How has the establishment of the Internet changed the ways in which offenders launder their dirty money?

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Abstract

The Internet has become an integral part of UK society, many people use or access the Internet on a daily basis and utilise its resources to help them lead easier lives. The Internet is prevalent within the UK; its abilities are consumed by our education system, our retailing industry, and our employment sector, just to name a few. However, along with all the beneficial aspects that the Internet has created, there have also been some characteristics that have been damaging to society. Offenders have also been able to access and use the Internet to their advantage, to make their lives easier and to aid them in committing criminal offences.

In respect to money laundering, the Internet has created huge opportunities and changes within the processes involved. 'Hackers and fraudsters were first to exploit the criminal opportunities presented by cyberspace and they have since been joined by cyber launderers eager to wash the proceeds of both virtual and real-world crimes.' (Kochan. 2005: 268). This dissertation has taken an in-depth look into the process of money laundering, along with how the establishment of the Internet has changed the methods utilized by offenders.

1. **Introduction**

Money laundering is not a new practice; for as long as there has been a need for offenders to conceal the origins of money gained through illegal means, there have been various methods of laundering that money. The conversions of 'dirty money' (gained through illegal means) into 'clean money' (that can be spent undetected in a commercial setting) can take very different forms. Within this dissertation the history of money laundering and the changes in methods that have occurred since the emergence of information technology will both be explored. 'Perhaps the most significant development of our time, even more significant than the end of the cold war, is the revolution in information technology which we are currently experiencing.' (Grabosky & Smith, 1998: 1). The establishment of the Internet has brought about major changes within our society as well as many changes and adaptations in the way numerous crimes are committed. Edwards (1995) noted that the changes being experienced are leading us into a society where 'everything depends on software'. These advancements in technology have revolutionised methods of committing certain crimes and even in some cases have created entirely new crimes. Due to the relatively recent emergence of the Internet, these crimes do not have as much research specifically dedicated towards them and it is very interesting to explore the changes to offending methods that the Internet has brought about.

> 'Every time a crime is committed and money is generated, a bad guy is faced with a problem: how can he conceal the fruits of his crime? The bad guy wants to be able to spend his money without getting caught, and to do this, he needs to clean up the profits.' (Mathers, 2004: 21).

The above quote indicates the level and effect that money laundering has within the criminal society, not just in the UK, but also on a global scale. Money laundering is a fundamental practice, which is crucial to all offenders and offending organisations that perpetrate crimes to produce money. Every time 'dirty' money is obtained, laundering processes are required to make it 'clean' and the methods to do this are constantly changing.

There is no conclusive figure that can illustrate the vast quantities of money that are laundered in the world every year, although there are many individuals willing to estimate it.

> 'Reasonably authoritative guesses range anywhere from $100 billion to three times as much. It's called the alternative economy and after foreign exchange and petroleum, it is the world's third-largest business.' (Robinson, 1998: 16).

This highlights the sheer scale in which this crime is carried out and how vital it is to recognise and control criminals who launder money.

Largely, the literature existing, with regards to the process of money laundering, is concerned with answering questions like "What is money laundering?", "Who does it?" and "What has the government been doing to try to combat the problem?". Within the literature, there are sections dedicated toward the establishment of the Internet and how it has the ability to create new and improved criminal methods, however, not one that directly compares the way in which the typologies of money laundering have changed since the founding of the Internet. Therefore, the key focus of this research will be on the typologies of money laundering pre and post the establishment of the

Internet. This will hopefully fill that gap and produce a direct comparison of methods utilized by money launderers 'before' and 'after' the establishment of the Internet.

Chapter 1 outlines money laundering as a crime and the problem it causes within society. It also reviews why this is the chosen topic and what questions the thesis intends to answer.

Chapter 2 summarises the methodological process that this thesis will apply, highlighting the advantages of this choice and also recognising the limitations that may be encountered.

Chapter 3 will be the identification of what money laundering is, definitions of the term and where it was derived from. Also there will be an insight into who is involved in the process of laundering money, why they do it and how.

Chapter 4 will outline methods of money laundering prior to the establishment of the Internet.

Chapter 5 will then turn its attention to the development of the Internet, looking at how the emergence of new technologies have changed many aspects of society on an everyday level and also how these technologies are changing offending methods.

Chapter 6 will be a comparative chapter, which will outline the typologies of money laundering now the Internet has been established, and will assess whether the strong influence from the Internet has transformed the ways in which 'dirty money' is laundered.

Chapter 7 will be an examination of the legal processes and legislation that have been implemented to try to either hinder or detect money launderers and how the Internet has changed the ways in which authorities must operate.

Chapter 8 will contain an analysis and summary of all the key patterns and trends highlighted throughout the thesis. It will also offer some recommendations with regards to the future of money laundering methods and the way in which they are policed.

2. <u>Methodology</u>

This dissertation utilises literary-based analysis of secondary data for its methodological approach and to address the various research questions that have been set out.

> 'Secondary analysis is a form of an investigation which is based upon existing sources of data and can be distinguished from primary research and analysis where the investigator collects the data for himself or herself first hand.' (Jupp et al, 2000: 57/58).

Using already available research, which has been collected by other researchers, has many advantages but also has some limitations; both of these will be discussed below.

The secondary data, used to explore the research objective, will be drawn from both quantitative and qualitative research sources. It will also be collected from a variety of different sources, such as books, journals, the Internet, media articles and reports published by relevant organisations.

The use of secondary data research analysis has many advantages over primary data research analysis, especially when dealing with certain topics within the criminology field and within particular research situations. For this undergraduate dissertation, the use of secondary data analysis was the clear choice of methodology because of several varying factors. The main advantage of using secondary data analysis is that because the research has already been conducted, findings are readily available in books and other literature sources, thus reducing the cost of data collection and making information gathering less time consuming. Within this thesis, the research questions are ones which look at varying factors over long periods of time and investigate changes that have occurred all over the world. With the time constrains of this research and limitations on funding, it is essential to draw on other researchers who have explored the same or similar areas, but have also had the means to carry out broad and expensive research. Another advantage of secondary data analysis is that the majority of the data is of good quality, providing it is acquired from reputable sources. 'Many of the data sets that are employed most frequently for secondary analysis are of extremely high quality.' (Bryman, 2004: 202). The analysis of secondary data allows the researcher to pull vast amounts of information from a variety of sources and the reanalysis of this existing data might provide new or differing conclusions to those made by the original researcher. The analysis of pre-existing data, rather the collection of primary data, not only is quicker and cheaper but eliminates some highly problematic situations involved in the collection of primary data and primary data analysis. Sarantakos highlights 'researchers do not encounter rejection, non-response, bias, or any other respondent-based problems.' (2005: 298).

