



Dirty Money! International AML Fundamentals

What is Money Laundering?

You may think that money laundering is just a problem for gangsters, terrorists, and high finance international executives. But money laundering is a serious issue for anyone in the banking, financial, and real estate sectors. Let's get started by talking about, "what is money laundering?"

To launder something means that you take something dirty and run it through a process so it comes out looking like new. After a good washing, you'll never know it's been dirty. In the same way, money laundering helps criminals conceal or disguise the true origin of the criminally derived funds so that they appear to have come from legitimate sources. When criminals make money from a crime, they need a place to store it, or spend it without leaving a paper trail. It's not easy to walk into a bank or just buy a big house or an expensive car with cash without drawing attention to yourself and leading authorities back to the crime.

Why is it done?

Criminals use money laundering to hide funds for a variety of reasons, such as tax evasion, theft, arms trafficking, terrorism, human trafficking, drug trafficking, and corruption. The bottom line is that the money made from these illegal activities needs to be moved from the illegal source into the pocket of the criminal without being noticed. There are two main reasons why criminals (whether drug traffickers, corporate embezzlers, or corrupt public officials) have to launder money. First, the money trail is evidence of their crime. Follow the money and it will lead back to the crime. And second, the money itself can be seized by the authorities and has to be protected.