

*General Assembly (GA)*

*Addressing the Social  
Impact of Money Laundering  
by International Criminal  
Organizations*



*Director: Juliette Gallardo Melgarejo*

*Moderator: Constanza Romero Stefanoni*

## I. INTRODUCTION

Established on January 10th of 1945, in accordance with the Charter of the United Nations, the General Assembly stands as the paramount deliberate central, policymaking, and emblematic organ of the United Nations, comprising all 193 Member States of the UN holding equal voting rights. The General Assembly is located in New York, in the United States of America, to discuss, debate, and make recommendations on international peace and security issues; such as development, disarmament, human rights, international law, and peaceful arbitration of disputes between nations, meeting annually in regular sessions beginning in September and ending in December (United Nations, 2024). Regarding the decisions passed, these are generally taken by a simple majority, but major issues require a two-thirds majority, such as the admission of new members or certain decisions on international peace and security. Within these major issues, the General Assembly may establish subsidiary bodies, such as committees, commissions, and working groups, to deal with specific subjects (Functions and powers of the General Assembly, n.d.).

The General Assembly is limited due to its lack of direct executive power; its resolutions are not legally enforceable by the member states, unlike the decisions of the UN Security Council. Focusing on decision-making among member states, although voting is equitable, states with greater economic or military power often exert unbalanced influence in the General Assembly, which can distort decision-making, just as representation does not always fairly reflect the distribution of the world's population or economic power. Resulting in situations where the interests of some countries outweigh those of others (International Law Agendas, 2024).

In 1948, the General Assembly adopted the Universal Declaration of Human Rights, a milestone in the history of human rights that defines the fundamental rights to be protected worldwide (United Nations, 1948). Subsequently, between 1966 and 1991, it implemented measures against the segregationist regime. Such actions contributed to the end of apartheid and the establishment of democracy in South Africa. This ultimately demonstrates how the General Assembly seeks growth and achieves it in both developed and underdeveloped countries (United Nations, 2015).

Furthermore, the 17 Sustainable Development Goals, established by the General Assembly in 2015, are intended to be achieved by 2030. At their core, these objectives represent an urgent call for action by all countries, regardless of their development status, to collaborate within a global partnership. The Division for Sustainable Development Goals (DSDG) within the United Nations, provides essential support and enhancing capacities for the SDGs and associated domains areas like water, energy, climate, oceans, urbanization, transport, science and technology. The DSDG is crucial in assessing the comprehensive implementation of the UN's 2030 Agenda, as well as in the promotion and advocacy of the SDGs. To make the 2030 Agenda a reality, broad ownership of the SDGs must translate into a strong commitment by all stakeholders to achieve these global goals (United Nations, 2024).

Therefore, to address these crucial areas, the fight against financial crimes, such as money laundering, is vital to achieve sustainable development. Money laundering is the processing of criminal proceeds to disguise their illegal origin (UNODC, 2024). This process is critical, as it enables criminals to take advantage of these profits without jeopardizing their source (United Nations, 2023). In other words, it is the process by which a large amount of illegally obtained money, from drug trafficking, terrorist activity, or other serious crimes, appears to have originated from a legitimate source. Looking at the evolution of these practices since the early 20th century reveals how these activities have adapted over time. In the last three decades, technological advances and globalization have had a significant impact on money laundering strategies and their social impact (D'Angelo, 2022). The primary actors in money laundering schemes are international criminal organizations, including drug cartels, terrorist groups, and syndicates involved in human trafficking and weapon smuggling. Money laundering has an adverse impact on the economy and political stability of a country and has become a worldwide menace, posing a serious threat to national economies and governments, as well as to economic and political stability and international peace and security (Kumar, 2012). Hence, countries worldwide must collaborate and implement strategies to dismantle syndicates involved in money laundering through rigorous law enforcement. Globalization has made crime increasingly international in scope, and the financial terms of crime have become more complex due to rapid advances in technology. The global expansion of international banks has facilitated transfers and concealment of the origin of funds, resulting in devastating social repercussions and threatening national security. This suggests that financial institutions are directly weakened by money

laundering as there seems to be a correlation between money laundering and fraudulent activities committed by the employees of institutions (United Nations, 2023).

Considering the impact that money laundering provokes on the economy and stability of nations, it is important to discuss and solve this issue, since this illicit practice is a global concern, affecting both developed and developing countries. Nevertheless, to achieve the objective of maintaining peace and stability in all countries, there must be international cooperation, union and willingness among them.

## *II. HISTORY OF THE PROBLEM*

Organized crime has been a present issue in society for many years due to the extensive consequences it propagates, distorting economies and enabling further illegal activities. As these organizations find increasingly sophisticated methods to launder money, infiltrating illicit funds into legitimate financial institutions undermines public trust and destabilizes markets. Modern approaches to combating money laundering have progressed, yet the difficulty remains as criminals adapt to legal measures.

Efforts to combat money laundering have historically included regulations and oversight, but modernizing current financial systems provides both opportunities and challenges for enforcement (UNODC, 2019). Throughout history, several money laundering schemes have impacted mainstream economies, highlighting the need for continued vigilance and innovative solutions.

### *Prohibition Era*

The Prohibition Era is known as the period from 1920 to 1933 in the United States where the production, importation, transportation, and distribution of alcoholic beverages was banned; established in the 18th Amendment to the U.S. Constitution and the Volstead Act (Financial Crime Academy, 2024). This prohibition had the intended objective of reducing alcohol consumption, crime, and corruption as well as improving public health. Contrastingly, the real outcome this produced was an increase in alcohol consumption, a rise in organized crime,

increased corruption and bribery, as well as significant loss of tax revenue from legal alcohol sales. In essence, it created law enforcement challenges, overwhelming judicial systems due to the struggle to cope with the scale of illegal activities and criminal enterprises, and ultimately widespread illegal production and distribution of alcohol (Lerner, 2022). This led to enormous profits from illegal alcohol sales, necessitating methods to conceal these earnings such as using legitimate businesses to disguise them. This period of time set the stage for modern money laundering practices, developing sophisticated methods to evade law enforcement, such as layering and shell companies. Many money laundering methods developed during the Prohibition era are still in use today. These techniques include cash-intensive businesses, real estate investments, loan-back schemes, layering, and offshore accounts, exhibiting their long-term effectiveness and versatility in modern financial crime.