However, although secondary data analysis has many clear advantages as a research method it is not exempt from problems. 'Lack of familiarity with data' (Bryman, 2004: 205) is just one of the disadvantages to the sole use of secondary data analysis. Another consideration is the complexity of data and even lack of control that a secondary analyser has over the quality of the data. Although mentioned above as an advantage of secondary data, it must not be simply assumed that all secondary data is of high quality. The Internet provides easy access to a wide range of information; however, the reliability of some information sources must be closely watched. Data collection from reputable Internet sources, for example, the Home Office, will ensure

that the data collected is valid. However, it must also be taken into account that some research may be agenda led. The issue of bias must be considered when analysing other people's work. 'The criminologist's own perspective can be influential, as can research purpose and type.' (Jupp et al, 2000: 42) Also, there is the problem that one person's research may be interpreted in a different way by another person and the concern that some of the information may be taken out of context.

Even with regards to academic books, which are normally the prime source of secondary data collection, there are some limitations. They can become quickly outdated and inaccurate, with regards to current issues and government policy changes, which are forever being altered and updated. One source of secondary data that reduces problems of reliability and the problem of the rapid changing society is peer-reviewed journals. Published significantly more frequently than books, and written by reliable and validated sources, they provide a reliable and up to date source of secondary data collection.

Overall, it is clear that there are some disadvantages in using only secondary data analysis and not exploring primary research methods. Conducting interviews with offenders who participate in the process of money laundering would have been ideal whilst researching this topic. Being able to gain information and ask questions of offenders, who have utilized the Internet's resources and the anonymity it provides to people committing crime, would have provided great insight into the real process of money laundering and how it has developed in conjunction with the emergence of new technology. However, after considering the constraints of this thesis, with regards to both time and financial restrictions, but also taking into account that the crime being researched is extremely sensitive, as well as being carried out by serious offenders, it has been concluded that any primary research that could have been done, such as interviewing policing authorities who deal with money launderers, would not have been beneficial towards the research. Therefore, the main body of research for this dissertation will be taken solely from analysis of secondary data.

3. <u>An Overview of Money Laundering</u>

Successful 'Money laundering is the conversion of criminal incomes into assets that cannot be traced back to the underlying crime.' (Reuter, P & Truman EM. 2004: 1). Described as the laundering of money, largely because it is turns 'dirty money' into 'clean money', it is a massive business that is associated with a vast number of organised crimes, ranging from trafficking of humans and drugs to armed robberies. As a crime, money laundering is extremely important, without it, crimes that involve gaining large sums of money become almost profitless because that money cannot be spent on the legal markets.

> 'Every time a crime is committed and money is generated, a bad guy is faced with a problem: how can he conceal the fruits of his crime? The bad guy wants to be able to spend his money without getting caught, and to do this, he needs to clean up the profits.' (Mathers, 2004: 21).

It is this key fact that makes money laundering such a vital process to offenders and offending organisations, because without it, their crimes would become profitless, which would then make it pointless for the vast majority of crimes to be carried out in the first place.

The expression 'money laundering', appears to have many conflicting accounts as to where the term originated. Some, such as Robinson (1998), believe the term simply came about because the process of laundering money can be associated with a washing machine cycle. Dirty money is put in, put through a series of processes and transactions, which removes the dirt, and the money comes out at the end clean. Others however, such as Lilley (2006), claim that it was not described as laundering, due to the fact that the process turned 'dirty money' into 'clean money', but was called so because it was associated with businesses that produced high cash profits, like laundrettes and car washes. These businesses would then have their legal, genuine profits mixed with those profits gained through criminal activity, creating a new source of origin for the money.

There are also conflicting accounts as to when the term first was used. 'The term 'money laundering' appears to have originated in the United States in the 1920s.' (Lilley, P. 2006: 5). However, other literature, including Mathers (2004), proclaim that the term money laundering was not created until the 1930's and was said to have first been used by the U.S. Treasury, whilst they were attempting to bring down Al Capone. Furthermore, money laundering back then was not a recognised criminal offence, and incidentally when Al Capone was eventually caught he was charged with tax evasion and not money laundering offences. The US was, nevertheless, the first country to implement anti-money laundering legislation, but money laundering as a crime was even then not really studied or investigated. It was not until the 1970's and 1980's that it became a crime high on the public and political agenda, with special concern surrounding money laundering and the drugs trade.

In the UK, anti-money laundering legislation was first introduced within the Drug Trafficking Offences Act 1986, then again in the Criminal Justice Act 1988, and also in the Criminal Justice (international co-operation) Act 1990. All of the above listed Acts, however, were specifically legislating against money laundering in relation to the drugs trade and drug trafficking, not against the laundering of money gained through other crimes. The Criminal Justice Act 1993 was the first piece of UK

legislation that recognised money laundering as an offence in it own right, regardless of what type of criminal offence the money derived from.

Furthermore, the UN also identified money laundering as one out of eighteen activities that are considered as being prevalent in 'transactional' organised crime in 1994. According to Lilley (2006), they described money laundering as an 'Enabling activity', which means that it is an activity that facilitates criminal groups to achieve their goals and to help them make a profit.

There is no conclusive figure on the amount of money that is laundered in the world every year, although there are many people willing to estimate. 'The UN's estimates the amount of money laundered in one year has ranged between $500 billion and $1 trillion.' (Wright, 2006: 69). These figures, although estimations, show the sheer size of the money laundering industry and go some way in highlighting the extent of the problem that the government are trying to tackle. Equally, what makes money laundering such a massive problem is the global scale on which it operates. The international dimension of money laundering means that it is a crime that can be committed twenty-four hours a day, seven days a week.

> 'Money laundering is a truly global phenomenon, helped by the International financial community which is a 24hr per day business. When one financial centre closes business for the day, another one is open or opening for business.' (International Money Laundering Information Bureau: 2008).

When laundering money, the aim is to get the illegal profits as disconnected from the initial crime as possible. One of the main ways of protecting that money, from money laundering legislation and detection by the authorities, is to transfer that money to places where the laws are not as strict. Any anti-money laundering legislation for any country singularly, is not going to ever be able to stop the problem. The global scale on which money laundering is carried out, means that if the place where the money is illegally obtained has strict laws and regulations on laundering, the offender will simply move this money into another jurisdiction without these barriers.

> 'In June 2000, after investigation that included visiting countries that were considered money laundering locals, they issued a "blacklist" of fifteen countries that they felt were not doing enough to prevent money laundering in their jurisdictions. These countries were: Bahamas, Cayman Islands, Cook Islands, Dominica, Israel, Lebanon, Liechtenstein, Marshall Islands, Nauru, Nive, Panama, Philippines, Russia, St. Kitts and Nevis, St. Vincent and the Grenadines.' (Mathers, 2004: 33).

This obviously creates a massive problem, with regards to the policing and control of laundering rackets. The UN, therefore, have tried to force these countries into cooperating, with the declaration that if they did not impose more control over potential laundering havens, they would face penalties.

