

Workshop # 7
International Cooperation on Money Laundering and Offshore financial Centers

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Panelists: Professor Ernesto Savona, Italy; Mr. Gil Galvao, Portugal; M. Fernand Batard, France; Mr. Richard Pratt, Jersey

Introduction- This was the first time that an IACC conference has addressed the linkage between corruption and money laundering and it is quite clear that this is a very important linkage. Indeed several keynote speakers surfaced the importance of closing off the channels for the movement of corrupt monies resulting from bribes and embezzlement of the public monies.

Money is the most common method of corrupting public officials, but large illegal payments presents problems for both the giver and taker of bribes. Experience has demonstrated in the areas of drug trafficking and other crimes for profit that the criminal's success is largely dependent on his ability to conceal the source of the illicit proceeds and get them into legitimate financial institutions. Most countries have moved to criminalize the process of „cleaning“ dirty money by making money laundering itself a crime and establishing numerous preventive measures that help deter access by criminals to financial services.

Corrupt officials often have to move their illegally obtained funds to other jurisdictions in order to avoid detection. Offshore financial centers, which provide a range of valuable tax and asset protection services for legitimate businesses and individuals, are vulnerable to the laundering of funds from corrupt public officials. International banks and particularly their private banking departments are also potentially vulnerable.

Recommendations-

Workshop #7 discussed a range of issues surrounding this topic and general consensus appeared to suggest seven areas deserving special attention:

1. All nations should make the laundering of the proceeds of corruption a criminal offense.
2. There must be a deeper knowledge of procedures, regulations and laws to combat money laundering related to corruption.
3. There is a need for much greater knowledge among nations regarding the unique patterns of money laundering related to corruption including the problems created by commercial laws which permit secrecy in the establishment of shell corporations and trust arrangements.
4. There is a need for nations to facilitate the seizure and confiscation of assets that are derived from corruption.
5. There must be a more positive and supportive attitude by developed countries to the efforts of the emerging nations in their difficult job of investigating and recovering the assets of corrupt individuals.

6. Private international financial institutions and particularly their private banking components should undertake a professional obligation to take all necessary measures to avoid facilitating money laundering by corrupt individuals.
7. The Financial Action Task Force, The United Nations, The Council of Europe and other international organizations should make every effort to bring about full compliance with international anti-money laundering standards as well as work toward harmonization of national laws.