A legal critique and innovative method to fighting against money laundering

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ABSTRACT

Authorities in charge of enforcing the law and implementing policy face tremendous hurdles when attempting to combat money laundering. Despite its widespread recognition as a kind of "serious and organized crime," the process of "placing," "layering," and "integrating" criminal proceeds have typically been regarded as convoluted and difficult to understand. The purpose of this article is to reevaluate the notion of money laundering as it relates to organized crime and to provide a critical analysis of its theoretical foundations. This research delves into the ways in which criminals work together in organized money-laundering schemes to thwart law enforcement and advance the regulatory-spatial paradigms within which they do business. This shifts the discussion's focus to the "who" and "where" of money laundering. This article contends that the efforts of law enforcement agencies to prevent money laundering are doomed to failure because they are based on principles and legal definitions that are too narrow and idealistic. Very little academic discussion has challenged the underlying framework under which money laundering is understood. In order to effectively tackle money laundering, this article suggests a novel strategy that takes into account both the people and places where it occurs.

Keywords: AML; Organised Crime, Money Laundering, Framework, Legal.

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Introduction

The word "organized crime" is often used interchangeably with "money laundering." Money laundering is considered a "severe and organized crime" by various anti-money-laundering (AML) agencies around the world (Levi and Soudijn, 2020). Demand for illegal goods and services drives organized crime, and offenders' motivations generally include the desire to make a profit (Lord et al., 2018). Like drug trafficking, the goal of money laundering is to make it look like the money came from a credible source so that it can be reinvested in more illegal activity (Albanese, 2021, p. 341). When money launderers collaborate and organize their operations, they increase their chances of success. The capacity to manipulate financial markets, take advantage of legal loopholes, and sidestep anti-money-laundering regulations is another way in which they will profit. Their goal is to remain undetected by police enforcement at any cost.

The literature extensively describes money laundering as the abstract activity of cleaning "dirty" cash so that it appears "clean." Previously obvious profits from organized crime are converted and camouflaged to further conceal them within the financial system. This idea is foundational to the worldwide effort to combat money laundering and is used as a basis for various authorities' understanding of the phenomenon. In addition, criminal law is typically used to define illegal activity and decide an appropriate sentence in cases of money laundering and organized crime (Faraldo Cabana, 2014, p. 14). But the people engaged and the locations where organized money laundering takes place have been underappreciated in worldwide agendas and legal frameworks. There hasn't been any work done in the past to reorient the core AML architecture toward these vital components.

By situating money laundering in the context of organized crime, this paper reexamines the AML structure and offers a juridical critique and research of its modern tendencies. It demonstrates that the prevalent method of considering money laundering has significant drawbacks. It contends that efforts to combat money laundering rely too largely on a stale knowledge of the money-laundering method and on rigorous judicial systems that have failed to adjust to evolving money-laundering and organized crime trends. Therefore, the essay suggests a

new strategy for countering money laundering by providing a deeper understanding of the evolving patterns in money laundering as well as the players and environments in which money laundering takes place. The anti-money-laundering (AML) sector could be more effective if they adopted such an approach.

Program to Prevent the Laundering of Funds

Academics and lawmakers have argued over the definition of "money laundering" for decades. The practice of washing money is not novel. Over two thousand years ago, in an effort to evade authorities, Chinese merchants pioneered the practice by trying to launder the proceeds of unlawful trade (Morris-Cotterill, 2001, p. 16; Purkey, 2010, p. 114). In order to live lavishly and expand their illegal operations, organised criminals have historically sought means to recycle, conceal, and legitimize the proceeds of their illicit activities (International Bar Association, n.d.).

This allows them to gain influence within corporations and generate illicit profits. For example, Italian mafia organizations often choose to exert their influence and launder money through the management of casinos and restaurants (El Siwi, 2018, p. 126). During the 1920s Prohibition Era, American mafia leaders made money laundering a top priority as a means of hiding profits from the unlawful selling of alcohol and other illicit operations (International Bar Association, n.d.). In order to avoid further incrimination, one of the main goals of laundering money is to conceal the true origins of the money.

However, government officials have only recently begun to view money laundering as a priority issue in and of itself (Gilmore, 2011). Authorities have focused on seizing illegal gains since the 1980s, when they realized that drug trafficking had become a lucrative business. This was part of a larger attempt to reduce organized crime. The United States was the first country to criminalize money laundering as its own offense in 1986 (Lapteş, 2020).

