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Reexamining the anti-money laundering framework: A legal critique and new approach to combating money laundering

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Abstract

Purpose – Money laundering poses significant challenges for policy makers and law-enforcement authorities. The money-laundering phenomenon is often acknowledged as a type of ‘serious and organised crime’ yet has traditionally been described as a complicated three-stage process, involving the ‘placement, layering, and integration’ of criminal proceeds. This article reexamines the money-laundering concept within the realm of organised crime and critiques its legal underpinnings.

Design/methodology/approach – This paper explores how criminal actors collude in organised money-laundering schemes to circumvent laws and frustrate the efforts of officials, while advancing the regulatory-spatial paradigms of which organised money launderers operate. In doing so, it reframes the debate towards the ‘who’ and ‘where’ of money laundering.

Findings – This paper argues that authorities’ efforts to combat money laundering relies on rigid legal definitions and flawed ideals that fail to address the money-laundering problem.

Originality/value – There has been little scholarly debate that questions the fundamental approach to conceptualising money laundering. This paper proposes a new approach to combating money laundering that better incorporates the actors involved in money laundering and the spaces in which it occurs.

Keywords

Money laundering, organised crime, three-stage model, AML

Paper type – Conceptual paper

Introduction

Money laundering is synonymous with the term, organised crime. Indeed, many global anti-money laundering (AML) authorities acknowledge money laundering as a type of ‘serious and organised crime’ (Levi and Soudijn, 2020). Organised crime is a consequence of a public demand for illicit goods and services, while the motives of organised criminals will often require profiting from crime (Lord et al. 2018). Similarly, the purpose of money laundering involves ensuring the criminal profits appear to have come from a legitimate source and reinvesting those profits to further criminal enterprise (Albanese, 2021, p. 341). Money launderers will be more prosperous if their activities are well planned and coordinated with other like-minded individuals. They will also benefit through an ability to control financial markets, to exploit loopholes in legal frameworks and circumvent rules governing money laundering. Their desire will always be to avoid the detection of law-enforcement authorities.

The process of money laundering is well documented in the literature as being an abstract practice of washing ‘dirty’ cash until the cash appears ‘clean’. Profit that was once clearly tainted from organised crime is converted and disguised to increase its obscurity within financial systems. This concept forms the basis of many authorities’ understandings of how money laundering works and underpins the global fight against money laundering. Moreover, the standard to deal with criminal problems, like money laundering and organised crime, consists of using criminal law to define the illegal activity and determine the offender’s appropriate sanction (Faraldo Cabana, 2014, p.

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3 14). However, international agendas and legal frameworks have failed to properly
4 appreciate two key aspects of the organised money-laundering process: those
5 involved and where it occurs. No prior research has helped to reposition the
6 fundamental AML framework towards these key aspects.
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12 This article re-examines the anti-money laundering framework and provides a
13 legal critique and study into its contemporary trends, while also acknowledging the
14 significance of framing money-laundering within the realm of organised crime. It
15 establishes several shortcomings of the current approach to conceptualising money
16 laundering. It argues that efforts to deal with money laundering focuses too heavily
17 upon an outdated understanding of the money-laundering process and rigid legal
18 frameworks that have failed to adapt to emerging trends in money laundering and
19 organised crime. Therefore, the article proposes a fresh approach to combatting
20 money laundering by offering a better insight into the emerging trends in money
21 laundering, the actors involved in money laundering, and the spaces in which they
22 operate. Through such an approach AML community might be able to better execute
23 existing AML regulations at an operational level.
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41 **The anti-money laundering framework**

