is a major concern or topic of evaluation amongst the developing and developed countries. The term money laundering basically means converting black money into white money through some means without being tracked by government authorities. In order to witness the change in the nation and to decrease the volume of such prevailing crimes, practices such as money laundering must be controlled by taking initiatives and introducing various different anti-money laundering policies[3].

For lenders, understanding their clients is just not enough. Markets must consider their consumers' businesses and weigh the performance involved with each one of their consumers' businesses. The officials enforce Recognize Certain Consumer regulations with apathy between customers. It is the role of the national to insure that it has been enforced equally. Anti-money trafficking workers must be made redundant in compliance with existing laws and rules, as well as the forms of payments that are especially vulnerable to tax evasion[4].

Examination of foreign partnership policies and rules to provide for changes and effective responses in developing situations. For a similar list of crimes, various nations have made different strategies. As a consequence, there must be a clear and uniform strategy for drug barons so that they do not have a safe haven. Anti-money smuggling techniques must be checked on a daily basis. To think from tax evasion methods, law enforcement authorities must now position themselves in the position of tax cheats. To stop dual taxing, all different destinations would exchange the requisite details for better accountability and data. Rather than just cents, Anti Money Laundering laws are included. Instead of centralization, Anti money laundering rules must be autonomous. The job of fighting tax dodgers should also not be exclusively the government's responsibility; it can also be allocated to state and local governments[4].

Money Laundering is a white-collar borderless crime, if compared to some street and petty crimes, it is a modern, sophisticated and victimless crime. It is not a crime against some particular or specific person, individual or natural person, moreover, it is a crime against whole world or nation, and their governments in specific, also it is a global crime without any barrier or border, it can be operated across global world. Hence, in order to curb or mitigate the process of money laundering, some stringent and strict measures are need to be adhered to, so that the menace or global ruckus created by such a prevalent crime, is controlled, and the impact or consequences of such a crime is mitigated to its lowest rate possible[4].

As opposed to criminal activities, a complex offense should not be treated seriously at first sight by those in community. Money is probably predominant purpose is to act as a means of trade, and it is generally recognised as such in the final agreement of obligations and the purchase of products and services[5].

Though this word 'money' can apply to all currency in circulation, it can also refer to only those of each that are legal currency at the time and location in consideration. Payment has long been a source of debate among family members and friends. It's been said that if you give loans to an individual, you would ruin himself or create an enemy of him. For it has been said that everything is equal in victory and defeat, land - cash, house, or assets - has often triggered community discord, rivalries, and sometimes even massacres. Income is the satan's brother, blamed for a multitude of trouble and horrors. Some people are claiming that getting a lot of money would make them happier, but this is not the case[5].

Tax fraud is the practise of converting illegal profits into what seems to be actual cash or other property. That is the method of producing illicit gains in order to hide their unlawful roots. In basic terms, it's the means of producing revenue through one origin seem to originate from some other[5].

Tax fraud is the act of concealing income and perhaps other properties from the government in order to avoid loss by taxes, decision compliance, or outright forfeiture. The suspects in this situation attempt to hide the origins of profits received from illicit acts so that it appears to have originated from legitimate means. Therefore, they will be unable to access that because it will lead themselves to the unlawful operation and police agencies will recover it[5].

Cartel members, tax evaders, crooked lawmakers and elected officers, gangsters, hackers, and scam artists seem to be the most popular categories of offenders who really need to evade taxes. Cartel members need advanced banking mechanisms since they work nearly entirely in currency, which generates a slew of logistical issues. Violence, unauthorized weapons sales, money laundering, bribery, and intravenous drug dealing all produce vast amounts of revenue, and terror organisations must figure out a way to use these resources without raising questions regarding their illegitimate roots[5].

The aim of all these crime groups is to make money for themselves or for one of their specific individuals. When an illegal enterprise produces large income, the person or organisation concerned disguises the origins, alters the shape, or transfers the assets to a position because they're less able to lose suspicion. The rationale behind the tax evasion experiment is that benefit excites pharmaceutical purchases, and since most profits are in currency, the cash receiver must find an option to transform these revenues into utilisable economic hub of valid roots[5].

Research Question

- What is Money Laundering and what is the process behind such a borderless white collar crime?
- What are the consequences or side-effects of Money Laundering?

DISCUSSION

In the act of money laundering, the process, chain or route for the same, plays a vital role, as every link in the chain is interconnected with each other, and every link in the chain gets the prerequisite share by performing or executing such a white collar crime. The act is executed in such a manner that, it can't be traced or tracked by any authorities, as they try to change or convert the root source of the money or try to change the location of such an illegal money, and hides the same at some secret place, known to few and crucial links of the chain, and unknown to the authorities, moreover helpless to keep a record of the same. Moreover, the links developed between the traders of money laundering or crucial parties to an act of money laundering, such as business men or politicians, is yet a mystery to be solved by the authorities and public[6].

Swindlers are still searching for new ways to get their money out of the country. As managed capital middle governments introduce robust anti-money manipulation policies, markets with rising or emerging major economies but insufficient regulations are particularly susceptible. Swindlers can take advantage of respective national anti-money privacy breach, shifting their channels to states and monetary markets with inadequate or unsuccessful defensive measures[6].

Tax evasion has significant and serious implications whether it is left unregulated or treated with ineffectually. Money laundering can penetrate banking firms, intervene in vast aspects of the business, and corrupt elected representatives and even legislatures. Illegal enterprises' financial and trade clout will erode current societal political system, common moral standards, and, fundamentally, political processes. This illegal presence in civilization today to political rule has the ability to sabotage the process[6].