In the 1990s, governments prioritized preventing money laundering because of its link to combating drug trade and other forms of organized crime. Following the September 11th attacks in the United States, the West made combating money laundering a priority in its "war on terrorism" (Alldridge, 2003). Many other countries and regions have also since banned it. Several money-laundering crimes are detailed in the Proceeds of Crime Act 2002 of England and Wales, which also defines illicit property as the gain one experiences as a result of criminal activity. The Act gives law enforcement the authority to seize the proceeds of crime and makes it illegal for anybody to knowingly acquire, conceal, or make arrangements to acquire unlawful property on behalf of another.

Looking at the system and procedure of money laundering critically:

There has been a lot of discussion about the method used to clean dirty cash. Traditional government knowledge of money laundering centers on a three-stage paradigm of placement, layering, and integration (Gilmour, 2020; Hopton, 2009; Soudijn, 2016). The first step in the process of money laundering is sometimes depicted as the introduction of illegal funds into the monetary sector. Money can be placed directly into a bank account, or it can be moved from one type of asset held by a bank to another.

In the second phase, known as "layering," modest, illegal contributions are spread out among a large number of bank accounts or are combined with legitimately earned funds or assets to hide their true provenance. Using fake documents, anonymous shell firms, and convoluted organizational structures, the origins of the unlawful money can be further obscured. Afterwards, the money is reintegrated into the legal economy by purchasing stocks in a genuine company, a piece of real estate, or a high-end vehicle (Cassella, 2018; Irwin et al., 2012; Naheem, 2015a).

This three-step process of money laundering has been extensively discussed in the literature, and as a result, many governmental agencies and governments use it as a guide for their enforcement operations and to create

anti-money-laundering legislation (Soudijn, 2016). The criminal "wash cycle" of "placement-layering-integration" is commonly used to "clean" "dirty" money and make it appear legitimate. To give just one example, the Financial Action Task Force (FATF), an intergovernmental organization responsible for establishing global AML standards, describes the money-laundering process in this way across their many reports and recommends that every country legislate for convicting money laundering (FATF, 2021; Kemsley et al., 2022; Soudijn, 2016; Alexander, 2001).

Furthermore, several governments have exaggerated the idea of money laundering, portraying it as a sort of "serious and organized" crimes (Levi and Soudijn, 2020). In such policy literature, discussions of money laundering are generally accompanied by complex case studies. This phrase presents an issue since it makes money laundering sound more sophisticated than it really is.

It is also dated to use such language to describe money laundering. Money laundering, as Levi and Soudijn (2020, p. 583) show, was first conceived in the 1980s, when most transactions were conducted in cash. However, the numerous and diverse techniques used by modern money launderers as a result of technological and globalization advancements render the traditional three-stage model inadequate. Despite its continued popularity, especially in developing countries, cash transactions continue to be more time-consuming and inconvenient for many people than other forms of payment.

Many trade-based money-laundering strategies involve tactics that modify value within trade invoices to escape detection as cash transactions (Gilmour, 2022; Levi and Soudijn, 2020; Naheem, 2015b). But it is important to remember that it is still tricky to determine the exact volume of cash transfers because of the anonymity of these transactions (G4S, 2018). This is not to say that physical cash plays no part in money laundering. Actually, because cash is untraceable and unmeasurable, laundered money can easily travel through underground economies (like Hawala) (Soudijn, 2016).

This illustrates yet another serious shortcoming of the three-stage model: money can be "laundered" without completing all three steps. The "placement-layering-integration" concept is frequently used to explain money laundering as though it were the primary (and, in some cases, sole) method by which criminals legitimized their illicit gains. Sadly, this is rarely the case. For example, money earned illegally through street-level drug selling and stashed away under floorboards with the intention of investing it in more drugs does not get "put" into the conventional financial system. Cash-intensive enterprises like car washes, laundromats, and pawnshops make it easy to spend that cash legally without a bank account. Further, there is no requirement to "layer" such money before spending it.

