MONEY LAUNDERING

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Abstract:
Money laundering is a complicated process that through several phases and involves many individuals and institutions.
The facts in itself imply an legal employment because it is recognized by society as a social danger, doubled an economic threat as serious.
Suspicious transactions in banking, refers to money laundering transactions using either cash or investment transactions or via loans insured or uninsured.

Key words: *money laundering, suspicious bank transactions, banking operations*

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INTRODUCTION

The new millennium has brought not only an increased globalization of world markets and an unprecedented deepening of interdependence between national economies. Obviously, these processes have encouraged the development of world economy and transnational organized crime and terrorism. Money laundering from illegal activities directly affect the freedom of access to investment, affecting the labor market laws, marketing, consumption and production itself.

The problem of money laundering has been addressed, either organized in the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, which was adopted on 20 December 1988 in Vienna, in the awareness of the international community to combat drug trafficking.

Parties to this Convention, being aware that trafficking is a source of considerable financial gains, enabling transnational criminal organizations to penetrate and corrupt state structures, the activities of legitimate commercial and financial, and society at all levels of its first steps have actions to prevent recycling of funds from the drug trade.

In a very short time, the sources of dirty money, as well as the possibilities of recycling them, were so extensive and important revenue coming primarily from the activities of the underground economy are infiltrated by various methods in the real economy.

Money laundering phenomenon-economic-financial and currency History of money laundering

Certainly, „money laundering" is not a new trend of hiding of illicit origin and amounts to give them an apparent legality and honesty and respectability default holders of these amounts, origins are ancient. May be mentioned in this context and merchants of the Middle Ages, to hide the interest rate for loans assigned to them, where the Catholic Church interzisese usurious, appeal to a broad range of financial tricks, which correspond in large part today techniques for recycling funds.

The term money laundering began to be used in the 1920s when the U.S. criminal groups (the very famous Al Capone and Bugsy Moran) opened laundries or car or clothes, which were intended to launder "dirty money "in fact should - and justify the money from various criminal activities. Probably just from these activities and the remaining name, „laudering money" (money laundering) which over time has become a legal consecration. Today, this purpose we used fast-food restaurants, casinos and companies that are based on cash.

Transparency and the health of financial markets are keys to the efficient functioning of economies, but may be threatened by the phenomenon of money laundering. Collection, black money, mainly in the underground economy and corruption, is generally a widely condemned in the entire world, but the recycling of funds, by the look harmless that you take, can escape the attention especially on the background tough competition on the international capital market.

Money laundering is a complicated process that through several phases and involves many individuals and institutions. Recycling of funds is a complex process by which revenues derived from a criminal activity are transported, transferred, processed or mixed with legitimate funds, to hide the origin or ownership of those profits. The need for recycling cash flows from a desire to hide criminal activity. It is the most dangerous component of the economy and includes: the production, distribution and consumption of drugs, arms trafficking, trafficking in nuclear materials, car theft, prostitution, trafficking for flesh, corruption, blackmail, counterfeiting of currency or other values, smuggling, etc.

The facts in itself imply an employment strictly legal, but analizes to the level of phenomenon, that recognized the danger of social society is doubled by an economic threat, as seriously, even if it is less obvious and studied.

An important feature of such a criminal activity is organized cross-border character, and could thus conclude that the main links in the international economy are those generated by organized crime. The aim of all these actions is, obviously, obtain significant income and placing them in the formal economy. The reasons organized crime can sometimes be the nature of political, religious, but even in these cases, it is an interface, with organized crime trends clearly overlap with the economy and giving it an organized, taking cash and financial opportunities created by other components.

In analyzing other components of the underground economy were encountered situations in which the employment structure is somehow made to limit to a certain juncture, dysfunction that those activities can generate economic opportunities are minimal and integration into the formal economy are real.

Unlike these cases, the activities included within the scope of criminality are clearly destructive.

Currently, the need for washing the products resulting from crime, to conceal their criminal origins, is related to a wide range of criminal activities.

This placement in the formal economy of money from criminal activities included in the game its important segments of the international financial system for banking.

The danger arising from this situation is a major, even if because of immediate interest to try to minimize.

Massive penetration of black money into financial circuits can allow official representatives of organized crime access to important decisions concerning the functioning of the global economy. The penetration of capital obtained from criminal activities in the real economy are similar devastating effects of pollution for the environment and can have irreversible effects.

The two major elements of the recycling of funds are hiding illegal income and convert them into cash in order to hide their origin.

Defining the phenomenon of money laundering

Defining this phenomenon was succeeded by a few words in explanation of how the purpose and operations of money laundering, which, under the signature and ratification, the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances "in Vienna” since 1988 has acquired the law in most of the world: *money laundering involves the conversion or transfer of goods to dissemble or conceal their illicit origins.*

Detailing this definition by analyzing the phenomenon of economic, *money laundering involves all the technical and economic and financial methods by which money or other assets derived from illegal activities, fraudulent, such as economy or corruption, are detached from their origin to then be given an apparent origin justified legally and economically, for the purpose of investing in the real economy*

Stages of money laundering

There is one method of money laundering. The methods can range from buying and selling a luxury item (eg. A car or jewelry) to shift money through a complex international legal and business companies "shell" (companies that exist primarily only as legal entities with no business activities or commercial). First, if drug trafficking or other crimes such as smuggling, theft, blackmail, etc. funds results usually take the form of liquid money which must come through a some method in the financial system.

The money laundering has three stages: placement, stratification and integration or, in other words, prior washing (convert dirty money into clean money) laundering main (convert into money accounting entries), or dry recycling (using money to gain profit) .