> 'Now, no one ever came right out and said exactly what those sanctions would be, but the rumour is that there was talk of restricting air traffic, refusing to accept wire transfers, even an out-and-out navel blockade.' (Mathers, 2004: 34).

The majority of these blacklisted countries took this warning and began to create more controls and laws to combat money laundering. However, it was noted, that to be removed from the blacklist, anti-money laundering legislation must be implemented but the counties did not have to necessarily enforce it.

3.1. <u>The Aims of Money Laundering</u>

The process of money laundering, although varying in methods, has the same overall aim, to take money gained illegally and to hide its source of origin. Lilley (2006) highlights that although there a many differing methods involved in the process of money laundering, there are also key features and aims universal to all these methods.

- The concealment of the true ownership of the money and its original source. The laundering route must be concealed and disguised so that it would be very difficult to trace the real source of the money and locate where it ended up. The more realistic the transactions and procedures appear, the greater the chances of it going undetected are.

- Altering what form the money takes, where large sums of cash are involved, the launderers will need to reduce the bulk of the money into a more manageable form.

- The money must end up in the mainstream financial system and/or must be infiltrated into genuine businesses.

- The money must be continually monitored throughout the process to ensure nothing and no one interferes with it. As the money is illegally obtained, there is nothing legal to protect it and, therefore, the launderers have to keep constant watch. Many launderers will not keep all their profits in one place, they would be more likely to spread the money around so that if something goes wrong with one sum of money, the remaining are still safe and protected.

3.2. <u>The Process of Money Laundering</u>

With those key aims outlined above, the process of money laundering is also said to have three identifiable phases.

> 'The three stages of money laundering are universally recognised (in line with the washing machine cycle) as: 1. **Placement** (immersion), 2. **Layering** (heavy soaping), 3. **Integration** (spin dry).' (Blunden, 2001: 20).

There are many differing ways of carrying out these three stages of money laundering and not all money laundering methods necessarily involve all three stages. The sections below will outline all three of these stages in detail:

3.3. <u>Placement</u>

The placement stage involves the removal of the cash, obtained from criminal activities, into a legal setting, one of which will not arouse suspicion from the authorities and will make the money easily accessible for the offenders.

> 'The aims of the launderer are to remove the cash from the location of acquisition so as to avoid detection from the authorities and to then transform it into other asset forms; for example travellers cheques, postal orders etc.' (International Money Laundering Information Bureau: 2008).

The placement phase may consist of putting the money into a bank, obviously mixed in with legitimate money, and passed off as profits from a business or such like. If the launderer has, for example £100,000, they are not going to place that large sum of money into one singular bank account, because it would, without a doubt, be flagged up as a suspicious transaction and the game would be up. They would take the time to

split the lump sum up into smaller, more manageable amounts and deposit them over a range of accounts all under different names and in different places, this process is known as smurfing. The placement stage can also involve the purchasing of high value goods, cash smuggling and many other methods.
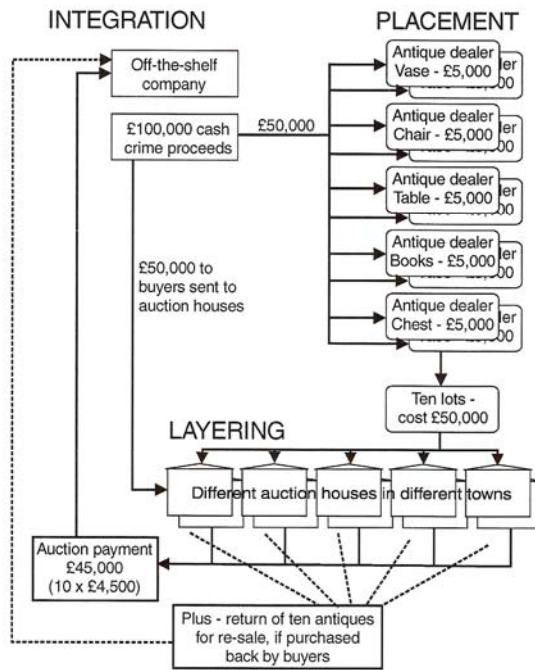
3.4. Layering

The layering stage of money laundering involves the detachment of the 'dirty' money from its criminal origins, through a sequence of complex financial transactions that will help to obscure the audit trail and hide the profits. 'Layering disguises the trail to foil the pursuit.' (Wright, 2006: 20). This phase can be carried out in a variety of different ways, a few of which are outlined below;

- Transactions involving the money, transferring it quickly between different banks and even across into areas and countries under different jurisdictions and authorities.
- The creation of dummy companies and the transferring of the funds between them and legal companies.
- Selling on of goods purchased using dirty money in a legal setting, through legitimate businesses.

3.5. Integration

The third and final stage is the integration of the money into the commercial or financial market, by concealing its source to make it look like the proceeds of a legal business deal. 'Integration makes the money available to the criminal again with its occupational and geographical origins hidden away from view.' (Wright, 2006: 70). This, again, has a variety of different methods that can be utilized by any criminal that is laundering money, which, as an example, can happen in the real estate market. Dummy or false companies are set up to purchase the properties, they are then sold on. Consequently, this makes the profits seemingly legal and legitimate and, therefore, safe to use on the legal markets. Another method could involve falsifying or altering invoice documents. Again, this can utilize the use of dummy companies, which can either claim to have been exchanging money for goods, when no such exchange takes place, or the amount of goods exchanged is falsely documented.

Below is a diagram created by Blunden (2001) showing the three stages of money laundering and how they interlink together;

INTEGRATION

PLACEMENT

Off-the-shelf company

£100,000 cash crime proceeds

£50,000

Antique dealer Vase - £5,000

Antique dealer Chair - £5,000

Antique dealer Table - £5,000

Antique dealer Books - £5,000

Antique dealer Chest - £5,000

£50,000 to buyers sent to auction houses

Ten lots - cost £50,000

LAYERING

Different auction houses in different towns

Auction payment £45,000 (10 x £4,500)

Plus - return of ten antiques for re-sale, if purchased back by buyers

4. Typologies of Money Laundering Prior to the Establishment of the Internet

4.1. High Cash Turnover Business

The most universally known money laundering scams concern corrupt businesses or business personnel laundering dirty money through legitimate businesses. This entails the introduction of money into a company or into personal accounts, through forged transactions that declare that the money has derived from a lawful business deal, not from the proceeds of illegal activities. This enables offenders to provide proof of where that sum of money came from, if ever questioned by policing authorities. This type of money laundering would occur within businesses with high cash turnover, for example launderettes, which are also said to be partly where the term money laundering came from. One very famous example of this type of money laundering comes from the dealings of Al Capone. 'Capone and his mob owned hundreds of laundries in and around Chicago, and they disguised the earnings from their liquor business as money honestly earned from operating the laundries.' (Mathers, 2004: 22). Other types of businesses that this method could utilize are; restaurants, bars, strip clubs, brothels and video rental stores, all likely to have high profits, predominantly in cash.