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44 The concept of money laundering has been debated by academics and policy makers
45 for many years. Money laundering is far from being a new concept. The practice
46 originates over 2,000 years ago when Chinese traders tried to transform the profits
47 from illegal trading into legitimate money to circumvent official rule (Morris-Cotterill,
48 2001, p. 16; Purkey, 2010, p. 114). Organised criminals have always tried to find ways
49 to re-use, hide and legitimise their illicit wealth so they can enjoy a lavish lifestyle and
50 further their criminal enterprise (International Bar Association, n.d.). In doing so,
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3 criminals effectively achieve a successful income from a position of corporate power.
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5 Italian mafia organisations, for example, have conventionally chosen to manage
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7 similar businesses, like casinos and restaurants, through which they wield command
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9 to launder money (El Siwi, 2018, p. 126). American mafias made the laundering of
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11 criminal proceeds a key function of their commands during the 1920s' Prohibition Era
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13 to conceal funds obtained through the sale of alcohol and other illegal activities
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15 (International Bar Association, n.d.). An important purpose of money laundering is to
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17 distance the proceeds from the criminal activities from which it originated so as not to
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19 incriminate themselves.
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24 Yet, government authorities have only recently taken interest in tackling money
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26 laundering as a separate issue (Gilmore, 2011). Since authorities recognised the
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28 increased profits made from drug trafficking during the 1980s, the need to confiscate
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30 criminal profits became the focus of lawmakers and regulators towards a concerted
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32 effort to curb organised crime. Money laundering was first proscribed as a standalone
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34 offence in the United States through the passing of the Money Laundering Control Act
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36 of 1986 (Lapteş, 2020). Money laundering was forefront of governments' agendas
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38 during the 1990s as it was connected to efforts to tackle drug trafficking and other
39
40 organised crimes. Following the terrorist attack in the United States on September 9,
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42 2001, tackling money laundering became central to the West's 'war on terrorism'
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44 (Alldridge, 2003). It has also since been outlawed in many other jurisdictions. The
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46 Proceeds of Crime Act 2002 in England and Wales, lists several money-laundering
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48 offences and defines criminal property as a person's benefit from unlawful conduct.
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50 The Act prohibits someone to acquire or conceal criminal property, or to arrange to do
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52 so on another's behalf, and provides police powers to confiscate criminal profits.
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Critiquing the money-laundering process and framework

The process in which money is laundered has been subject to much debate. It has traditionally centred upon a three-stage model of *placement*, *layering* and *integration* that forms the foundation of governments' understanding about the money-laundering process (Gilmour, 2020; Hopton, 2009; Soudijn, 2016). Money laundering is typically represented as a sequential practice that first involves illicit funds being placed into the financial system. This placement may include cash simply being deposited into a bank account or funds being transferred from one asset into another form of property held by a bank. The second stage, layering, involves illicit payments in small amounts being deposited through numerous bank accounts, or mixed with legally obtained payments or other assets to obfuscate their criminal origins. The origins of the illicit payments are further concealed by using fraudulent documents, anonymous shell companies, and complex corporate structures. Illicit payments are then integrated back into the legal economy for future reinvestment through converting them into apparently legitimate returns, such as company stocks, real estate or luxury boats or cars (Cassella, 2018; Irwin et al., 2012; Naheem, 2015a).

A great deal has been written that advocates money laundering occurring through this three-stage process; consequently, many law-enforcement agencies and governments rely on it as a model to direct their enforcement actions and to formulate anti-money laundering (AML) policies (Soudijn, 2016). Money laundering is often referred as a way criminals can clean 'dirty' money through the wash cycle of 'placement-layering-integration' to legitimatise criminal income. For instance, the Financial Action Task Force (FATF), the intergovernmental organisation that sets global AML standards, describes the money-laundering process in this way in their numerous reports, and recommends that every country legislates for prosecuting

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3 money laundering (FATF, 2021; Kemsley et al., 2021; Soudijn, 2016; see also
4 Alexander, 2001). In addition, the rhetoric used by many governments to describe
5 money laundering is such that its concept has become romanticised as form of ‘serious
6 and organised’ crime (Levi and Soudijn, 2020). Complicated case studies often
7 compliment descriptions of money laundering within such policy literature. This
8 language is problematic because it implies money laundering is a complicated
9 process, when in many cases, in practice, it is quite simple.