There are also scenarios where the classic three-stage money-laundering model may not apply, such as with irregular wealth transfer systems (e.g. Hawala). These require informal arrangements among a group of foreign trustworthy individuals acting as "financial service providers" to move money from one jurisdiction to another outside of the formal sector (Teichmann and Falker, 2021; van de Bunt, 2008). The goal is not to use the centralized banking system or introduce new money into the economy, but rather to conduct business using a tried-and-true method that has been used successfully in certain communities for millennia. Yet, one may argue that such methods still entail "layering," since they help to disperse and conceal the starting points of illegal transactions.

Finally, the unlawful monies can be reintegrated into the regular financial system without having to be deposited in other assets. Instead, one can frivolously blow them at nightclubs and casinos without worrying about investing in one's future (Levi and Soudijn, 2020, p. 583). Fraudulent investment schemes, wherein money is laundered through subsequent investments without any "placement, stacking, or integration" of funds are another example, as shown by Cassella (2018, p. 496). Cassella (2018) argues that authorities should focus less on the specifics of how money is laundered and more on the people who are doing it. Therefore, it is claimed that the three-stage model of money laundering ignores the people involved, such as the characters that facilitate money laundering to grow, and the locations where money laundering takes place. The best way for

authorities to combat the money-laundering phenomena is for them to gain a deeper understanding of money launderers and the illegal markets they operate in.

In addition, since the point of money laundering is to conceal illicit gains from law enforcement, it is important to know all the ways in which criminals can get their "hands on" your cash. Eventually, the predicate crimes that can link money-laundering procedures and the fraudsters to their illegal origins become a topic of inquiry in the investigation of money laundering. The obvious precursors to money laundering are financial crimes like fraud and corruption. The AML regulatory landscape, however, has its roots in the 1980s, when the government began cracking down on the illegal revenues generated by drug trafficking. From these early discussions, AML policies have evolved.

According to Pavlovi and Paunovi (2019, p. 223), the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, that criminalized the laundering of criminal earnings resulting from drug trafficking, failed to even identify corruption offences. Terrorism (and the funding of terrorism), people smuggling, fraud, and counterfeiting currency, among others, were added to the list of predicate crimes as a result of the United Nations Convention against transnational organized crime, which entered into force in 2000. (Mugarura, 2011, p. 180). In addition, the Financial Action Task Force's (2012) Recommendations provide a complete structure for how nations should collectively combat money laundering as well as terrorist funding, including a specific reference to precursor crimes to money laundering.

Nevertheless, it is possible that governments have focused too heavily on predicate crimes in their efforts to make money laundering illegal. Korejo et al. (2021) argue that governments' failure to clearly define money laundering has led to an overcriminalization of the practice. The term "proceeds of crime" refers to the monetary, real-estate, and asset gains made by illicit means, and it is broadly defined across international contexts as money laundering. Indeed, money laundering frequently results from a wide variety of other illegal

actions and is frequently tied to its predicate crimes, as the proceeds of these crimes are frequently reinvestment in additional unlawful endeavors (Financial Action Task Force, 2012; Rusanov and Pudovochkin, 2018, p. 22).

On the other hand, as Korejo et al. (2021) point out, money laundering has grown to include a wide variety of significant and global organized crimes that could serve as a predicate offense. In addition to drug trafficking, fraud, corruption, human trafficking, and terrorism, the 6th EU AML Directive also includes cybercrime, piracy, tax evasion, arms trafficking, environmental crimes, murder, and major assaults (Council Directive 2018/1673/EU, 2018, pp. 26-27). Korejo et al. (2021) argue that there is too wide a range of actions that could qualify as predicate offenses to money laundering. Although the proceeds of any crime could be laundered, the government's narrow focus on money-laundering enforcement and its failure to consider the players involved or the places in which they operate pose a difficulty with the traditional criminal-law approach to conceptualizing money-laundering. The operational and strategic difficulties in combating money laundering must first be understood before these factors can be taken into account.

Obstacles in the Fight Against Money Laundering:

The government and law enforcement agencies face special difficulties when dealing with money laundering. Money launderers successfully adapt to the authorities' increasing AML efforts by constantly refining and varying their operations to conceal the source of their unlawful gains (Brown, 2016; Cassella, 2018; Naheem, 2015a). Consequently, tracking down the source of the money laundered is a major obstacle for law enforcement when pursuing criminal charges.