4.2. Purchasing of Goods

With this method of money laundering, the launderer simply will purchase products, normally with a high retail value, using their illegally gained funds, and sell them on, which creates a justifiable source for the money. 'Fine art and other valuable items such as rare stamps are attractive for laundering purposes because false certificates of sale can be produced, or phony reproductions of masterpieces purchased.' (Reuter & Truman, 2004: 31).

4.3. Cash Smuggling

This process simply involves physically taking money from one country to another. This is normally done to move the currency into a country where there is less or no control over laundering. Obviously, when moving large amounts of money, the aim is to remain undetected, so that questions are not asked as to where the money has been acquired from.

> 'From 15 June 2007, if you are travelling to or from a country outside the European Union (EU), you will need to declare any sums of cash of 10,000 Euro or more (or the equivalent in another currency) to HM Revenue & Customs (HMRC).' (HM Revenue and Customs, 2007).

If you are caught with over a certain amount of money on your person or within your cargo, and you have not declared that it is there, then you will be prosecuted. Within this sort of situation, the person caught would not necessarily be prosecuted for money laundering offences because that can not be proved simply from moving money cross borders. However, in that type of scenario, the money would still be confiscated and not returned to the carrier. Therefore, it has been heard of, that criminal organisations have gone as far as to purchase shipping and export businesses so they can conceal the money inside cargo and even inside the goods themselves. Another method, involves using the postal service to send the money abroad, 'US customs officials spend most of their resources inspecting people and cargo coming *into* the United States, so it is relatively easy to ship currency to another country.' (Reuter & Truman, 2004: 28).

4.4. Smurfing

This method of placement involves the depositing of small amounts of cash into many different bank accounts or the exchange of money into other forms of currency. If an offender has, for example, £100,000 in dirty money and is trying to infiltrate it into the banking system, they obviously cannot just walk in and deposit it. Firstly, £100,000 in used notes will not, despite what is portrayed in the movies, fit neatly into a briefcase to be carried into a bank. Secondly, trying to deposit that amount of money all in one go is going to look extraordinarily suspicious and financial institutions are now obligated by law to report any transactions that they think could be dubious to government agencies, like The Serious Organised Crime Agency (SOCA).

> 'Reports to SOCA of suspected money laundering are commonly known as Suspicious Activity Reports (SARs). The SARs regime is a key tool by which the government seeks to reduce harm through tackling criminal finances and profits, including asset recovery.' (Home Office, 2007: 6).

So with those obstacles in mind, launderers came up with smurfing to solve their problem. Firstly, the total sum of money that needs to be laundered is divided into smaller amounts. Then it is handed out to "x" amount of people, normally employed by the launderer, they are called smurfs. These smurfs then go out and deposit the money into bank accounts, exchange it for foreign currency or change it into traveller's cheques. 'Couriers ("smurfs") are used to make the deposits in several banks or to buy cashier's checks in smaller denominations.' (Reuter & Truman, 2004: 29).

4.5. Gambling; Casinos, Lotteries and Horse Racing

Casinos: Large sums of money could be taken and gambled in casinos and any winnings made would then therefore be seen as the product of a win, rather than of a criminal activity.

> 'At least in principle, all you have to do is stroll into a casino, buy $1,000 worth of chips, play for a few hours, cash out and tell your bank manager that you won the $50,000 you now want to deposit. Of course you might have to substantiate such a boast.' (Robinson, 1998: 40).

Also, this process may incur some financial loss; for example, some of the bets placed whilst at the casino may not be successful. However, this would just be seen as the cost of getting that money converted into cash that they could spend freely, without detection of the crime.

Another way in which casinos can be used to launder money, is through the purchasing of casino chips with dirty money on the pretence that those chips would be played on the casino tables. These chips, however, would simply be held onto and never played and then taken back to be cashed in. By asking for that amount in cheque form, or as a deposit into a bank account, it will look like winnings paid by the casino. However, 'In reality, unless you own the casino, it's a pretty bad place to try and launder money.' (Mathers: 2004: 40). Nowadays, casinos are wise to acts of laundering and stringent security is active within casinos to detect this type of activity. Any person trying to play in a casino, using large sums of money, will be highlighted as suspicious and asked to fill out a form stating where that money has originated from, and if that is not filled in to the satisfaction of the casino, then they will be unable to play using that money.

Lotteries: The launderers will find the holder of a winning lottery ticket and buy it off them for slightly more than it is worth. The legitimate winner walks away with their winnings plus more and the launderer cashes in the ticket, creating a legal source for where the money originated. The launderer will then be liable to pay tax on this money, but again like above, this is seen as a necessary loss.

Horse Racing: This, again, works in much the same way as with using the lottery to launder money. The profitable ticket is purchased off the real winner for a higher value than it is worth and the launderer then simply cashes in the ticket. According to Reuter and Truman (2004), this process is one that appeals to the genuine winner of the ticket, because it allows them to collect their winnings without tax liability.

4.6 <u>Insurance Policies</u>

This laundering method involves the launderers purchasing insurance policies with the money they wish to clean. An insurance policy will be bought and paid for directly, all in one transaction, rather than through a payment plan where policies can be bought in instalments on a monthly or yearly basis. 'Single premium insurance policies, for which the premium is paid in an upfront lump sum rather than in annual instalments, have increased in popularity.' (Reuter & Truman, 2004: 29). This policy will then be cancelled and the vast majority of the money invested will be returned to the policy holder. According to The Co-operative Insurance group, protocol on cancelled insurance policies is; full return on the the premium you have paid, less a pro-rata charge for any time on cover, if returned within 14days of receiving your insurance documents. Any cancallations made after that 14day period, '…may be subject to a cancellation fee.' (The Co-operative Insurance Group, 2009). However, with the bulk being returned with its source of origin now legitimised, this is seen as a necessary loss.

4.7 <u>Securities</u>

According to Reuter and Truman (2004), within the money laundering process, the buying and selling of securities is one that is more prevalent at the layering and integration stages of the process. In this industry, the majority of honest and respectable brokers will not accept cash transactions. Therefore, this method is not normally used within the placement stage of money laundering. Launderers can buy securities using their dirty money and simply sell them on or invest the illegal funds in low priced shares. Then they can influence the markets, so the security prices rise and the shares are sold on, either way, creating a legitimate source of origin for their money. 'Manipulating the price of securities is very attractive to criminals because there is so much potential profit.' (Mathers, 2004:145).