The Prohibition Era made substantial contributions to the development of cross-border guidelines to combat money laundering on a worldwide scale. During this time, the need to move and conceal significant sums of illicit revenue from the illegal alcohol trade resulted in the development of sophisticated systems that bypassed national borders. The scale and complexity of these operations highlighted the limitations of domestic regulations and underscored the necessity for international cooperation. In response, the Financial Action Task Force (FATF), was created in 1989 to develop and promote policies to combat money laundering and terrorist financing (*History of the [...]*, n.d.). The formation of the FATF and related organizations was a direct outcome of the insights discovered during Prohibition when criminals could easily exploit jurisdictional loopholes. These organizations have since created extensive norms and standards that member countries must adhere to, enabling a more coordinated worldwide effort to combat money laundering and its related crimes.

The development of international banking regulations and anti-money laundering (AML) legislation serves as an indication of the Prohibition Era's long-term influence on money laundering. A thorough regulatory response was required due to the sophisticated money laundering methods that emerged during this period, including the use of front firms, layering, and shell corporations. Governments and international organizations have improved their AML regimes throughout the years by developing fundamental frameworks such as the Bank Secrecy

Act (BSA) in the United States, which mandates financial institutions to keep records and report suspicious transactions, are direct descendants of the regulatory needs first identified during Prohibition (Bank Secrecy Act, n.d.). The enduring effectiveness and adaptability of these regulations underscore the lasting influence of the Prohibition Era on modern financial crime prevention efforts.

### *Watergate Scandal*

The Watergate Scandal significantly influenced the issue of money laundering by international criminal organizations (Financial Crime Academy, 2024). Although the concept was used previous to this date, the term “money laundering” was established during the 1970s during the Watergate scandal, a political scandal in the United States, consisting of the arrest of five men for the break-in at the Democratic National Committee (DNC) headquarters at the Watergate office building, that relieved connections to the Committee to Re-Elect the President (CREEP). There were efforts for cover-up made by members of President Richard Nixon’s re-election campaign by using campaign funds to pay for the burglars' silence while obstructing the FBI's investigation. The Nixon administration's attempts to cover up its involvement included using campaign funds to pay for the burglars' silence and obstructing the FBI's investigation (Richard Nixon Foundation, 2022). Investigative journalism and Senate hearings ultimately exposed this cover-up revealing the extent of the illegal funding and corruption in political campaigns that ultimately led to Nixon's resignation in 1974.

This incident exposed the urgent necessity for greater transparency in financial transactions to prevent abuses by international criminal organizations. The scandal prompted significant legislative reforms, such as the implementation of the BSA as well as the establishment of the Federal Election Campaign Act (FECA) of 1974, which increased the disclosure of contributions and expenditures in political campaigns (Jones, 2019).

The development of complex AML frameworks was greatly aided by this incident, which also had an impact on international and national regulations. Watergate addressed the wider social consequences of money laundering operations by transnational criminal organizations and

illustrated the complexity of the practice as well as the need for strict controls to protect the integrity of the political and financial systems.

### *The Campaign Against Drug Trafficking*

During the 1980s drug trafficking was an extensive and present issue in the United States of America, where strict laws against money laundering were passed under the Reagan administration to reduce the illegal drug trade (Jass, 2019). In 1986, the introduction of the US Money Laundering Control Act marked a pivotal moment, being among the initial laws implemented globally to address this issue, and was soon followed by similar regulations in other countries; meaning that the first-ever federal criminalization of money laundering was established (Jass, 2019). However, stronger regulations were needed to completely address the transnational nature of both the drug trade and money laundering activities. Therefore, in 1988 the United Nations implemented the Vienna Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, intending to fight against illicit drug trade, strengthening global initiatives to disrupt criminal networks and protect public safety and health. (United Nations, 2003). Although the Vienna Convention primarily focused on addressing drug trafficking, the explicit condemnation of money laundering concerning drug trade marked an important initial step in global efforts to combat financial crime (United Nations, 2003). Signed by 171 countries and implemented by 168 countries, the Vienna Convention exemplified a coordinated international response aimed at disrupting criminal networks, while bolstering global initiatives to combat illicit drug trade and associated financial infrastructures.

Organized crime continues to constitute an ongoing issue in society, with wide-ranging effects that damage economies and encourage further illegal activity. Public trust is eroded and market stability is jeopardized as criminal enterprises use more advanced money laundering tactics to incorporate illicit funds into authorized financial systems. Even though the prevention of money laundering techniques has advanced substantially, the matter persists. Historically, efforts have required strict regulations and control, but the growth of financial systems brings both opportunities and challenges for enforcement. Throughout history, numerous money laundering strategies have had a significant impact on mainstream economies, emphasizing the

need for ongoing vigilance and inventive measures to resist the widespread influence of organized crime.

### **III. CURRENT SITUATION**

Criminal organizations repeatedly exploit emerging methods and new technologies to enhance their profit and launder illicit gains. Furthermore, criminals are increasingly employing artificial intelligence to conduct financial crimes, as it facilitates the theft of delicate information, thereby granting access to the victim's financial accounts (*Financial Crime Homeland [...]*, 2024). Hence, it is important to address this issue as it impacts different sectors of a country, such as its economic and political stability, as well as legitimacy, leading to an affected society and culture, ending up in a consequence of insecurity within all these factors.

#### ***The Hidden Drain on Economic Growth***

Financial crimes undermine faith in financial institutions, distort markets and harm the economy by introducing inefficiencies and unfair advantages (*Financial Crime Homeland [...]*, 2024). A further crucial factor to consider is that illicit financial flows are a global problem. Inadequate Anti-Money Laundering (AML) frameworks in certain nations, including international financial centers, can attract illegitimate profits from abroad. In countries exporting illicit flows, it can be seen that there is less opportunity, higher inequality, higher poverty, more illegal immigration, misused resources, and environmental degradation (IMF, 2023).



## Change in deposits

Banks can face diminished deposits when money is laundered.