In the process of money laundering have identified certain vulnerable points, difficult points avoided by the wash the money and easily recognizable, namely:

- entry of cash in the financial system;
- passage of cash across borders;
- transfers in and out of the financial system.

Entry of cash in the financial system is done by:

- Fragmentation of cash transactions to avoid reporting the transaction operations by dividing the minimum reporting level;
- Inappropriate use of lists of exceptions that some cash transactions are exempted from reporting (sometimes presumed complicity financial units);
- Enforcement of reporting false documents to legitimate cash general;

- Dposition of illegal profits in the corresponding banks may be transfers from bank to bank.

Suspicious transactions in bank

Money laundering act done using cash transactions, cash:

They can be found in:

- Unusually large deposits of cash made by an individual or a company whose current business activities would normally be generated by checks or other financial instruments;
- Substantial increases in cash deposits of individuals or a company without an apparent cause, especially if such deposits are subsequently transferred within a short period of time from your account and / or to a destination that can not be associated with normally with the client;
- Customers who cash in numerous forms of deposit so that each deposit amount is insignificant, but the total of all deposits is important;
- Auditors of companies whose transactions - both deposits and withdrawals are carried out in cash rather than by types of debit and credit normally associated with commercial operations (eg, checks, letters of credit, bills etc.);
- Clients, which constantly flows or cash deposit to cover bank drafts, money transfers or other negotiable instruments of payment and easily salable;
- Customers who request to change a large amount of denomination banknotes construction than those with higher value;
- Common exchange of cash in other currencies;
- Branches that carry much more cash transactions than usual (the central bank statistics detect aberrations in cash transactions);
- Customers whose deposits contain false banknotes or counterfeit instruments;
- Customers transferring large sums of money from abroad or with instructions for payment in cash;
- Large cash deposits using devices tabling money, there by avoiding direct contact with the bank.

Money laundering using banks accounts:

- Customers who want to maintain a number of personal accounts or accounts managed by the bank, which does not seem to be compatible with the type of activity, including transactions involving nominees;
- Customers who have numerous accounts and feeds them with cash, when the total deposits a large sum of money;
- Any person or company whose account does not conduct activities in normal operations or personal banking business, but is used for receipts and payments of large sums of money which have no clear purpose or connection with the account holder and / or its business (for example, a substantial increase in turnover of an account);
- Customers who appear to have several accounts in financial institutions in the same locality, especially when the bank is aware of the existence of a process of

consolidation of these accounts, before an application for progressive transmission of funds;

- Consistency of exits and entries of cash on the same day or the day before;
- Supply of checks issued by third parties endorsed the money for the client;
- Large cash withdrawals from a previously inactive account or an account which has just unexpectedly received a significant amount from abroad;
- Clients who, together and simultaneously, using different windows to make large cash transactions or transactions in foreign currency;
- Using larger-scale devices for storing money,
- Amplification of operations performed by individuals. Using sealed packets deposited and withdrawn;
- The company avoids contact with the branch;
- Substantial increases in deposits of cash or negotiable instruments (checks, policies, etc.) of a firm or a specialized company, using client accounts or accounts or the accounts of empowerment, especially if the deposits are transferred quickly between accounts and empowerment customers;
- Clients who refuse to provide information which, under normal circumstances, he would qualify to obtain credit or other banking services that could be considered important;
- A large number of individuals making payments into the same account without an adequate explanation.

Money laundering can be achieved by using transactions and investment, namely by:

- The purchase of securities to be held in custody at the financial institution, when it does not seem suited to standing (rank position) client;
- Transactions of deposit / loan „back to back”, with subsidiaries or affiliates of foreign financial institutions, known as part of drug trafficking area;
- Customer requests for investment management services (either foreign currency or in securities), where the source of funds is unclear or is not appropriate with the client standing;
- Payment in unusually large amounts in cash to securities;
- The purchase or sale of securities which has no discernible purpose or in circumstances which appear to be unusual.

Money laundering through offshore international:

- Client recommended by a foreign branch, subsidiary or other bank opened in countries where drug production or drug trafficking may be prevalent;
- The use of credentials and other methods of financing the trade to make money to move between countries where such trade is not compatible with ordinary business of the client;
- Customers who make regular payments, including transactions transmitted by wire, which can not be clearly identified as *bona fiade* transactions or receive payments frequent and important in many countries that are normally associated with

the production, processing or Blow the required drugs, terrorist organizations prohibited (third fiscal paradise);

- Electronic transfer of funds, without explanation, made by customers in the form of entries and exits or be passed through;
- Requests for frequent checks, foreign currency drafts and other negotiable instruments to be issued;
- Common payment of checks or drafts in foreign currency, especially if they come from abroad.

Money laundering may involve agents and officers of financial institution when:

- Changes occur cteristicile official, for example, extravagant lifestyle or avoid traveling on vacation;
- Any business with an agent where the identity of the final beneficiary or counterparty is unknown, contrary to normal procedure for that kind of business

Money laundering can be achieved by loans insured or uninsured, that to:

- Clients who are reimbursed poorly performing loans unexpectedly;
- Request to borrow money, with assets held as collateral by a financial institution or a third person, where the origin is unknown assets or assets are INCOM bonitatea patibile with customers;
- The application of a client by a financial institution to buy or arrange a funding source where the customers financial contribution to business is unclear, particularly where a property is involved.

Along with these possible signs of transactions aimed money laundering, in literature, is widely considered that the amount of transfers to and from areas known to paradis tax areas of conflict or producing drugs, cash transactions in amounts very large, are most exposed to be considered suspicious transactions.

To prevent the phenomenon of money laundering, European countries have adopted specific legislation and regulations that are included in the reporting of European banks.

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