Complex legal due process, insufficient intergovernmental collaboration, and an absence of political will, can also stymie authorities and delay the introduction of new anti-money-laundering regimes (Gilmour, 2020). Because it takes so long for governments to pass new anti-money-laundering legislation and develop enforcement actions, money-launderers frequently adapt their methods to thwart these efforts (Turner, 2011).

The growing internationalization of our societies adds further layers of difficulty to the already challenging task of combating money laundering.

Because of globalisation, it is now easier to travel internationally and more commodities, services, and information may be traded across national boundaries (Otusanya and Lauwo, 2012; Schroeder, 2001). Since financial markets have been liberalized, there are less restrictions on world commerce (Otusanya and Lauwo, 2012). From 1990 to 2016, an estimated $8 trillion more flowed over borders, with 20% of this being illegally obtained funds (Christensen, 2012, p. 331). There are more opportunities for money laundering due to the volume of international transactions, the variety of payment methods available, the ease with which criminals may communicate, and the convenience with which they can gain access to the financial markets (Gelemerova, 2011; Menz, 2020).

Even though cash is still widely used, more and more people are opting to use electronic payment methods (Gilmour and Ridley, 2015). Rechargeable membership cards, peer-to-peer payment systems, and other digital payments make it easier for criminals to manipulate the financial system while also facilitating faster and more convenient transactions (He, 2010; Simser, 2013). In the same way, compared to traditional financial systems, trading in alternate payments like crypto currencies offers convenience and perceived secrecy. Criminals are now able to more effectively communicate via the web and social media platforms, expanding their reach across national boundaries and into previously inaccessible demographics (Dolliver and Love, 2015). The ability of law enforcement to track criminal activity has been hampered by globalization, which has made it easier for criminals to work together and move illicit funds more quickly.

The transatlantic and cross-border characteristics of money laundering make it even more challenging for authorities to track down laundered cash that have been transferred internationally. A number of legal, moral, and practical hurdles may stand in the way of law enforcement's efforts to crack down on money laundering and other forms of financial crime (Gilmour, 2020). The difficulty of complying with the numerous and often

contradictory AML regulations in different international jurisdictions is compounded by the lengthy and difficult legal or corporate procedures they must go through (Gelemerova, 2011).

Unless constrained by treaty obligations or even other reciprocal legal arrangements, foreign jurisdictions may not be obligated to help foreign law-enforcement officials in investigating money laundering. When it comes to protecting their own financial and economic interests, certain foreign jurisdictions may be hesitant or even actively hostile to foreign investment and trade (Gilmour, 2020, p. 726). As a result, law enforcement agencies may lack access to critical data or information on money laundering, impeding the trace and recovery of stolen funds, and missing opportunities to pursue perpetrators using civil or criminal law remedies.

To develop a new anti-money-laundering structure:

Many people, for many reasons, may partake in money laundering activities. Law enforcement and governmental agencies, however, frequently lack the knowledge and training necessary to spot and effectively pursue suspected money launderers. One of the most important steps in determining criminal responsibility for money laundering is identifying those who are actively engaged in the crime. Although money launderers can choose to launder proceeds on their own, whether or not they do so depends on several factors, including the nature of the crime, the intended use of the funds, the total amount to be laundered, and the launderer's confidence in his or her ability to avoid detection (Levi and Soudijn, 2020, p. 610).

Money laundering, on the other hand, is often the domain of well-connected, well-organized criminal gangs working toward a common aim. This motivation could be the search for financial gain, political influence, or access to underground economies. Money laundering could be an unintended side effect of these transactions. However, it typically entails hiding the money from the law enforcement.

In order to maximize profits while minimizing dangers, organized crime groups will increasingly move their operations online (András Nagy and Mezei, 2016). There is some debate about whether cybercriminals are less organized than a regular mafia gang because they operate independently of one another and rarely if ever meet

in person (András Nagy and Mezei, 2016; Stevenson Smith, 2015, p. 110). Despite this, they are exceptionally talented and adaptable people (András Nagy & Mezei, 2016). Because of the speed, breadth, and anonymity afforded by online payment systems, criminals have a more convenient avenue for money laundering via the internet (Irwin and Turner, 2018). Transactions involving cryptocurrency are more discreet than those involving high street bank accounts or wire transfers thanks to blockchain technology and the rise of digital currencies. Because of this, it is crucial that authorities have an understanding of the methods used by internet money launderers.