### Deposit outflows for affected banks and other banks

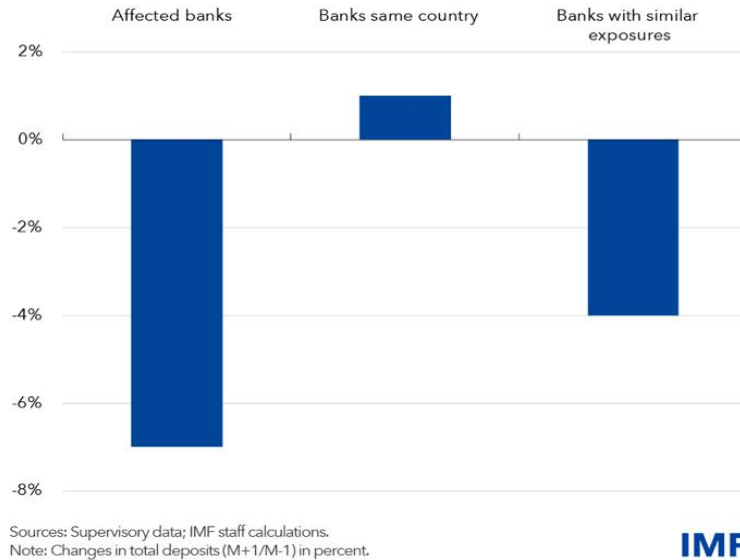


Image 1: (IMF, 2023)

Knowing the full extent of consequences for economies, requires being able to understand the fiscal, monetary, financial sector, and structural costs of illicit flows. This is needed to document just how financial integrity affects both, a given country's financial stability and broader economy, plus how global financial stability might be affected (Claver et al., 2023).

In addition, there are regional bodies that work towards the implementation of AML standards in specific geographic areas. These bodies may include the Eurasian Group (EAG), the Asia/Pacific Group on Money Laundering (APG), and the Caribbean Financial Action Task Force (CFATF). The World Bank and the International Monetary Fund (IMF), are also instrumental in supporting countries' efforts to strengthen their AML frameworks. They provide technical assistance, training, and financial support to enhance the capacity of countries to combat money laundering and terrorist financing (*Consequences of Money [...]*, 2023)

### *The Threat to Political Stability and Governance*

Money laundering facilitates corruption diverting funds intended for public services into private accounts. This undermines governance and contributes to political instability. The misuse of public resources and the empowerment of criminal networks can erode trust in institutions, destabilize governments, and spur conflicts; as seen in the cases of the Arab Spring and the Ukrainian crisis. Anonymity is key for shell companies to launder monetary funds directly related to corruption, ultimately undermining democratic governance and its stability globally. Reserves contemplated to go directly to society through healthcare education and other public services are rerouted to kleptocrats' personal bank accounts via shell companies with concealed owners. A UN panel has estimated that at least \$50 billion is lost annually through a variety of illicit financial flows from Africa, with the panel citing the need for public registries of beneficial ownership to help stem this flow (Council on Foreign Relations, n.d.).

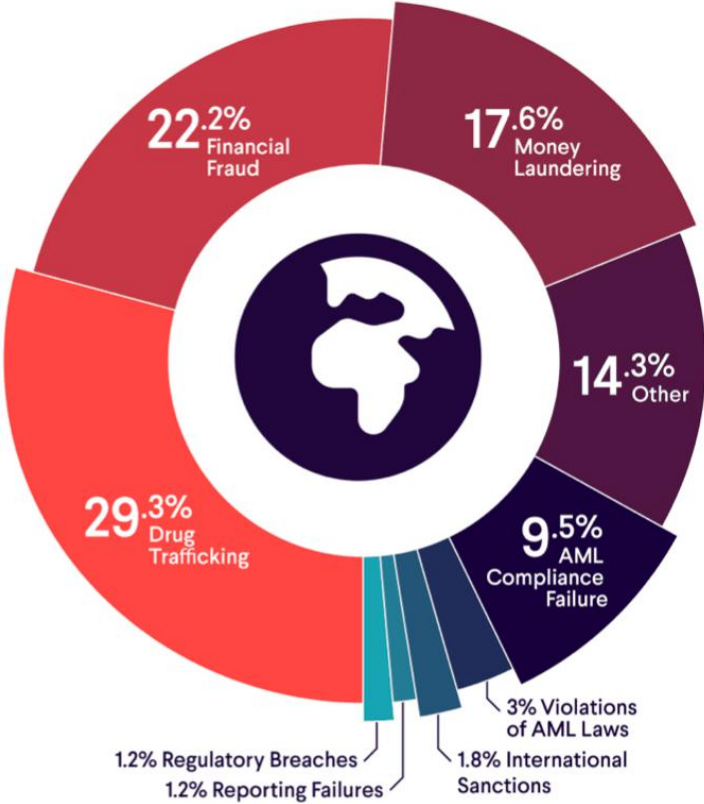


Image 2: (*Money Laundering and Financial [...]*, 2024)

Between August 2013 and August 2023, there were 16,150 AML events recorded on AML Penalties across the globe. Drug trafficking was the highest recorded event, making up

almost a third of all AML events (29.3%); followed by financial fraud (22.2%) and money laundering (17.6%). The true nature of the drug trafficking problem across the globe as well as Money Laundering and Financial Fraud, is hard to understand due to the fact that much of its activity is hidden. It's influenced by geography, socio-economic factors, and law enforcement efforts and often involves large criminal networks (*Money Laundering and [...]*, 2024). The pervasive influence of money laundering undermines public confidence in governmental and financial institutions. When criminal proceeds are laundered through legitimate businesses and financial systems, it often involves corruption and bribery, leading to a perception that authorities are complicit or ineffective. This distrust can destabilize communities and erode the rule of law as citizens lose faith in the fairness and integrity of their leaders and institutions (GAO, 2023).

### *Money Laundering's Cultural and Social Repercussions*

Financial crimes erode trust within communities and can devastate the people and businesses who fall victim to fraud and scams. The visibility of money laundering and the luxurious lifestyles of those who engage in it, can contribute to a cultural acceptance of corruption and unethical behavior. When individuals and businesses that engage in illicit activities are seen to thrive without repercussions, it can create a sense of impunity and normalize corrupt practices within the broader culture. Money laundering activities often lead to the displacement of communities (*Financial Crime Homeland [...]*, 2024).

As criminal organizations invest in real estate and other local businesses to launder money, they can drive up costs and push out long-standing residents. This gentrification process disrupts community cohesion and cultural heritage, leading to the loss of historical neighborhoods and the displacement of vulnerable populations. Efforts to combat money laundering are multifaceted and involve international cooperation, stricter regulations, and enhanced enforcement mechanisms. Organizations like the Financial Action Task Force (FATF) and the United Nations Office on Drugs and Crime (UNODC) play critical roles in setting standards and providing guidance to combat money laundering globally (UNODC, 2019).