4.8. <u>Recently Exposed Laundering Scams</u>

An article published in the November/December 2006 issue of Fraud Magazine, exposed retail gift cards as a new aid used by launderers in their bid to clean their dirty money. The advantages of using gift cards are that they are easily purchased from an ever-growing number of retailers worldwide, they can be brought in vast quantities and they can hold large amounts of money. Furthermore, gift cards are not subject to the same kinds of checks, as would be carried out, if the equivalent amount of money was to be passing in and out of bank accounts or across borders.

> '… A fraudster can place several thousands of dollars on a retail gift card and not have to deal with a currency transaction report – such as he would at a

bank – and it wouldn't be recorded on a suspicious transaction report.' (Edwards & Marden, 2006: 26).

Once a launderer has transferred the dirty money onto the gift cards, they can then sell those cards on, maybe at a slight discount, and they will then have clean money.

Another laundering scam recently reported on the BBC's Crimewatch program, involved launderers using a South East London train station ticket machine to dispose of dirty money, believed to have been stolen from cash-in-transit robberies.

'Several suspects have been caught on camera using ticket machines to get rid of dyed/damaged notes, stolen during cash-in-transit robberies. They select the cheapest fare, pay with a stolen note and then pocket the change.' (Crimewatch, 2008).

In total, it is estimated that, in four months, the laundering scam saw £60,000 being pushed through the ticket machines.

5. How has the Emergence of the Internet changed the Process of Money Laundering?

The Internet has become a dominant part of many aspects of our society over recent years. It is used by the majority of the world's population, either whilst at work or within their home life.

> 'In 2008, 16 million households in Great Britain (65 per cent) had Internet access. This is an increase of just over 1 million households (7 per cent) over the last year, and 5 million households (46 per cent) since 2002.' (The Office of National Statistics, 2008).

The graph below, taken from The Office of National Statistics, shows the percentage of households in Great Britain with access to the Internet and how that percentage has steadily increased over recent years.
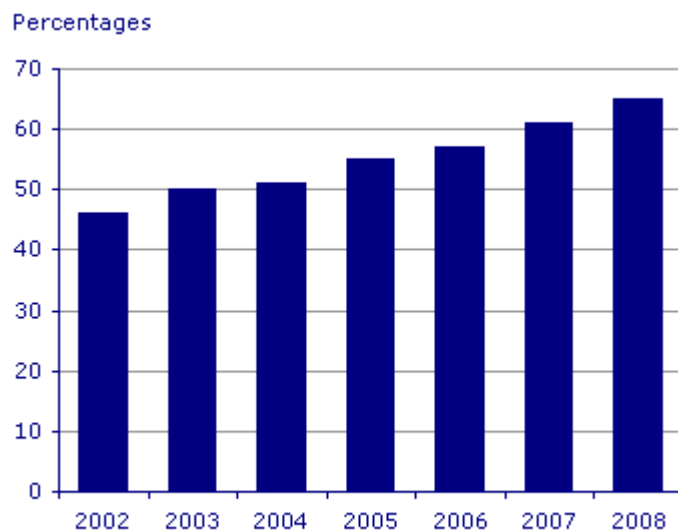
This advancement in technology and the emergence of the communication age has dramatically changed the way people go about their everyday lives and has revolutionised several simple everyday tasks. Obviously, this progression in society has opened up a vast number of opportunities for people and businesses around the world, making the Internet a global achievement. However, this development in information communication technology (ICT) has also created many areas filled with new criminal opportunities. 'While ICTs allow legitimate global economies and knowledge networks to exist, they also allow for a darker side that see the illegitimate use of information networks.' (Williams, 2006: 17). Not only has the Internet created several new crimes, but it has also produced changes in the methods of carrying out existing crimes. Due to the Internet being a global enterprise that can easily and quickly communicate with the opposite side of the world, and many Internet crimes being relatively new, regulations are harder to implement or just simply have yet to be developed.

> 'Crime on the 'information highways' is multi-faceted. It includes targeting of computers themselves by hackers, crimes across the new medium and the facilitation of crimes in the physical world by more anonymous or secure communications.' (NCIS, 1999: 2).

Computers and the Internet are present in our companies, institutions, government, and educational institutions, as well as within our personal lives.

> 'As with many other aspects, in most cases the computer is involved as a surrogate for an established paper-based system; in place of account books and transaction certificates, computerised file records and database entries are used.' (Barrett, 1997: 95).

The Internet has also revolutionised the way the world's financial system operates. It has almost eliminated the need to physically enter a bank, as now nearly every process can be carried out online. Although this advancement in technology has brought with it a vast number of advantages, there are also some areas of an online banking system, which exposes the financial system to mistreatment. Processes, as simple as setting up online bank accounts, leave the banking system more open to abuse and make it easier for 'would be' criminals to create accounts using inaccurate or false personal information. 'Fraudsters and money-launderers are able to hide behind the anonymity of the Internet to create false identities to siphon the proceeds of crime…' (Doran, 2001). Being able to create such accounts enables criminals to immediately detach sums of money from themselves and leaves them with full control over the contents, making it a lot harder for policing authorities to connect the two together.

In respect to money laundering, the Internet has created huge opportunities and changes within the processes involved.

> 'Hackers and fraudsters were first to exploit the criminal opportunities presented by cyberspace and they have since been joined by cyber launderers eager to wash the proceeds of both virtual and real-world crimes.' (Kochan. 2005: 268).

The lack of security within cyberspace has made it a haven for money launderers who constantly need to find new ways and means of legitimising their criminal profits. The Internet provides offenders, wishing to launder their profits, with high-speed global access to banks and other financial systems all over the world. It has removed the need for face-to-face contact at, basically, every stage of the laundering process and therefore has radically reduced the risks involved. Not only have these advancements made it less problematic for offenders to feed their dirty money into the legitimate financial system, but they have also made it a lot harder for these processes to be detected by the authorities. Issues of jurisdiction, monitoring, globalism and remote access are just a few problems the Internet poses to policing authorities, all of which will be discussed in greater detail in chapter six.

With regards to online banking, prior to the Internet, to open a bank account someone would have to physically go into a branch of a bank or use a phone. Documents, such as passports, would need to be provided as proof that you are in fact who you say you are, banking personnel would then check these. Now the online process removes the need to be sitting in the bank or to actually speak directly to banking staff. Therefore, providing that the potential launderer can produce documents that look authentic online, they can sit behind their computer and claim to be male, female, black, or white as there is no one there to see that they are not.

> 'Apply online, it only takes about 10 minutes and you'll need to have a few bits of information to hand: your income details, any benefits you may receive, your addresses and postcodes for the last 3 years, and your employer's address if relevant.' (Lloyds TSB, 2009).