Furthermore, professionals are frequently in a position to facilitate coordinated money-laundering operations. The intricacies of professional relationships inside money-laundering schemes are better understood thanks to the growing corpus of studies focusing on "professional enablers" (Benson, 2020; Lord *et al*., 2018, 2019). Lawyers, accountants, bankers, and others working in the financial services industry can lend an air of respectability to shady transactions and cover corrupt activities with their knowledge of complex corporate systems (Levi, 2020, p. 103). Recent exposes, such as 2016's "Panama Papers," have revealed the extent to which experts have helped rich clients launder money offshore (de Groen, 2017). The Panama Papers controversy surfaced in April of 2016, with the disclosure of 11.5 million papers from the Panamanian legal firm Mossack Fonseca. The records were shared with the International Consortium of Investigative Journalists (ICIJ) and multiple other media outlets after being acquired by the German publication Süddeutsche Zeitung. A law firm called Mossack Fonseca, situated in Panama, was dedicated to setting up and overseeing offshore businesses and shell organisations for global clientele. The financial activities of thousands of people and organisations from more than 200 countries were made public by the hacked documents. Prominent figures in business, politics, and other fields were among those implicated. The records exposed the ways in which Mossack Fonseca helped customers establish shell corporations and offshore accounts in different tax havens (de Groen, 2017).

These activities can be utilised for money laundering, asset concealment, and tax evasion, even if they are not criminal in and of themselves. Numerous well-known politicians were linked to the controversy, including Sigmundur David Gunnlaugsson, the prime minister of Iceland, who resigned in the wake of the findings. Leaders like Nawaz Sharif, the prime minister of Pakistan, and Vladimir Putin, the president of Russia, were also accused. A number of nations have launched investigations and legal measures as a result of the use of offshore accounts and shell corporations, which generated moral and legal questions. It sparked conversations about tax avoidance, corruption, and financial transparency(de Groen, 2017). The incident led to heightened scrutiny of offshore financial operations and tax havens. International initiatives to fight tax evasion and improve financial transparency gained traction.

According to Christensen (2012, page 333), widespread exploitation in the financial sector is unthinkable without the collusion of powerful persons with knowledge of and access to the markets. The use of several offshore shell companies and other intricate business structures makes it more difficult for law enforcement to trace the trail of laundered money (Unger, 2017). Additionally, the regulatory authorities who are delegated to handle out due diligence inspections and report suspicious activities may be misled by the flawed "placement-layering-integration" model that undergirds global AML compliance programmes, which could impede the fight against emerging instances of money laundering. Therefore, experts can devise ways to provide the impression of adhering to AML regulations while actually aiding the money-laundering aims of their criminal customers (Murray, 2018, pp. 223–224). By taking advantage of weaknesses in anti-money laundering (AML) regimes, corrupt professionals may be willing or even complicit in aiding illegal operations (Benson, 2020; Lord et al., 2019).

Moreover, politically exposed (PEPs) are people in important public positions, either now held or held in the past, which puts them at a higher risk of being involved in corruption or money laundering. PEPs are high-risk for money laundering because of their high public profile and political prominence, making them easy targets for bribery (Canestri, 2019). Members of the judiciary, legislators, foreign envoys, prominent board members of

multinational corporations, political appointees, and even members of the royal family are all considered PEPs because of the trust placed in them [Financial Conduct Authority (FCA), 2018]. Important international governmental organisations, such as the European Union, the Joint Money Laundering Steering Group (JMLSG), the Wolfsberg Group, and the Financial Action Task Force (FATF), all have slightly different ways of identifying PEPs, suggesting a lack of worldwide consensus (Choo, 2008, p. 372). For instance, the European Union (EU) has taken a number of steps to identify individuals who are PEPs as part of its efforts to combat money laundering and the financing of terrorism. The EU classifies PEPs in the following ways:

- Legal Definitions: PEPs are defined by EU law as those who have or have occupied prominent positions in the public sphere on a national and international level. Heads of state, members of parliament, and senior officials in positions related to the government, military, judiciary, or political parties are all included in this definition.
- Regulations: PEP identification procedures must be incorporated by EU member states into their national anti-money laundering and counterterrorism financing laws. Financial institutions have an obligation to identify and confirm the identity of PEPs among their clientele, including banks and other reporting businesses.
- Customer Due Diligence (CDD): In the EU, financial institutions must perform enhanced CDD on clients who are designated as PEPs. This entails carrying out a comprehensive risk analysis, keeping an eye on transactions, and looking for more details regarding the source of money and wealth.
- Lists and Databases: The European Union (EU) keeps databases and lists of PEPs that are accessible to reporting bodies for identification needs. These are maintained by the EU through its member states and other agencies. Financial firms can cross-reference customer data with the aid of these lists.
- International Cooperation: To guarantee uniform PEP identification standards and procedures, the EU works with international organisations like the Financial Action Task Force (FATF). The identification

of overseas PEPs who could be more likely to engage in financial misbehaviour is made easier by this international cooperation.

- Requirements for Non-Financial Sectors: In addition to financial organisations, PEP identification is mandatory for real estate, legal professionals, and accountants. Regulations pertaining to money laundering and counterterrorism financing are being applied more and more to these non-financial industries.
- EU stresses the use of a risk-based methodology to identify PEPs. This implies that organisations should evaluate the degree of risk that their clients represent and take appropriate precautions. PEPs and other higher-risk customers need closer inspection.
- Training and Awareness: To inform employees of financial institutions and other pertinent professionals on PEP identification, risk assessment, and reporting requirements, training programmes and awareness campaigns are carried out.
- Record-Keeping and Reporting: Reporting companies must keep track of their due diligence procedures and notify the relevant authorities of any suspicious transactions or activities concerning PEPs.
- fines and Penalties: Financial institutions and professionals who fail to meet their duties may face fines and penalties for failing to comply with PEP identification and due diligence requirements.

The EU is committed to fighting financial crime, money laundering, and the funding of terrorism. This includes its attempts to detect PEPs. The aforementioned approaches are designed to augment openness and accountability in financial transactions while mitigating the likelihood of PEP engagement in criminal activities (Canestri, 2019).

As a corollary, this makes the fight against economic crime that was committed by or facilitated by PEPs weak and untrustworthy. Because of insufficient legal frameworks that make it possible for individuals to evade money-laundering sanctions, AML initiatives have mainly failed to directly target PEPs, as argued by Teichmann (2020). Examples include customer due diligence compliance processes that are uneven and orders

for large amounts of unexpected wealth that go unanswered (Gilmour, 2022; Moiseienko, 2022; Stephenson, 2017). Canestri (2009, p. 366) argues, however, that PEPs typically use the legal businesses they control to conceal their illicit political wealth. Therefore, in order to effectively prevent money laundering, governments should enhance legal systems governing corporations connected to PEPs.

It is also important to gain a deeper understanding of the corporate and legal environments in which organized money launderers operate. Criminal enterprises can range from the most "street"-level to the most "high-end" of the professional variety. According to Gilmour (2016, pp. 5-7), criminal activities on the street level fuel international trade. Money launderers are able to thrive in cash-intensive industries like nightclubs, car washes, and salons because of the widespread cash available to pay for products and services (Gilmour and Ridley, 2015).

Businesses on the street level can be used to launder money since they are a convenient way to transfer funds from an illegal source into a more secure financial system (Gilmour, 2016, p. 5). Establishing and maintaining a firm that relies heavily on cash flow is relatively simple and provides communities with much-needed commercial space. While this is a common form of money laundering, it is not the only type (Christensen, 2012; Gilmour, 2016). It is also common in the banking industry and other highly structured commercial settings with more organized practices (Christensen, 2012).

Recent crises involving offshore banking have shed light on an often overlooked but crucial offshore sector for money laundering. They have revealed the systematic nature of the banking industry's facilitation of money laundering as well as other illegal operations via offshore countries (Gilmour, 2020, 2022). The favorable legislative frameworks that draw in foreign investors and contribute to reduce cross-border trade restrictions present in other countries give rise to these offshore zones. The British Overseas Territories of Anguilla and the British Virgin Islands, both located in the Caribbean, are among the places commonly thought to fall under this category. Hong Kong, Singapore, the City of London, and the State of Delaware are just some of the other

significant financial centers that are involved. Illicit markets for unlawful goods and services can flourish in such settings thanks to criminal networks that are either highly territorial and organised or strictly limited but flexible (Clark et al., 2021, p. 248).