### *Laundered Money and the Rise of Security Threats*

Proceeds from financial crimes often fuel other illegal activities, creating a cycle of crime that poses a continuous threat to our safety and security (*Financial Crime Homeland [...]*, 2024). Money laundering, terrorism financing, and their predicate offences are fuelling instability, violence, and exploitation worldwide. Safeguarding financial integrity is vital to promoting peace and security, driving sustainable development, and shielding the most vulnerable (Interpol, 2024). Regardless of counterdrug measures and some successes in this area, in current years, illicit drugs remain a momentous threat to many different sectors such as health, safety, security and financial well-being. As they expand, Transnational Organized Crime (TOC) networks may threaten stability and undermine free markets as they build alliances with political leaders, financial institutions, law enforcement, foreign intelligence, and security agencies. TOC networks, including transnational gangs, have expanded and matured, threatening the security of citizens and the stability of governments throughout regions, with direct security implications for all countries (National Security Council, 2018).

### *The New Frontier of Money Laundering via Cryptocurrencies*

Criminals have taken advantage of the rise of cryptocurrencies, therefore, as the rise of crypto accelerates, the risk of criminal activity increases as well. The concept of cryptocurrencies does not have central authority, therefore they operate independently and have limited supervision through the process of exchange through specialized cryptocurrency exchange platforms. Transferring money through this method is highly anonymous, therefore criminals have taken advantage of using this format to launder money from their illicit activities; ultimately highly favorable for criminals because of the difficulty for traditional financial systems in attaining the location and personal information about the individuals who make the overall transaction (*How Criminals Use [...]*, 2023).

However, comparing the data gathered on illicit addresses in cryptocurrency to services in 2022 and 2023, there has been an overall decrease. In 2022 there was an amount of approximately \$31.5 billion worth of crypto to different services, while in 2023 the amount decreased to \$22.2 billion. Nonetheless, this significant decline is linked to a decrease in all-round crypto transaction quantity, including legitimate and illicit transactions.

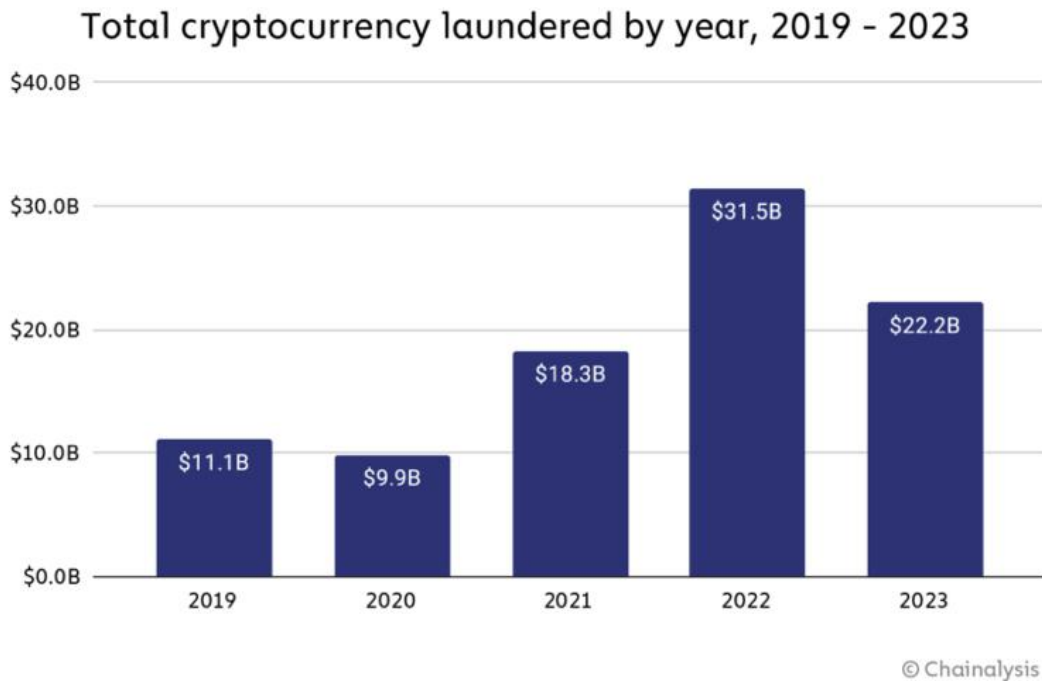


Image 4: (C. Team, 2024)

Overall, centralized exchanges remain the primary destination for funds sent from illicit addresses, at a rate that has remained relatively stable over the last five years.

Cross-chain bridges allow users to move funds from one blockchain to another. Generally, anyone can access these smart contracts, although in theory a bridge could implement a blacklist. All of this activity happens on-chain, which means that blockchain analysts can trace funds through bridges, as no centralized entity ever takes custody of the funds that move to bridges. As discussed previously, illicit actors' use of bridge protocols for money laundering purposes grew substantially in 2023, particularly amongst crypto thieves (Chainanalysis Team, 2024).

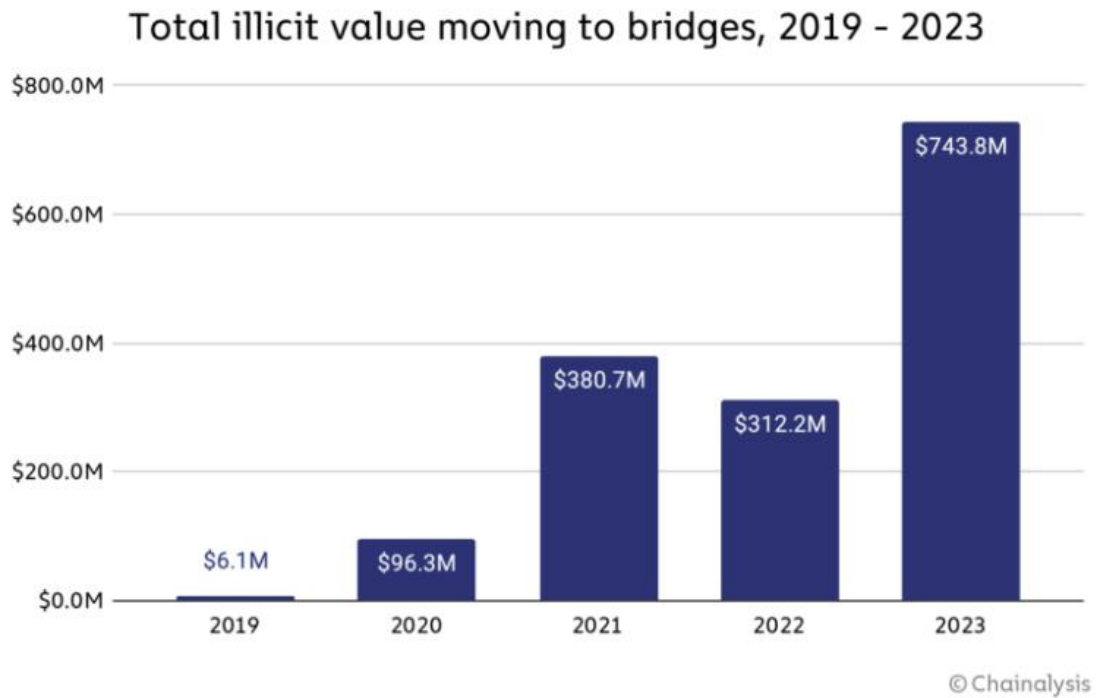


Image 5: (Chainanalysis Team, 2024)