This sort of basic imformation is easily obtained within the criminal world and, therefore, providing that launderers have the access to the Internet, then it is a simple

ten minute process. Offenders do not even have to use a computer linked directly to themselves either, the use of Internet cafes where you pay an hourly rate to use the Internet do not require any personal details. So, even if the authoirties managed to trace the computer the account was set up on, they would be no closer to finding the person who did it. Once a launderer has created an online banking account, they can use it to siphon dirty money in and out of it, forming a complicated web of transactions. As long as they look legitimate, and do not arouse suspicion with regards to the amounts of money being moved, they will more than likely never be detected. Also, there will be no limit to the number of accounts that can be created, because launderers can use a variety of different names and personal information and open the accounts with different banks all over the world.

Money laundering, therefore, has entered a new era. Older methods of laundering money are now known and extremely well controlled by authorities. Sanctions and legislation has been implemented to the point where some physical world laundering methods are now very risky for the launderers because they are so well policed. For example, according to Mathers (2004), trying to launder money in casinos nowadays, unless you own the casino, is not a good idea as they have very strict procedures to prevent laundering scams. The Internet, however, has provided launderers with entirely new methods of laundering money, as well as adaptations on old methods. Online casinos are now used to launder money because, unlike real world casinos, into which you would physically have to go into, they do not have the same regulations and checks carried out on their customers. Furthermore, although online casinos do have some regulation, 'Critics say laws that were meant to stop criminals abusing gaming sites are not working properly…'. (Coetes, 2006: 9).

6. Typologies of Money Laundering Post Establishment of the Internet

6.1. Internet Banking

Internet banking enables large sums of money to be transferred at the click of a mouse without the need for any person-to-person interaction. 'But with the growth of electronic commerce, in which transactions can be conducted without the involvement of banks, the potential for money laundering is much greater.' (Gosling, 1998: 18). One of the features of Internet banking that leaves it so open to abuse by money launderers, as well as other like minded offenders, is that the accounts can be set up using very little personal information, which is ideal for protecting their identity or creating entirely new ones. By only transferring small amounts of money into that account, offenders are likely to avoid suspicion from the banking authorities and, therefore, they will not question its origins. Once the money is contained within that account, the transferring of that money out into offshore accounts or to somewhere else, out of the control of the authorities involved, is a quick and easy process. Funds can be transferred at the click of a mouse and launderers use this to transfer the money to areas where the laundering of money is not under such strict regulation. 'Internet banking is plagued by sloppy security.' (Kochan, 2006: 278).

6.2. Smart cards

Smart cards were established in the UK by Midland and Nat West banks and were trialed between 1995-1996. They operated as an 'electronic purse' and contained cash tokens that would have been pre-purchased within a bank or online. The cash tokens that are held on those cards can then be transferred directly between cards, without the involvement of a third party, therefore, escaping an audit trail being attached to them. Another feature of the smart card that makes it appealing to launderers is that the card holds actual cash value. 'Therefore, merchants do not need to dial bank or credit card companies to gain the necessary approval before any transaction can take place.' (Kochan, 2006: 278). This kind of feature generates the ideal environment for money launderers who can place their dirty money onto these smart cards and then transfer them around without them being traced. According to The National Criminal Intelligence Service (NCIS), who conducted a three-year study into cyber crime in the UK, smart cards along with other Internet banking features have,

> '…the potential for anonymity, speed of use, removal of human checks at institutions, lack of physical volume, ability to ignore national boundaries and jurisdictional problems present the criminal with additional opportunities to launder funds.' (1999: 13).

6.3. Digital Cash / Electronic Cash (E-cash)

'For those who do not wish to use credit cards, there are various forms of Internet online payment services available, which are known as 'digital cash' (or sometimes 'electronic cash').' (Newman & Clarke, 2003: 83). Launderers can use this Internet facility by feeding their dirty money into bank accounts and having it converted into e-cash. If the money is fed into these accounts in small, unsuspicious amounts, then the banking system is very unlikely to suspect anything. Once the money has been entered into the digital system, it can be effortlessly transferred to anywhere that the launderer requires, including overseas into jurisdictions where anti-money laundering regulations and laws are not so strict. The problem faced by authorities and one of the reasons the e-cash system is so well suited to laundering money, is the anonymity it provides to those who use it. 'Some methods allow users to make transactions with

complete anonymity; others allow traceability under exigent circumstances, for example, a court order.' (Denning & Baugh, 1999: 269).

6.4. <u>Online Gambling</u>

Online gambling and the emergence of online casinos means that the Internet has become the ideal place to set up laundering scams that would now not be able to operate in real world casinos, due to new regulations implemented. 'These sites seek to replicate the experience of playing in a real casino – and just like the real world they aim to take as much money off you as possible.' (Lilley, 2006: 115). The Internet also provides an environment for criminals, where they can create fake identities to protect themselves and their money. The Internet is very hard to police and so many Internet crimes will go undetected. A launderer can utilise online casinos, the way they used to be able to use physical casinos, they can log on and deposit money into a casino account, place a few non risky, low value bets, then request their money back. When the money is deposited back into their bank account, it has a legitimised source of origin.

> 'According to research, criminals can deposit money under a false name and wager an amount before withdrawing it from their account, or open a remote gambling account to store funds until they can be transferred into a legitimate account, pretending that they are winnings.' (Coates, 2006: 9).

Another issue, which makes online casinos ideal to launder money through, is that they do not necessarily sit within the jurisdiction and laws of the country in which they are being used. Consequently, a country has little control over online casinos and, therefore, cannot monitor and trace the transactions. In summation, a website can be accessed by almost anyone in the world and used by them, regardless of the physical location they are in. For example, in countries like the USA, where gambling and anti-money laundering laws are strict, people can log onto the Internet casinos and play under the gaming rules and regulations of a completely different country.

> 'The more important issue, however, is the development of offshore gaming sites – the on-line gambling business can base itself in the country with the lowest barriers to entry and weakest controls.' (NCIS, 1999 :12).

6.5 <u>Online Auctioneering</u>

Online auction sites are normally used for the buying and selling of goods, either unwanted by the seller or used as a 'middle man' for businesses that are run without physical premises. 'Online auction houses such as eBay attract consumers and launderers because they are accessible and inexpensive.' (Kochan, 2006: 271). Sites like eBay can be manipulated by launderers who can purchase an item, normally of a significantly high value, and put it up for sale on an auction site. They can then employ two or more fake bidders to falsify a bidding war, normally resulting in the item being sold for far more than its original value. There will be no exchange of goods, so the launderer has not lost anything financially, but now if questioned by authorities on where a sum of money originated from, the launderer can claim it came from the sale of items online. This process costs very little for the launderer to set up and the end result will provide the launderer with a legitimised source for where that money originated from, without even having to part with the item they supposedly sold.