The issue of offshore money laundering has been hotly discussed since the advent of free ports. Within the borders of a certain jurisdiction, but beyond the reach of its tax regulations, free ports serve as storage facilities (Gilmour, 2022; Webb, 2020). Customers who use free ports can take advantage of the reduced trade restrictions and more personal freedoms that result from the absence of public oversight. Others argue that the confidentiality and nondisclosure rules characteristic of free ports are crucial for legitimate actors to operate and that free ports benefit society by stimulating legitimate economic activity (Lavissière and Rodrigue, 2017; Steiner, 2017), but there is ongoing issue over the criminological risks that free ports present.

These novel regulatory-spatial paradigms have been compared to Passas's 1999 concept of "criminological asymmetries." According to Passas (1999), criminological asymmetries—a collection of battles and inequities across the political, cultural, economic, and legal spheres—are the root cause of economic crime. Because of these asymmetries in criminology, crime occurs because demand is stoked for unlawful goods and services, criminal behavior is encouraged as individuals and businesses vie for control of the economy, and law enforcement is hampered in their efforts to counteract criminal activity (Passas, 1999, p. 402). Globalization exacerbates the impact of criminological inequalities (Passas, 1999). Dolliver and Love (2015) expanded on Passas's (1999) argument, providing evidence of criminological asymmetries in the context of "cybercrime," or crimes made possible by or dependent on digital devices. Given the prevalence of technology developments that facilitate money laundering and organized crime, this is a natural development of the idea presented by Passas (1999).

Instead of focusing solely on the "what" and "how," the "who" and "where" of money laundering must also be considered in order to effectively combat this global problem. Changing the way we talk about money laundering will improve authorities' knowledge of the issue and lead to more effective solutions. Authorities

have only taken a partial response to the money-laundering concern because of the excessive concentration on theoretical work relating to money laundering via purely legal means. It may be argued that knowing who is involved in money laundering and where it takes place is just as crucial as knowing what the legal definition of the crime is.

Conclusion

This paper shows why it is important to change how we think about money laundering, shifting our attention from merely explaining the process to the people and places where it occurs. While drug trafficking has long been thought of as the prototypical predicate offense to money laundering, the reality is that there is a wide variety of actions that could serve as a predicate (Korejo et al., 2021). Governments have recognized the issue of money laundering and taken steps to make it a criminal offence. However, AML regulations continue to fall short in their attempt to combat money laundering because they are based on a flawed conceptualization of the problem (Cassella, 2018; Gilmour, 2020; Lapteş, 2020; Levi and Soudijn, 2020; Soudijn, 2016). Modern money-laundering techniques, such as those made possible by technological advancements and globalization, are not captured by the antiquated "placement, layering, and integration" model.

Moreover, criminal actors participating in money laundering might be diverse and sophisticated. In order to avoid detection by law enforcement, criminals who launder money use sophisticated methods to hide their financial transactions from the public eye. It is possible for money laundering to involve professional intermediates due to their familiarity with and access to corporate structures and financial markets (Benson, 2020; Christensen, 2012; Levi, 2020; Lord et al., 2018, 2019). Furthermore, PEPs in prominent public positions are at risk for money laundering, and corporations with ties to PEPs are the hiding places for much illicit wealth (Canestri, 2019; Teichmann, 2020). The potential for money laundering by these people and the importance of addressing that risk should be central to AML regimes.

The value of understanding the context of money-laundering operations is also emphasized. The money laundering industry spans the entire economic spectrum, from the underground to the corporate boardroom. High-end commercial worlds, like offshore overseas jurisdictions and freeports, offer attractive surroundings for the money launderer due to their rigorous secrecy, restricted monitoring, and laxer trade objectives compared to low-end corporate settings (Gilmour and Ridley, 2015; Gilmour, 2016). (Gilmour, 2020, 2022; Webb, 2020). These areas might encourage criminal activity because of the high demand for illicit goods and services and the resulting fierce competition in the marketplace (Passas, 1999). We need to move beyond simplistic descriptions of the money-laundering process and update the existing framework. A more effective strategy is one that takes into account the various players and locations in the money-laundering procedure and is able to adapt to new circumstances. Learning more about the "who" and "where" of money laundering must provide new perspectives on how to effectively address the issue.

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