Furthermore, bridge protocols received \$743.8 million in crypto from illicit addresses in 2023, up from just \$312.2 million in 2022. The changes in money laundering strategy that has been seen, serve as an important reminder that the most sophisticated illicit actors are always adapting their money laundering strategy and exploiting new kinds of crypto services. Law enforcement and compliance teams can be more effective by studying these new laundering methods and becoming familiar with the on-chain patterns associated with them (Chainanalysis Team, 2024).

This issue is of major importance to discuss, since it affects the stability of a country in all matters, considering that each individual is involved at the moment of discussing monetary resources. One of the strongest aspects of this topic is that increasingly, new mechanisms and methods are being implemented to carry out this illegal action, especially regarding technology as there are now more approaches and repercussions to be discussed. However, this issue does not involve only one country, but all those who want to achieve economic, social and cultural

stability, as well as maintain the legitimacy of the security of their government, for this reason is that all countries with the desire to create a just and honest society, not only within their country but the world's community, must take action to effectively make a change and create a positive impact on the world.

#### *IV. UN ACTIONS*

The United Nations has addressed the issue of money laundering throughout many years, keeping in mind the cruciality it encapsulates and the need for global cooperation in order to manage this issue. Therefore, the United Nations has taken preventive and measuring methods and procedures to prevent and deal with the occurrence of money laundering as well as the consequences it implies.

As mentioned before, in 1998, the United Nations organized a conference in Vienna, commonly known as the United Nations Vienna Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, with the goal to “combat money laundering by creating an obligation for signatory states to criminalize the laundering of money from drug trafficking” (World Bank, 1995). It encourages global collaboration in investigations and facilitates extradition for money laundering between member countries. Additionally, it asserts that national bank secrecy laws should not obstruct international criminal investigations. This convention was signed by 87 out of 192 parties.

Furthermore, the most important UN action regarding money laundering, is the creation and implementation in 1997 of The Global Programme against Money Laundering, Proceeds of Crime and the financing of Terrorism (GPML). This program was established with the goal to fulfill mandates from the 1988 Convention, demanding member states to criminalize money laundering associated with drug trafficking and establish legal frameworks. The GPML's role was reinforced by a 1998 General Assembly resolution that urged countries to implement specific measures, especially in financial institutions, to counteract money laundering. The 2000 United Nations Convention against Transnational Organized Crime, expanded useful information about money laundering throughout, to include proceeds from all serious crimes, stressing the

importance of legal, and administrative measures to regulate financial activities and support investigations and prosecutions (UNODC, n.d.).

The GPML encouraged the establishment of legislative frameworks to criminalize money laundering proceeds, with the intent to prevent criminals and their illicit funds from entering national and international financial systems. Additionally, law enforcement measures, including mechanisms for information sharing, were established and presumed as necessary to combat money laundering effectively (UNODC, n.d.). This goal is pursued through technical cooperation and research, focusing on developing the infrastructure essential to combat money laundering. The program's initiatives include raising awareness, building institutions, providing training, and establishing financial intelligence units.

The GPML collaborates with various international organizations to broaden its resources and avoid duplicating technical assistance efforts. Through these activities, the GPML aims to ensure that member states adopt necessary legal frameworks and meet international anti-money laundering standards (UNODC, n.d.). Moreover, in recent resolutions, the GPML has been tasked by the United Nations General Assembly to "...continue providing technical assistance to Member States to combat money laundering and the financing of terrorism in accordance with United Nations related instruments and internationally accepted standards, including, where applicable, recommendations of relevant intergovernmental bodies, inter alia, the Financial Action Task Force on Money Laundering, and relevant initiatives of regional, interregional and multilateral organizations against money laundering" (UNODC, n.d.).

Additionally, in 2015, all United Nations Member States are subject to the 2030 Agenda for Sustainable Development, aimed for fostering peace and prosperity for both people and the planet (United Nations, 2015). This agenda is made up of 17 Sustainable Development Goals (SDGs) that address a great assortment of global challenges, including poverty, inequality, climate change, environmental degradation, peace, and justice. As part of the 16th SDG: Peace, Justice and Strong Institutions, The United Nations has acknowledged the serious challenges and threats created by money laundering as a whole as well as the importance for the recovery and return of stolen assets. Moreover, Member States contributing to this initiative are enforced to



take significant measures by 2030 as mentioned in SDG point “16.4. By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime” (United Nations, 2015).

In essence, the SDGs are essential to take into consideration the urgent call for action by all countries (developed and developing) in a global partnership. By providing technical assistance, fostering international cooperation, and promoting adequate and legal practices in financial regulation, the GPML supports nations in their efforts to create legal and institutional frameworks. These efforts are essential for countering money laundering and other financial crimes, which, if ignored or not prioritized, can have devastating effects on economic development, governance, and societal well-being.

## **V. POSSIBLE SOLUTIONS**

Money laundering by criminal organizations carry consequences that have a major impact on society, affecting economic and social stability, as well as political legitimacy, given that not only criminal groups commit such illicit acts. For this reason it is of utmost importance to address solutions that include the strength of international cooperation, as well as solutions that focus on increasing national financial transparency. The following are possible measures that could be taken in the face of this issue to enhance society's justice, security and development:

- I. Assigning authorities the power to require the necessary information, documentation, and data to clarify the income of companies and individuals with a strong national and/ or international net worth, while including anti-money laundering filters in each transaction and/or investment.
  - a. Companies with \$50 million onwards and individuals \$5 million onwards.
  - b. Among the authorities allowed to require such information, include public, national, and foreign security authorities; which prevent and detect acts or operations that may be indicators of this activity. With the goal of increasing

attention to these points and being alert to any suspicion, resulting that no activity of this type remains unpunished.