6.6. <u>The Internet in General</u>

Not only has the Internet established new and ingenious methods of laundering dirty money, but it has also created an environment where information is freely available to anyone who seeks it. 'The Internet calls out loud and clear that all information *is* available. Some argue that the true revolution of the Internet is that it has made *all* information available to *everyone*.' (Newman & Clarke, 2003: 71). Although there are numerous benefits to having free access to such vast amounts of information, there are also some disadvantages too. The Internet is littered with 'how to' criminal guides which generously give information on how to perpetrate certain crimes. If you type 'how to pick a lock' into Google, you will see that it produces 488,000 hits, all which seem to freely give information on how to break and pick locks. One of the websites that Google produces, second on the list, is www.pickalock.co.uk. This website details in depth how to pick all different types of locks. It even states 'Thankfully the Internet has sprouted shops where you can buy the lock picks online without any qualification needed. The bests ones out there are:…' (2006), and goes on to detail a list of suppliers in the UK, the EU and the US.

This worryingly easy to access website does not stand alone, as millions of others also detail in-depth methods on how to commit a variety of crimes, where to purchase offending aids and much more. The webiste www.ehow.com, 'How to do just about anything', provides anyone who wishes to know an easy to follow step by step guide on how to launder money;

> '<u>**Step 1**</u>
> Put the "dirty" money in a reputable <u>banking</u> institution, but make sure the deposits are sensible to avoid creating suspicion. Government and financial-industry regulations require documentation for very sizeable deposits or unusual patterns of activity.
> <u>**Step 2**</u>
> Create several different accounts under different names and in different countries as a way to filter the money.
> <u>**Step 3**</u>
> Begin moving the money through various accounts by wire transfers, bank-to-bank transfers, withdrawals and deposits to mix it with legitimate revenue sources.
> <u>**Step 4**</u>
> Spend the money on expensive goods such as <u>cars</u>, jewellery and homes to make the original dirty funds even harder to trace.
> <u>**Step 5**</u>
> Put the money back into the mainstream by "<u>investing</u>" in a company for a share of its profits under the table. You can also start your own non-profit organization, or sell some of the goods you purchased for twice their value. By the time this is done, the money has gone through so many hands that it is almost impossible to trace.' (2009).

The website even offers the handy hint, 'Create offshore accounts long before you need them, and keep them stocked with legitimate funds so your deposits of dirty money won't be obvious.' (2009). Although having these step-by-step criminal guides available on the Internet may seem shocking, the government and other agencies seem to do little to stop them. Furthermore, although authorities may claim that they can not stop these websites from disclosing this sort of information, after the tragic events of

9/11, millions of bomb making websites were closed down and no longer freely available to view by all. This goes some way to proving that the government and other agencies do in some capacities have the ability to block websites from being viewed and therefore begs the question; Why are these 'how to' criminal guide websites still freely available for all to see?

7. The Regulations of Money Laundering

As highlighted in chapter three, anti-money laundering legislation was first introduced into the UK through the Drug Trafficking Offences Act 1986. Anti-money laundering regulations were then mentioned again in the Criminal Justice Act 1988 and also in the Criminal Justice (international co-operation) Act 1990. These acts, however, did not recognise money laundering as an offence in its own right, they only focus on money laundering as an extension of the drugs trade. It was not until the Criminal Justice Act 1993, that money laundering, in any capacity, not just in relation to the drugs trade, was recognised as an offence. The Act also brought about new regulations, which meant that one could face prosecution in the UK for a money laundering offence, even if the initial offence had occurred out of the country.

> 'The biggest revolution however is that this Act creates, for the first time except under emergency powers, a law that imposes an obligation to report someone else to the police – i.e. the obligation to report a person suspected of money laundering.' (International Money Laundering Information Bureau: 2008).

Since the 1993 Act, there have been many updates and reviews of anti-money laundering legislation and the most recent piece of legislation to be created was the Money Laundering Regulations 2007.

> 'The Money Laundering Regulations 2007 implement the EC Third Money Laundering Directive in the UK. Both of these pieces of legislation reflect the recommendations of the international Financial Action Task Force, which was set up to tackle money laundering on a worldwide basis. The Money Laundering Regulations play a crucial role in safeguarding the UK financial system from organised criminals and terrorists.' (HM Revenue & Customs, 2007).

These are the most current regulations operating in the UK and came into practice on the 15th December 2007. They require certain businesses to register with HM Revenue and Customs to enable them to set up anti-money laundering systems and controls within those businesses.

> 'Most UK financial firms (banks, buliding societies, money transmitters, bureaux de change, cheque cashers, saving and investment firms) are covered. In addition, the regulations cover legal proffesional (when undertaking some activities) accountants, tax advisers, auditors, insolvency practitoners, estate agents, casinos, high value dealers when dealing in goods worth over 15,000 Euro and trust or company service providers.' (HM Treasury, 2007).

The regulations also make these businesses obligated to report any suspicious activity or suspicious customers they might encounter. Businesses that fail to comply with the regulations which are set out could face legal action.

With the Internet becoming such a dominant part of our society, many would have thought that these new and up to date regulations would highlight at least the issue of the Internet and its capacity to facilitate criminal activities, with regards to money laundering. However, although the Money Laundering Regulations 2007 set out guidelines that can be adapted and used in relation to the Internet and the businesses that operate on-line, there is no specific reference to utilising the Internet for money laundering purposes. Furthermore, alongside having legislation that recognises the impact of the Internet, policing authorities need to have access to equipment to help

them in their bid to catch online money launderers. However, there have been critics who argue that even if policing agencies were provided with the right technological facilities to aid them, they would still be no closer to catching anyone.

> 'The public police, like other criminal justice agencies, are reactive and also deeply conservative institutions that have been moulded by time-honoured traditions, and there for do not respond rapidly to change.' (Wall, 2007: 160).

As discussed in the chapter five, the Internet has provided money launderers with the ideal place to clean their dirty money quickly and easily. The difficulties faced by authorities, when trying to track down and prosecute these cyber launderers, is the global scale on which the Internet operates and the lack of regulation on who uses it. 'The scale of such an unregulated global marketplace makes it very easy for suspicious transactions, processes and actions to be hidden.' (Lilley, 2006: 109). Offenders can use the Internet in the safe knowledge that it is a lot harder to trace an individual using the Internet to commit crime, than it is to trace someone who is physically committing a criminal act. Some cyber laundering schemes are ones that involve extensive knowledge of the Internet's financial industry and those crimes are hard to detect, because they are well hidden by the perpetrators. Other cyber laundering schemes are simply hidden in amongst millions of other Internet users, who are using the Internet for entirely legal means.