Money Laundering has taken a leap of growth globally and is a major concern or topic of evaluation amongst the developing and developed countries. The term money laundering basically means converting black money into white money through some means without being tracked by government authorities. In order to witness the change in the nation and to decrease the volume of such prevailing crimes, practices such as money laundering must be controlled by taking initiatives and introducing various different anti-money laundering policies[6].

Organised crime, if left uncontrolled, will erode a national economy through altering economic unit, rendering investment and currency fluctuations more unpredictable, and triggering rampant inflation in places where corrupt officials work. The annual diversion of large quantities of capital from healthy industrial prosperity presents a significant threat to each world economic stability, which has a detrimental effect on the world economy. Tax evasion is inexorably intertwined to the illegal activities that contributed to it in the first place. Financial crime will proceed with the aid of financial fraud[7].

Criminal activity requires practises that are both regional even at a advanced rank; thus, in addition to provide a meaningful effect, all governments must implement stringent and, to the maximum practicable, standardised legislation, such that tax evaders must have no position to infiltrate in attempts to embezzle their stolen goods by a lack of authority or other means[7].

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There is also no global harmonisation initiative for anti-money smuggling and governments have no duty to determine which crimes should really be deemed reference crimes to tax evasion. As a consequence, popular lead offenders must be enlisted in order to be effective globally, especially considering the supranational existence of financial fraud[7].

Besides that, quantitative estimates secrecy in other places is a challenge. The states remain stubborn about retaining this level of secrecy. There must be a distinction made between other banking secrecy laws and commercial banks being money trafficking shelters[7].

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Aside from this one, many folks think that tax evasion is a felony that has no victims. Individuals are unconcerned with the implications of their actions. As a result, it is important to educate the community amongst many individuals, developing a sense of caution against incidents of tax evasion. Since it would be open to inspection, that would also result in stronger police departments[8].

Furthermore, careful cooperation between some of the Center and the System is required for successful anti-money trafficking initiatives. The squabble here between two must be settled as a result. The rules should indeed be the part of the national government, but also about the states. The legislation's scope would've been stronger the more centralized it is. As a consequence, in order to have a successful anti-money trafficking policy, one must understand geographical, international, and foreign viewpoints[8].

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Tax evasion is the method of concealing the actual owner of land or money while rendering the origin look real. Financial trafficking has resurfaced as a result of the worldwide rise of extremism. Because of its broad origins in the banking sector of the country, the dangerous loop of illegal activity and money is flowing has posed a danger not just to the judicial system, but also to the banking markets and its middlemen. India is still not resistant to this major issue[8].

Tax evasion is sometimes associated with the Hawala scheme of monetary banks operating in India. The complicated network of payments in this framework exemplifies the laundering process and has been discussed in considerable length in the later sections of this article. Tax evasion and its strong ties to illegal activity such as narcotics and child prostitution, terrorist financing, and betting are all demonstrated by Hawala payments[9].

Tax evasion has been a major dilemma in recent years. Tax evasion has drawn the attention from the international media, law enforcement officials, lenders, and the general public. Tax evasion seems to have been responsible for a number of problems around the world, including bribery and financing of illicit acts of terrorism. Although a common concept of laundering money exists, various meanings were introduced around the globe[9].

Tax evasion is a multi-tiered method of concealing the origins of unlawfully acquired funds in order to make the origin look legitimate. Although it can seem to be a simplified method, it actually falls into three categories of camouflage that allow tax evasion to take place. Going to earn revenue from illicit activity or income resulting from organised crime data over a period of time is a prerequisite for this process. Following that, a need to embezzle those funds emerges[9].

Tax evasion has undermined the global banking system. It reinforces the dangerous link among illegal activity and the finance industry, placing peaceful coexistence, regional stability, and dealing with financial sustainability in jeopardy. Although nationally and internationally regulatory initiatives to recognise the method of operation of the very same should be lauded as a tiny thing ahead, it is important to detect the weaknesses in their execution[10].

Individuals with larger degrees of consumer secrecy continue to cooperate with neighbouring participating countries in the fight against fraud on a global scale. Comparably, at the state level, the rate of technological changes makes for the same, as police authorities are only big points behind from detecting financial fraud. Fiat money legislation must be updated to account for the dynamic cash mechanisms that could be allowed as a consequence of climate change technical advances and privacy rules. India, through its PMLA and modifications, has sought to do just that[10].

The court's enforcement, nevertheless, remains a major obstacle. Furthermore, the absence of judiciary success in this field of law would not create a constructive pattern. The Indian senate's method of embracing the "one style doesn't really suit all" governance interpretation, on the other hand, should be applauded. Even so, the RBI, Securities and exchange board, and the National Government have placed common standards of accountability in bank fraud legislation and rules in India. As a result, we must move forward towards increasing the penalty for tax evasion and addressing regulatory and compliance gaps in the new policy system[10].

The collection of illicit income in order to hide their criminal roots is known as tax evasion. If an illegal enterprise produces large income, the person or entity concerned must find some way to maintain ownership of the proceeds while calling attention to the basic activity or the individuals involved. The mechanism by which offenders seek to hide the real sources and possession of the profits of their illegal activity is known as tax evasion. It also helps them to retain hold of the profits and have a legal shield for their funding mechanism if handled correctly[10].

CONCLUSION & IMPLICATION

Money Laundering has taken a leap of growth globally and is a major concern or topic of evaluation amongst the developing and developed countries. The term money laundering basically means converting black money into white money through some means without being tracked by government authorities. In order to witness the change in the nation and to decrease the volume of such prevailing crimes, practices such as money laundering must be controlled by taking initiatives and introducing various different anti-money laundering policies.

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