- c. Create an autonomous institution that, along with these agencies, will focus on investigating, reporting and receiving denouncements not only from law enforcement agencies, but also from citizens and companies that are dedicated to manage companies and provide them with the power to emit regulations and sanctions for those who carry out activities that are related to any type of money laundering.
- II. Implement digital regulations on websites to combat not only cash laundering, but cryptocurrencies and online transactions.
    - a. Connect and work in conjunction with experts in cybersecurity and data analytics to develop effective and thorough algorithms in order to integrate those algorithms into e-commerce platforms, cryptocurrency exchanges, and online banks.
    - b. Blockchain Technology deployment within the institution created and implemented in banks and tracking companies enhanced by advanced fraud detection algorithms, ensures transparency and immutability of transactions, thereby increasing the difficulty of concealing illicit activities within the financial system.
    - c. In order to capacitate all those authorities and cybersecurity experts, develop a specific manual to correctly interpret the alerts and denunciations generated by the established algorithms.
- III. Create an international banking data network in order for nations to support each other and share information that would lead to the detection of money laundering between nations.

- a. In case any money laundering movement is detected, sanctions will be applied against individuals and/or companies, including freezing financial assets at a national and international level and blocking their advertising in order to prevent them from expanding their network.
- b. Upon detection of suspicious activity, either the company or the individual will be subject to a review and will be charged a penalty per level of suspicion to carry out the review. If the illicit action has been committed, the penalty will increase in value and a trial will be held. Consequently, if the possibility of money laundering is considered, the individual or company will question itself seriously, since every movement will be tracked, penalized and if the crime is committed, there will be no chance of repeating it in the future.

## **VI. COUNTRIES INVOLVED**

### **1. United States of America**

Money laundering is a pressing issue in the United States of America, with money laundering constituting on average about 15%-38% of the money laundered globally (Kolmar, 2023). This compromises about \$300 billion US dollars in laundered money around the country yearly. Although the United States has passed and established many acts and measures (including the Bank Secrecy Act and several laws in the US Constitution) to lower this issue and has a rate of 91.1% of money laundering criminals being imprisoned, 90% of money laundering crimes go undetected and officially disregarded (Cohen & Nesva, 2023). Moreover, Virginia, Florida and Ohio are the US states with the most reported money laundering crimes per 10,000 people (The Economist, 2021). Furthermore, bitcoin money laundering roughly makes up 0.9% of money laundering in the U.S., which approximately estimates to 2.9 billion US dollars. Although the quantity may seem like a large amount, over 99% (about \$300 billion US dollars) of money laundering crimes occur through FIAT currencies (Smart Search, 2024).

## **2. United Kingdom of Great Britain and Northern Ireland**

The United Kingdom is important to the global money laundering issue due to its strong economy and financial sector, as well as the complex network of transnational territories including British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar etc... (*Commonwealth Parliamentary Association [...]*, 2024). Additionally, throughout the UK has established legal and regulatory frameworks such as Proceeds of Crime Act, Financial Services and Markets Act, Anti-Money Laundering Act etc.. but have had complex challenges that can be easily exploited by sophisticated criminal organizations (National Crime Agency, 2020). “The National Crime Agency (NCA)’s National Strategic Assessment 2019 estimates that serious and [organized] crime costs the UK economy at least £37 billion [English pounds] a year and that there are 4,542 known [organized] crime groups operating in the UK” (*Institute of Financial [...]*, n.d.). Moreover, as mentioned, the UK also supervises several overseas territories, such as the British Virgin Islands and the Cayman Islands, which are globally and famously known for their illicit financial practices and lack of transparency (*Financial Action Task [...]*, 2018). These commands often serve as conduits for illicit financial flows, escalating the UK's role in the global money laundering landscape.

## **3. United Arab Emirates**

Money laundering is a significant and present issue in the United Arab Emirates (UAE), where the country's financial and real estate sectors are frequently exploited for illicit activities. Approximately, every year billions of dollars in illicit funds pass through the free trade zones of the United Arab Emirates, such as the Dubai Multi Commodities Centre (Heavener et al., 2024). Despite the UAE implementing numerous regulatory measures, including anti-money laundering laws and reforms to enhance financial transparency, the Financial Action Task Force (FATF) still identifies the UAE as a high-risk country for money laundering that needs significant measures and law-enforcements to have a thriving economy free of money laundering (Heavener et al., 2024). Notable institutions such as Mashreq Bank and Emirates NBD, have been implicated in large-scale money laundering schemes. The Mashreq Bank was involved in a 2021 money laundering scheme where “Mashreq used a series of “cover payments” to “conceal the Sudanese

connections to transactions,” primarily on behalf of the privately-owned Sudanese bank Blue Nile [that was previously banned]” (Monroe, 2021). Additionally, even though the UAE has made slight progress in the fight against money laundering, these efforts' efficacy are still being questioned, underscoring the necessity of reforms and more strict enforcement.

#### **4. Commonwealth of Australia**

The Commonwealth of Australia plays a prominent role in money laundering around the world. Australia has a highly active anti-money laundering strategy with the help of government agencies and partners such as AUSTRAC (Australian Transaction Reports and Analysis Centre), Australian Border Force, and the Australian Criminal Intelligence Commission (Australian Federal Police, n.d.). An important operation has been carried out through Australia called Operation Avarus-Nightwolf, with the goal to expose a suspected money laundering scheme made by the multi-billion-dollar Australian-based money remittance service: the Changjiang Currency Exchange. “It is alleged the Changjiang Currency Exchange is being secretly run by a Chinese organized crime group known as the Long River money laundering organization. The Australian Federal Police (AFP), will allege the Changjiang Currency Exchange laundered almost \$229 million in the past three years alone – including funds stolen from victims of cybercrime” (AFP, n.d.). Australia has been profiting from “dirty monetary funds” that have been flowing from developing countries that have enabled foreign crime, corruption, and misbehavior that deprives citizens of their country's wealth (Transparency International Australia, n.d.). Additionally, most laundered crimes happen through Australian lawyers, accountants and real-estate agents that have easy access to large amounts of funds without being questioned or detained; therefore more notable frameworks and laws are needed to stop this issue from escalating even more (TIA, n.d.).