Many crimes (not just money laundering) have progressed into the world of cyberspace, and the regulations of these crimes will eventually have had to be addressed in a completely different way to crimes which occur without the aid of the Internet. The Internet has opened up a number of opportunities for people with criminal intent, which are not available in the 'real-world'. According to Brenner (2004), real-world crimes have four main characteristics; proximity, scale, physical constants and pattern. Not all of which are features of crimes committed on the Internet, which therefore makes them harder to police. To physically steal from someone in the street normally involves the victim and the offender meeting at some point. Therefore increasing the chances of the perpetrator being apprehended either from information provided by the victim or witnesses who may have seen the offence occur. However, if that person had used the Internet as a tool for stealing money or goods from victims, the chances of it being witnessed is unlikely (providing that they are careful). The perpetrator need never meet their victim face to face and could have, in fact, carried out the crime from the opposite side of the world, which dramatically decreases the chances of being caught.

This general rule also applies to the use of the Internet, when being used to launder money. It has eliminated the need for anyone to be seen aiding the process of money laundering, for example, entering a bank to open or place money into an account, as this can all now be done from any location with Internet access around the world. A report published by the Financial Action Task Force (FATF) in 2002 highlighted the "vulnerabilities that the Internet might offer for money laundering". The report stated that one of the problems the Internet has that makes it so ideal for money laundering is 'the absence of face-to-face transactions between the online bank, and the customer and the immediacy of electronic transactions.' (Kochan, 2005: 279).

Overall, the Internet is an extremely difficult area to police for many varying reasons. Firstly, the global scale, on which the Internet operates, makes it very hard for policing authorities to keep track and monitor Internet activity and identify any illegal movement of funds and goods. Secondly, the anonymity created by the vast numbers of people that use the Internet on a daily basis, again makes it problematic when seeking out those who are using it unlawfully. Finally, there are major issues with regards to control, because national authorities are unable to monitor or influence the content and usage of the websites that are created under jurisdictions that operate under different laws. This is, by no means, an exhausted list of the problems authorities face when trying to police the Internet, but they seem to be the hardest obstacles to overcome. Furthermore, consideration must be given to the issue that however well legislated and regulated one specific country is, the Internet provides access to areas and information that are beyond their jurisdiction. Therefore, without the co-operation of other countries and jurisdictions you will be merely displacing the crime, into a lesser-regulated area, rather that stopping the offence from occurring altogether. Unfortunately, with this in mind, The McConnell report (2000) highlighted 42 countries, which do not have up-to-date legal systems capable of dealing with crimes that occur online.

8. <u>Summary and Recommendation</u>

In conclusion, this thesis has shown how the Internet has revolutionised the world in which we live. The Internet has brought with it a new era, with modifications to many aspects of our society. However, along with all the excellent changes it has created, that make the lives of law-abiding citizen easier on a day-to-day basis, the Internet has also opened up many new innovative opportunities for offenders. With regards to money laundering, the previous chapters have highlighted just how much the Internet has revolutionised methods and means used to commit the offence. The Internet has many attributes, including its speed, simplicity and its global reach, which have made it the ideal environment for launderers. Throughout this thesis it has been highlighted that there are four key features to the Internet that make it so appealing to money launderers, as well as other like minded offenders;

- **Speed** – The Internet can perform tasks involved in the money laundering process at literally the click of a mouse.
- **Global Access** – The Internet's ability to communicate and trade with the opposite side of the world generates the ideal environment for money launderers. This element of the Internet also makes dirty money and the people trying to launder it harder for authorities to locate.
- **Anonymity** – The Internet provides money launderers with access to practically all the facilities they need to clean their money with the additional benefit of anonymity.
- **Ease of use** – In the same way the Internet benefits the millions of people who use it for legitimate purposes; the same attributes also benefit money launderers. The Internet has eliminated many of the constants money launderers faced in the physical world and also now the majority of Internet facilities can be accessed twenty four hours a day, seven days a week.

Not only does the Internet provide money launderers with all of the above listed features, but also it is also harder for authorities to police and control. The key element of the Internet is that all the facilities and services it provides to launderers, that make the laundering process easier for them, also make it harder for the police and other authorities to detect and regulate. The laundering process can now be carried out quickly, easily, with the ability to transfer funds overseas and can be done from basically anywhere in the world that is technology enabled, leaving authorities with a very complex task when trying to identify and prosecute offenders.

However aware the policing authorities are of the problems occurring, they are, nevertheless, facing a massive task when trying to police the Internet. Millions of people use the Internet and the facilities it provides on a daily basis and normally for completely legitimate purposes. Those who utilize the Internet for illegal means are hidden in amongst these millions and policing authorities alone do not possess the capabilities to control the Internet as a whole. The controls in place to try and identify people using the Internet to launder money, work on the same principle as the controls would in the physical world. Banks, retailers and any other business, dealing with money, are obligated by law to report suspicious dealings and transactions. However, if launderers abide by the rules and do not deal with any outrageously massive or irregular transactions, then they are unlikely to be detected. Even if the transactions do get spotted and checked by authorities, it does not necessarily mean they will know

where or who the launderer is. The Internet has protected their identity by giving them the ability to perform transactions, while not physically present.

Offenders will always utilize new and innovative technologies to help them in committing crime, money laundering is just one of the many criminal offences now taking place online. In order to combat this ever-growing issue, authorities and policing agencies will have to tighten controls and securities on the Internet. However, it must be taken into consideration that this is far easier said than done. The issue of whose responsibility it is to police the Internet is one that has been greatly debated. Does accountability lie with the government, the policing authorities or the Internet service providers? Nevertheless, even if these issues are resolved and the Internet in the future became an environment were laundering money was not possible or the risks became too great, launderers would simply seek alternatives. Offenders will always choose the path of least resistance and the method that holds the least risk of being caught. At present, that happens to be the Internet, but as society and culture progress more and newer technologies emerge, so again will methods of money laundering.

There will always be an arms race between crime and technology. The police and other authorities are obviously fully aware of this and are constantly trying to control the emergence of new methods to commit offences through these technologies. Authorities need to concentrate on multi-agency working with online banks, business and service providers, to help them in the fight against online money laundering. However, it must be highlighted that research into multi-agency working has shown that there are major problems that arise when several agencies attempt to work in partnership. Issues of control, authority and power all come into play, which make them working together more problematic than it would seem on first glance. Furthermore, contact and communication with other countries, especially those specifically known for their money laundering friendly environments, is essential. The Internet has created the ability to quickly and easily transfer money in and out of most countries, so there must be a strong emphasis on governments and authorities uniting to combat the issue of money laundering.

Overall, the fight against online money laundering, and crime on the Internet in general, is not one with a quick fix solution. Money, time and co-operation are all needed so that authorities from all over the world, along with business and service providers, who play a part, even if not intentionally, in facilitating online money laundering, can unite and attempt to prevent money laundering occurring so easily on the Internet.

> **'In the information age, significant opportunities for gain exists for those who are best able to utilise *both* technology and information – who will do the better job the criminal or those seeking to prevent or detect crime?' (NCIS, 1996: 2)**

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