19 Such descriptions of money laundering are also antiquated. As Levi and
20 Soudijn (2020, p. 583) demonstrate, the money-laundering concept originated during
21 a period in the 1980s when most payments were based on simple cash transactions.
22 However, the methods that launderers use today are numerous and varied, driven by
23 advances in technology and globalisation, and cannot be effectively represented by
24 the conventional three-stage model. Although cash is still widely used and is especially
25 in demand in less developed nations, cash transactions remain costly and less
26 convenient for many than electronic payments. Many money-laundering schemes, like
27 trade-based methods avoid transacting in cash and, instead, involve practices that
28 manipulate value within trade invoices (Gilmour, 2021; Levi and Soudijn, 2020;
29 Naheem, 2015b). Although, considering the anonymous nature of cash transactions,
30 it is worth noting that establishing an accurate volume of payments made using cash
31 remains difficult (G4S, 2018). This is not to imply that the role of cash in money
32 laundering is unimportant. Indeed, the anonymity of cash means laundered cash can
33 circulate freely within underground economies (like Hawala) without being detected or
34 measured (Soudijn, 2016).

56 This highlights a further significant flaw of the three-stage model: not all stages
57 of the model need to occur for money to be effectively ‘laundered’. Money laundering
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3 is often described through the 'placement-layering-integration' model, is as though this
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5 is the main (and sometimes only) means for criminals to legitimise their income. This
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7 is often not the case. Illegal cash obtained through street-level drug dealing that is
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9 hidden under floorboards and intended for future drug investments, for example, do
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11 not become 'placed' into the traditional financial system. Yet, it is possible to
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13 legitimately spend that cash through cash-intensive businesses, such as car washes,
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15 laundrettes, and pawnshops, without using a bank account. Such funds also do not
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17 need to be 'layered' to be spent.
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22 Other cases where money-laundering concept might not fit the traditional three-
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24 stage model, include informal value transfer systems (for example, Hawala). These
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26 involve casual agreements within a network of trusted people overseas acting as
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28 'financial service providers' to transfer funds across jurisdictions without funds ever
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30 entering the formal economy (Teichmann and Falker, 2021; van de Bunt, 2008). The
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32 intention here is not to place or integrate any funds into the formal economy, rather, to
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34 transact via a familiar system, which has been trusted and relied upon within specific
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36 cultures for many centuries. Nonetheless, it could be argued that such systems still
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38 involve 'layering' as they can help to distance and obscure the origins of illicit
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40 transactions.
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45 Finally, illegal funds do not need to be reinvested into other assets to be
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47 integrated back into the traditional financial system. Rather, they can be simply spent
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49 through casinos and nightclubs in extravagant style, and without caring to save those
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51 funds for future endeavours (Levi and Soudijn, 2020, p. 583). Another example, as
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53 Cassella (2018, p. 496) demonstrates, include fraudulent investment schemes,
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55 whereby money is laundered through future investments without involving any
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57 'placement, layering or integration' of funds. For Cassella (2018) authorities should
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3 concentrate more on who is involved in money laundering, than the methods in which
4 the money is laundered. It is argued, therefore, that the three-stage model of money
5 laundering fails to consider the people involved, like the actors that enable money
6 laundering to flourish, while also ignoring the spaces in which it occurs. Gaining a
7 better insight into money launderers and their illicit markets is key for authorities to
8 properly challenge the money-laundering phenomenon.
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12 Furthermore, as the goal of money laundering is to disguise criminal profits to
13 avoid detection, there is a need to understand the scope of criminal activities that might
14 lead to funds being tracked by authorities. The study of money laundering ultimately
15 incorporates some discussion into the predicate crimes, which can tie money-
16 laundering processes and the launderers to their criminal origins. Financial motivated
17 crimes, such as fraud and corruption, are obvious predicate crimes to money
18 laundering. However, it should be noted that the AML regulatory landscape originates
19 during the official curtailment on illicit profits arising from drug trafficking during the
20 1980s. AML policies have consequently been shaped from such beginnings. Pavlović
21 and Paunović (2016, p. 223) note that 1988's United Nations Convention against Illicit
22 Traffic in Narcotic Drugs and Psychotropic Substances, which criminalised the
23 laundering of criminal proceeds derived from drug trafficking, failed to even
24 acknowledge corruption crimes. The UN Convention against transnational organised
25 crime introduced in 2000, widened the scope of predicate crimes to include terrorism
26 (and the financing of terrorism), human trafficking, fraud, and counterfeiting currency,
27 amongst others (Mugarura, 2011, p. 180). Further, reference to predicate crimes to
28 money laundering is detailed within FATF's (2012) Recommendations, which provides
29 a comprehensive framework for how countries should collectively tackle money
30 laundering and terrorist financing.
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However, it may be the case that governments have given too much attention to predicate crimes in criminalising money laundering. According to Korejo et al. (2021), an overcriminalisation of money laundering has resulted from governments' ill-defined approach to the money-laundering concept. Many international definitions consider money laundering to include any 'proceeds of crime' focusing on income, property, and illegal activities. Indeed, money laundering often arises from many other criminal activities, and is often closely related to its predicate crimes, as illicit wealth is reinvested for further criminal endeavours (FATF, 2012; Rusanov and Pudovochkin, 2018, p. 22). However, as Korejo et al. (2021) highlight, money laundering has expanded to encompass a plethora of serious and transnational organised crimes that potentially represent a predicate offence. The latest 6th EU AML Directive lists twenty-two offences, which includes, not only, drug trafficking, fraud, corruption, human trafficking, and terrorism, but also, amongst others, tax evasion, cybercrime, environmental crimes, arms trafficking, piracy, murder, and serious assaults (Council Directive 2018/1673EU, 2018, pp. 26-27). For Korejo et al. (2021), the scope of activities that potentially classify as predicate crimes to money laundering is too broad. Although any crime can lead to their proceeds being laundered, governments' strict criminal-law approach to conceptualising money laundering is problematic: it takes a narrow view towards money laundering enforcement and fails to consider the actors involved in money laundering or the spaces in which they operate. Before considering these aspects, it is important to appreciate the challenges that money laundering presents to authorities at both operational and strategic levels.