#### **5. Canada**

According to the Expert Panel Money Laundering in BC Real Estate, approximately \$46.7 billion Canadian dollars were laundered in 2018 (*Real Estate Council [...]*, n.d.). In Canada, money laundering notably occurs in casinos where individuals who give illicit loans

transported laundered monetary resources in garbage and hockey backs with only \$20 Canadian dollar bills to gamblers that then transported them to casinos (Porter et al., 2022). “Canada is a “major money laundering country,” with weak law enforcement and gaps in its laws” (Porter et al., 2022). The most common and highest money laundering place in Canada is the province of British Columbia, which possesses one of the largest underground economies in the nation, where billions of dollars are laundered each year. Here, criminals are accustomed to money laundering through “gambling in casinos, buying and selling luxury goods and taking out residential mortgages that are paid off in cash installments small enough not to trigger any alarm bells” (Porter et al., 2022). Only gambling generated about \$3.1 billion Canadian dollars in 2015-2016, which approximately constitutes one third of the amount of government funds that were intended and used for hospitals, healthcare, and community organizations (Porter et al., 2022). Canada lacks strict and thorough laws and frameworks regarding money laundering in order to operate as a highly transparent and effective economy.

6. Antigua and Barbuda
7. Dominican Republic
8. Federal Republic of Germany
9. Federative Republic of Brazil
10. French Republic
11. Hellenic Republic
12. Islamic Republic of Pakistan
13. Japan
14. Kingdom of Sweden
15. Malaysia
16. People’s Republic of China
17. Republic of Austria
18. Republic of China

19. Republic of Columbia
20. Republic of Costa Rica
21. Republic of India
22. Republic of Italy
23. Republic of Malawi
24. Republic of Poland
25. Republic of Romania
26. Republic of South Africa
27. Russian Federation
28. State of Israel
29. The Democratic Socialist Republic of Sri Lanka
30. United Mexican States

## ***VII. BIBLIOGRAPHY***

Australian Federal Police. (n.d.). *Money laundering crime in Australia - AFP*. AFP.

<https://www.afp.gov.au/crimes/money-laundering-and-financial-crime/money-laundering>

Chainalysis Team. (2024, February 15). *2024 Crypto Money Laundering Report*. Chainalysis.

<https://www.chainalysis.com/blog/2024-crypto-money-laundering/>

Claver, C., El Khoury, C., & Weeks-Brown, R. (2023, December 7). *Financial Crimes Hurt Economies and Must be Better Understood and Curbed*. IMF Blog.

<https://www.imf.org/en/Blogs/Articles/2023/12/07/financial-crimes-hurt-economies-and-must-be-better-understood-and-curbed>

Cohen, S & Nesva, S. (2023). *Anti-money Laundering : USA*. Global Investigations Review.  
<https://globalinvestigationsreview.com/insight/know-how/anti-money-laundering/report/usa#:~:text=The%20Bank%20Secrecy%20Act%20>

Commonwealth Parliamentary Association UK. (2024). *UK Overseas Territories*.  
Commonwealth Parliamentary Association UK.  
<https://www.uk-cpa.org/where-we-work/uk-overseas-territories>

*Consequences of Money Laundering: Impact on the Economy*. (n.d.). Tookitaki: a Thunes Company  
<https://www.tookitaki.com/afc-thoughts/the-consequences-of-money-laundering-why-a-community-based-approach-matters>

DAngelo, C. (2022, October 3). *Timeline of BSA/AML Regulations*. Alessa.  
<https://alessa.com/blog/bsa-aml-regulations-timeline/>

Financial Action Task Force. (2018). *Anti-money laundering and counter-terrorist financing measures: United Kingdom mutual evaluation report*. FAFT.  
<https://www.fatf-gafi.org/media/fatf/documents/reports/mer4/MER-United-Kingdom-2018.pdf>

Financial Action Task Force. (n.d.). *History of the FATF*. FATF.  
<https://www.fatf-gafi.org/en/the-fatf/history-of-the-fatf.html>

Financial Crime Academy. (2024). *The History of Money Laundering: Know The Important Origin Of Money Laundering*. FCA.  
<https://financialcrimeacademy.org/the-history-of-money-laundering-2/#:~:text=The%20history%20of%20money%20laundering%20traces%20back%20to%20over%202000,to%20circumvent%20regional%20trading%20bans>



*Financial Crime.* (n.d.). Homeland Security Investigations.

<https://www.dhs.gov/hsi/investigate/financial-crime>

*Functions and powers of the General Assembly.* (n.d.).

<https://www.un.org/en/ga/about/background.shtml#:~:text=Comprised%20of%20all%20193%20Members>

*How Anonymous Shell Companies Finance Insurgents, Criminals, and Dictators.* (n.d.). Council on Foreign Relations.

<https://www.cfr.org/report/how-anonymous-shell-companies-finance-insurgents-criminals-and-dictators>

*How criminals use crypto exchanges for money laundering.* (2023, June 12). ID Now.

<https://www.idnow.io/blog/how-criminals-leverage-crypto-money-laundering/>

Heavener, M. , Maluf, R. & Molloy, S. (2024). *UAE: Shifting landscape of risk and reform.* Global Investigations Review.

<https://globalinvestigationsreview.com/review/the-european-middle-eastern-and-african-investigations-review/2024/article/uae-shifting-landscape-of-risk-and-reform#:~:text=New%2C%20heightened%20risks&text=Notably%2C%20the%20FATF%20listed%20the%20money%20laundering%20and%20terrorist%20financing>

Image 1: Europol. (2022). *Money Laundering.* Europol.

<https://www.europol.europa.eu/crime-areas/economic-crime/money-laundering>

Institute of Financial Accountants. (n.d.). *Anti-Money Laundering (AML).*

<https://www.ifa.org.uk/technical-resources/am>

Internal Revenue Service. *Bank Secrecy Act.* (n.d.). IRS.

<https://www.irs.gov/businesses/small-businesses-self-employed/bank-secrecy-act#:~:text=Congress%20passed%20the%20Bank%20Secrecy>

Jass, U. (2019, April 25). *The History Of Money Laundering*. KYC-Chain.

<https://kyc-chain.com/the-history-of-money-laundering/>

Jones, C. (2019). *Federal Election Campaign Act | Definition, Amendments, & Facts*.

Encyclopædia Britannica.

<https://www.britannica.com/topic/Federal-Election-Campaign-Act>

Kolmar, C. (2023). *20 Money Laundering Statistics [2023] Facts about Money Laundering in the U.S.* Zippia.

