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## Tracing dirty money and crooks

THE complexity of the war against terrorism has escalated with the realisation that terrorist groups could easily launder their funds. Since money laundering is an international activity, a co-ordinated global response is necessary to trace, freeze and confiscate the assets of terrorists.

Simply put, money laundering is the concealment of the criminal origins of money by its use in legitimate financial activity. It entails three phases: the placement phase, the layering or agitation phase and the integration or re-integration phase. The concealment includes the disguise of the nature, source, location, disposition, movement or ownership of any rights to the assets.

Inevitably, it accompanies any cross-border financial crime. There is good reason to believe that funds were spirited from the East Asian region during the mid-1997 economic crisis. And in almost every serious investor fraud and white collar crimes, one will surely encounter an element of money-laundering. The wealth of some gigantic companies have been plundered without a trace of its whereabouts simply because it has been concealed under a web of seemingly innocent transactions - be it through the innocuous purchase of machineries from an overseas company which, in reality, is linked to the perpetrators of this deception or through the payment of non-existent services from abroad - and thus, defeat any vigorous effort by the authorities to recoup the money lost. Neither is it uncommon for some to impose such layers of transactions as a means of tax evasion.

Billions of non-drugs related money is laundered worldwide each year, some which we now know go towards the funding of terrorism or perhaps other unholy purposes such as attempts to threaten a nation's sovereignty and to overthrow or destabilise the government.

There must be a concerted global effort to pursue anti-money laundering measures so that ultimately, it would be impossible for funds of criminal origin to use the financial system of any member country. But the necessary inspection of financial accounts, which involves an exception to banking secrecy laws, should not be confined just to terrorism-linked funds. As pointed out by Prime Minister Datuk Seri Dr Mahathir Mohamad, the same guiding principle must extend to foreign bank accounts of suspected corrupt politicians and government officials. And, may we add, to crooked corporate figures as well. Indeed, the non-disclosure of information in the banking laws of these countries is a major stumbling block to many of the authorities' investigations into the country's alleged corporate misdeeds.

There is merit in Dr Mahathir's call for changes to the international banking laws to allow governments to scrutinise the foreign bank accounts of suspected crooks. Where there is suspicion and reasonable belief that the funds are the proceeds of criminal conduct, the disclosure of these accounts should not be treated as a breach of banking secrecy imposed by statute or otherwise.

Amendments to confidentiality laws will prevent illegal and corruptly-acquired money from being stashed away legally in some countries. The Government must be allowed to trace the trail of these ill-gotten money, nab these crooks and bring them to justice.

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