The challenges to combating money laundering

Money laundering presents unique challenges for government and law-enforcement authorities. Money launderers continually refine and vary their operations to disguise the source of their illicit proceeds; thus, effectively adapting to the authorities' strengthening AML efforts (Brown, 2016; Cassella, 2018; Naheem, 2015a). A main challenge for authorities in investigating and subsequently prosecuting money laundering cases is, therefore, tracing illicit proceeds. Authorities can also be thwarted by complicated legal due process, deficient intergovernmental cooperation, and a lack of political will, which hinder the timely implementation of new AML regimes (Gilmour, 2020). The lengthy time taken for governments to progress new AML laws and evolve enforcement actions often result in money launderers discovering new ways to operate to frustrate government and law-enforcement authorities (Turner, 2011). Combating money laundering is further complicated through society's increased globalisation.

Globalisation has increased the movement of goods and services, people, and information across borders and has made international travel easier (Otusanya and Lauwo, 2012; Schroeder, 2001). The liberalisation of financial markets has led to less regulatory barriers and easier cross-border trade (Otusanya and Lauwo, 2012). There was an estimated increase of US\$8 trillion in cross-border flow of capital between 1990 and 2016, with illicit money accounting for 20% of this (Christensen, 2012, p. 331). Money laundering is enabled through the vast amounts of international payments, numerous payment methods, improved channels of communication, and a better access to financial markets through which funds can be laundered (Gelemerova, 2011; Menz, 2020). Despite the reliance on cash, the demand for electronic payments is growing (Gilmour, 2015). Emerging technologies, such as prepaid access cards, peer-to-peer payment systems and other digital payments, provide for faster payment and

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3 convenience, and allows money launderers to better exploit the financial system (He,
4 2010; Simser, 2013). Similarly, trading in alternative payments, like cryptocurrencies,
5 provides convenience and perceived anonymity compared to conventional financial
6 systems. The internet and social media platforms have allowed criminals to better
7 communicate, while widening their reach across cultural limits and to many sectors of
8 society (Dolliver and Love, 2015). Globalisation has provided criminals better
9 opportunities to organise themselves and to shift illicit money quicker, thus, frustrating
10 the ability of authorities to detect their illicit activities.
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21 Furthermore, the characteristic transnational and cross-border nature of money
22 laundering means authorities may find it more difficult to trace funds that have been
23 laundered overseas. Authorities may face several legal, moral, and practical barriers
24 to combating money laundering or other financial crimes (Gilmour, 2020). Their
25 struggles with fragmented and sometimes obstructive AML laws within overseas
26 jurisdictions are worsened by complicated and lengthy legal or corporate processes
27 (Gelemerova, 2011). Overseas jurisdictions may have no legal obligation to assist
28 foreign law-enforcement authorities to investigate money laundering, unless bound by
29 international treaties or other mutual legal arrangements. Overseas jurisdictions may
30 be reluctant or even deliberately obstructive to safeguard their own investment and
31 commercial interests (see Gilmour, 2020, p. 726). Therefore, law-enforcement
32 authorities may lack vital access to data or intelligence on money laundering, be
33 unable to trace and recovery lost proceeds and miss opportunities to prosecute
34 offenders through criminal or civil law redress.
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Towards a new AML framework