<https://www.zippia.com/advice/money-laundering-statistics/#:~:text=Approximately%20%24300%20billion%20is%20laundered,and%20%242%20trillion%20each%20year>

Kumar, V. (2012). *Money Laundering: Concept, Significance and its Impact*. European Journal of Business and Management (Vol. 4). <https://core.ac.uk/download/pdf/234624157.pdf>

Lerner, M. (2022). *Unintended Consequences of Prohibition*. Public Broadcasting Service.

<https://www.pbs.org/kenburns/prohibition/unintended-consequences>

*Money Laundering and Financial Crime Report*. (2024). SmartSearch.

<https://www.smartsearch.com/solutions/2024-money-laundering-and-financial-crime-report>

Monroe, B. (2021). *OFAC, Fed, NYDFS penalize Mashreq bank \$100 million for sanctions failures, just three years after \$40 million fine for similar issues*. Association of Certified Financial Specialists.

<https://www.acfcs.org/ofac-fed-nydfs-penalize-mashreq-bank-100-million-for-sanctions-failures-just-three-years-after-40-million-fine-for-similar-issues/#:~:text=From%20January%202005%20through%20the,OFAC%2C%20according%20to%20penalty%20documents>

National Crime Agency. (2020). *National Strategic Assessment of Serious and Organized Crime*. NCA.

<https://www.nationalcrimeagency.gov.uk/who-we-are/publications/437-national-strategic-assessment-of-serious-and-organised-crime-2020/file>

National Security Council. (2018). *Transnational organized crime: A growing threat to national and international security*. The White House.

<https://obamawhitehouse.archives.gov/administration/eop/nsc/transnational-crime/threat>

U.S. Government Accountability Office. (2023, July 20). *Venezuela's Political Unrest Has Made Drug Trafficking, Money Laundering, and Other Crimes Easier*. GAO.

<https://www.gao.gov/blog/venezuelas-political-unrest-has-made-drug-trafficking-money-laundering-and-other-crimes-easier>

Porter, C., Isai, V., & Sherlock, T. (2022, June 15). *Lavish Money Laundering Schemes Exposed in Canada*. The New York Times.

<https://www.nytimes.com/2022/06/15/world/canada/canada-money-laundering.html>

Real Estate Council Alberta. (n.d.). *Money Laundering and Real Estate Transactions*. RECA.

<https://www.reca.ca/consumers/financial-considerations/money-laundering-real-estate/>

Richard Nixon Foundation. (2022, June 14). *Watergate Explained*. Richard Nixon Foundation.

<https://www.nixonfoundation.org/watergate-explained/>

Smart Search. *2024 Money Laundering and Financial Crime Report*. (2024). SmartSearch.

<https://www.smartsearch.com/solutions/2024-money-laundering-and-financial-crime-report#:~:text=The%20data%20shows%20money%20laundering>

The Economist. (2021, April 12). *The war against money-laundering is being lost*. The Economist.

<https://www.economist.com/finance-and-economics/2021/04/12/the-war-against-money-laundering-is-being-lost>

The Editors of Britannica Encyclopedia. (n.d.). *What were the effects of Prohibition?*  
Encyclopædia Britannica.

<https://www.britannica.com/question/What-were-the-effects-of-Prohibition>

*The Limits of the UN General Assembly's Law-making Power.* (2024, May 6). International Law Agendas.

<http://ila-brasil.org.br/blog/the-limits-of-the-un-general-assemblys-law-making-power/>

Transparency International Australia. (n.d.) *Money Laundering.* TIA.

<https://transparency.org.au/money-laundering/>

United Nations. (2003). *Final Act of The United Nations Conference for the Adoption of a Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.*

United Nations. [https://www.unodc.org/pdf/convention\\_1988\\_en.pdf](https://www.unodc.org/pdf/convention_1988_en.pdf)

United Nations. (2023). *Money laundering.* United Nations: Office on Drugs and Crime.

<https://www.unodc.org/unodc/en/money-laundering/overview.html>

United Nations. (2023, December 7). *Security Council Adopts Presidential Statement on Transnational Organized Crime, Urges States to Ramp Up Cooperation, Laws, Borders to Combat It.* United Nations. <https://press.un.org/en/2023/sc15516.doc.htm>

United Nations. (2024). *General Assembly of the United Nations.* United Nations.

<https://www.un.org/en/ga/>

United Nations Office on Drugs and Crime. (n.d.). *Global Programme against Money Laundering.* UNODC.

<https://www.unodc.org/unodc/es/money-laundering/global-programme-against-money-laundering/.html>

United Nations Office on Drugs and Crime. (2024). *Money laundering*. United Nations: UNODC ROMENA. <https://www.unodc.org/romena/en/money-laundering.html>

United Nations Office on Drugs and Crime. (n.d.). *Global Programme against Money Laundering* [PDF]. <https://www.unodc.org/pdf/gpml.pdf>

UNODC. (2019). *Money-Laundering*. United Nations Office of Drugs and Crime. <https://www.unodc.org/e4j/en/organized-crime/module-4/key-issues/money-laundering.html>

UNODC. (2019). UNODC and Organized Crime. Unodc.org. <https://www.unodc.org/unodc/en/organized-crime/intro.html>

United Nations. (2024). *The 17 Sustainable Development Goals*. United Nations. <https://sdgs.un.org/goals>

United Nations. (2015). *The United Nations: Partner in the Struggle Against Apartheid*. Un.org. [https://www.un.org/en/events/mandeladay/un\\_against\\_apartheid.shtml](https://www.un.org/en/events/mandeladay/un_against_apartheid.shtml)

United Nations. (2015). *Transforming Our World: the 2030 Agenda for Sustainable Development*. United Nations. <https://sdgs.un.org/2030agenda>

United Nations. (1948, December 10). *Universal Declaration of Human Rights*. United Nations. <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

Urgent cooperation needed to fight money laundering and terrorist financing. (13 May 2024). Www.interpol.int. From <https://www.interpol.int/News-and-Events/News/2024/Urgent-cooperation-needed-to-fight-money-laundering-and-terrorist-financing>

U.S. Department of State. *Major Money Laundering Countries*. (n.d.). U.S. Department of State.  
<https://2009-2017.state.gov/j/inl/rls/nrcrpt/2003/vol2/html/29919.htm>

World Bank. *Money Laundering and International Efforts to Fight It*. (1995). Public Policy for the Private Sector - World Bank.  
<https://documents1.worldbank.org/curated/en/900151468762300572/pdf/16907-Replace-ment-file-048SCOTT.pdf>