A multitude of individuals may become involved in money laundering activities for various reasons. However, government and law-enforcement authorities often lack awareness, let alone the expertise, to recognise and properly target potential money launderers. Understanding who is involved in money laundering is also crucial to assigning criminal liability. Although money launderers may not need to involve others in their endeavours and decide to launder proceeds alone, this decision will largely depend upon several factors: (1) the type of crime they are involved in; (2) their purpose for laundering funds; (3) the amount of funds to be laundered; and (4) their ability to launder funds without those funds or themselves being detected by the authorities (Levi and Soudijin, 2020, p. 610). However, money laundering is typically an organised criminal activity, requiring individuals who are well connected, and prepared towards a common goal. This goal may be to pursue profit or power over others or illicit markets. Their purpose for laundering funds may not be obvious to all involved. Yet, it will usually entail concealing illicit funds from the police and other authorities.

Organised criminals will often exploit advances in technology and operate online where the risks of being caught and the financial rewards are higher (András Nagy and Mezei 2016). These cybercriminals are, questionably, less organised than the traditional mafia gang – they seldom meet in person, might never meet in real life, and will undertake their activities remotely (András Nagy and Mezei 2016; see also Stevenson Smith, 2015, p. 110). Yet, they are highly skilled and flexible individuals (András Nagy and Mezei 2016). Criminals can launder money more easily through the internet because online payments are quick, vast, and can be anonymised, making it more difficult to attribute illicit funds to the individual or trace funds to their source (Irwin

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3 and Turner, 2018). The use of blockchain technology and rise of cryptocurrencies has
4 enabled activities that are more anonymous than traditional laundering methods, like
5 the transfer of funds through high-street bank accounts. It is, therefore, vital that
6 authorities learn how online money launderers operate to better combat the
7 phenomenon.
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15 Additionally, professionals will often be in prime positions to enable organised
16 money laundering schemes. There is a growing body of important work focusing on
17 'professional enablers' that is providing greater insight into the dynamics of
18 professional relationships within money laundering schemes (see, e.g., Benson, 2020;
19 Lord et al., 2018, 2019). Professionals, like lawyers, accountants, bankers, and others
20 in the financial services sector can provide a cloak of legitimacy to dodgy dealings and
21 have expertise into the sort of intricate corporate methods that can conceal corrupt
22 acts (Levi, 2020, p. 103). Recent scandals, such as the 2016 'Panama Papers', have
23 exposed the scale of offshore money laundering facilitated by professionals for
24 wealthy clients (de Groen, 2017). As Christensen (2012, p. 333) alluded, the
25 widespread abuse of the financial sector would be impossible without the collective
26 involvement of influential people who understand and have access to financial
27 markets. Additionally, the use of complex corporate structures, such as multiple
28 offshore shell companies, helps to obscure the trail of laundered money from being
29 detected by law enforcement (Unger, 2017). Furthermore, the flawed 'placement-
30 layering-integration' model that underpins global AML compliance programmes may
31 serve to hinder efforts to combat evolving instances of money laundering by
32 misleading compliance officials who are entrusted to carry out due diligence checks
33 and report suspicious activities. Hence, professionals can create the means to seem
34 to comply with AML rules, while simultaneously enabling the money-laundering
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3 objectives of their criminal clients (Murray, 2018, pp. 223-224). Corrupt professionals
4 might be wilful or even complicit in enabling illicit schemes by exploiting imperfect AML
5 regimes (Benson, 2020; Lord et al., 2019).
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10 Additionally, politically exposed persons (PEPs) pose a money laundering risk
11 as they are deemed vulnerable to corruption due to their political status and public
12 profile (Canestri, 2019). PEPs include anyone trusted with important civic duties –
13 members of supreme courts, parliament, state ambassadors, high-profile international
14 company directors, family members of politicians, and potentially royalty (Financial
15 Conduct Authority [FCA], 2018). There seems little international consensus
16 surrounding PEPs, with important international governmental bodies, like the
17 European Union, Joint Money Laundering Steering Group (JMLSG), Wolfsberg Group,
18 and the FATF, all differing in approach to defining them (Choo, 2008, p. 372). This
19 also results in weak and unreliable efforts to combating financial crime committed by
20 or enabled through PEPs. For Teichmann (2020), AML efforts have largely been
21 ineffective in targeting PEPs directly, due to inadequate legal frameworks that allow
22 individuals to circumvent money-laundering sanctions. Instances include unsuccessful
23 Unexplained Wealth Orders and inconsistent customer due diligence compliance
24 regimes (Gilmour, 2021; Moiseienko, in press; Stephenson, 2017). However,
25 according to Canestri (2009, p. 366), corrupt political wealth is primarily hidden through
26 the legal entities controlled by PEPs. Thus, governments should strengthen legal
27 mechanisms governing the corporates linked to PEPs to better combat money
28 laundering.
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54 Better appreciation of the legal and corporate spaces in which organised money
55 launderers operate is also vital. These can extend from basic 'street' level criminal
56 operations through to more 'high-end' professional money laundering. For Gilmour
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3 (2016, pp. 5-7), international trade is fuelled by street-level criminal operations. The
4 abundant availability of cash to pay for goods and services provides cash-intensive
5 businesses, such as launderettes, night clubs, car washes, and salons, the means
6 through which money launderers can operate (Gilmour and Ridley, 2015). Street-level
7 businesses can be exploited as vehicles for money laundering because they provide
8 an ideal opportunity to introduce illicit money into the legitimate financial sector
9 (Gilmour, 2016, p. 5). Cash-intensive businesses are easy to create and run and are
10 important trade outlets for local communities. Yet, money laundering is not limited to
11 basic street-level operations (Christensen, 2012; Gilmour, 2016). It is also prevalent
12 in highly structured commercial situations, for example, banking, where practises are
13 more organised (Christensen, 2012).

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Recent offshore banking scandals have revealed the offshore space in which money laundering can flourish. They have exposed the widespread and organised scale of the banking sector to facilitate money laundering and other illicit activities through offshore jurisdictions (Gilmour, 2020, 2021). These offshore spaces arise through their favourable legal frameworks that welcome overseas investment and serve to loosen cross-border trade barriers inherent in other jurisdictions. Many perceive these locations to include tropical islands in the Caribbean, like the British Overseas Territories of Anguilla, and the British Virgin Islands. They also involve major Financial Centres, like Hong Kong; Singapore; the City of London; and Delaware, United States. Such conditions and environments can create illicit markets emphasized through criminal links that are either deeply territorial and structured, or purely constrained yet adaptable to circumstances concerning illegal goods or services (Clark et al., 2021, p. 248).

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3 The emergence of freeports have furthered debate surrounding offshore money
4 laundering. Freeports act as depots situated within free-trade zones located inside a
5 jurisdiction's geography, but outside its tax regulatory framework (Gilmour, 2021;
6 Webb, 2020). Freeports are inherently secretive locations through which clients can
7 trade and benefit by lax trade regulations and strict privacy rules. There is ongoing
8 concern over the criminal risks that freeport present with some claiming they provide
9 an ideal platform for facilitating trade-based money laundering and tax evasion (FATF,
10 2010; Moiseienko et al., 2020). Whereas others (e.g., Lavissière and Rodrigue, 2017;
11 Steiner, 2017) argue, secrecy and confidentiality rules characteristic of freeports are
12 essential for legitimate actors to operate, adding that freeports benefit society by
13 stimulating social and economic growth and boasting global trade.
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28 Such unique regulatory-spatial paradigms could be likened to the notion of
29 'criminological asymmetries' originally devised by Passas in 1999. Passas (1999)
30 found that economic crime is caused by various struggles and inequalities, termed
31 criminological asymmetries, that exist within political, cultural, economic, and legal
32 realms. These criminological asymmetries cause crime by stimulating the need for
33 illicit goods and services, through incentivising illegal conduct as people and
34 companies compete to control commerce, and by hindering law enforcements'
35 capability to combat crime (Passas, 1999, p. 402). The effect of these criminological
36 asymmetries is deepened through globalisation (Passas, 1999). Dolliver and Love
37 (2015) advanced Passas's (1999) theory, by demonstrating that criminological
38 asymmetries are also prevalent within the realm of 'cybercrime', where crime is
39 enabled or reliant on technology. This is a logical extension of the notion offered by
40 Passas (1999), which is more relevant considering modern technological advances
41 that enable money laundering and organised crime.
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3 Rather than only considering the simple 'what' or 'how' of money laundering,
4 incorporating the 'who' and 'where' is key to the global fight against money laundering.
5 Reframing money-laundering discourse in this way will help inform and broaden
6 authorities' understanding of the money-laundering phenomena and help to address
7 the problem. Too much attention has focused on theorising about money laundering
8 strictly through legal means, which has resulted in authorities taking a limited approach
9 to the money-laundering problem. Understanding the actors and spaces connected
10 with money laundering are, arguably, as important as how the offence is defined in
11 criminal law.
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25 **Conclusion**

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28 This article demonstrates a need to reframe the money-laundering framework, by
29 focusing more on the actors involved, and the spaces in which money laundering
30 occurs, rather than simply describing its process. Drug trafficking has traditionally been
31 viewed as the archetypal predicate offence to money laundering; however, there now
32 exists such a broad range of potential predicate activities (Korejo et al., 2020).
33 Governments have acknowledged the money-laundering problem and acted to
34 criminalise the offence. Though, AML laws still fail to adequately address money
35 laundering because they remain underpinned by an imperfect understanding of the
36 phenomenon (Cassella, 2018; Gilmour, 2020; Lapteş, 2020; Levi and Soudijin, 2020;
37 Soudijin, 2016). The traditional 'placement, layering and integration' model is outdated
38 and can no longer account for modern trends in money laundering, like new offending
39 methods advanced through technology and globalisation.
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55 Furthermore, criminal actors involved in money laundering can be diverse and
56 cunning. Money laundering is an organised activity, whereby well-connected
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3 individuals operate collectively to pursue power or control and are motivated to
4 conceal illicit funds from law enforcement. Professional intermediaries having
5 specialised knowledge and access to financial markets and corporate structures may
6 become implicated in money laundering (Benson, 2020; Christensen, 2013; Levi,
7 2020; Lord et al., 2018, 2019). It is also worth noting that PEPs with high-profile public
8 positions are also vulnerable to money-laundering involvement, while corporates
9 entities linked to PEPs is where much corrupt wealth is hidden (Canestri, 2009;
10 Teichmann, 2020). Understanding these individuals and their associated money-
11 laundering risks should underline and strengthen AML frameworks.
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24 This article also emphasises the importance of appreciating money-laundering
25 spaces in considering the phenomenon. Money laundering operates through both
26 street-level and high-end commercial realms. Street-level business settings are ideal
27 conduits for illicit cash to enter the financial system (Gilmour and Ridlet, 2015; Gilmour,
28 2016). Whereas, high-end commercial realms, such as offshore overseas jurisdictions
29 and freeports offer favourable environments for the money launderer due to their strict
30 secrecy, limited supervision, and looser trading agendas (Gilmour, 2020, 2021; Webb,
31 2020). These locations may promote crime by stimulating demand for illicit goods and
32 services and fuelling competitive commercial practices (Passas, 1999). The money-
33 laundering framework needs updating, with less focus on mere characterisations of it
34 process. An improved approach is one that incorporates the actors and spaces
35 involved in the money-laundering process and that can better deal with emerging
36 trends. Understanding the 'who' and 'where' of money laundering should help to
37 broaden insights in better combating the problem that it presents.
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