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## Point-Counterpoint

### Preventing money laundering

What should be the mechanism?

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Money laundering means Illegal transactions made in order to project the proceeds of crime as legally obtained. Persons, who earn illegal money, try to hide their source of earning by conducting a number of transactions. Such transactions separate the source of earning from its proceeds. It becomes difficult for the law enforcing agencies to trace the source of earning.

The transactions normally take place in the following manners: (a) Dirty money being inserted into the financial system by putting that into bank account, purchasing property, making payment of loan etc; (2) Separating the money from its illegal source e.g. drug trafficking, smuggling etc. by conducting frequent transactions e.g. by transferring it to another bank account, selling property purchased with such money and putting it into bank account elsewhere etc; (3) Stop making transactions or transfers when the original source of earning is no more visible.

Money laundering can take place in different institutions. Banks, financial institutions, stock brokers, insurances, law firms, tax firms, accounting firms, audit services, real property transactions through property development companies, high value dealers etc. can be used as channels for converting black money into white.

It is an international problem. Many international treaties etc. were signed, guidelines issued and bodies formed by different international organisations, group of countries etc in order to prevent money laundering: For example Vienna Convention 1988 against Traffic of Narcotic Drug; Council of Europe Convention on Laundering 1990. Resolutions passed in ICPO-Interpol General Assembly; Guideline on Prevention of the Criminal Use of the Banking System for Purpose of Money Laundering 1988 by Basle Committee; Financial Action Task Force (FATF) created by G-7 countries on 1989 etc.

Under the present law of Bangladesh namely Money Laundering Prevention Act 2002 ("MLPA"), money laundering is defined as (i) acquiring or earning (directly/indirectly) property (both movable/immovable) through illegal way, or (ii) illegal transfer, change of nature, concealment (assisting concealment) of property, acquired or earned through legal or illegal way [Section 2 of MLPA]. The acquiring or earning includes legally retaining, transferring, remitting, concealing, investing property acquired illegally [Section 2:2 of the Guideline Notes on Prevention of Money Laundering published by Bangladesh Bank]. Money laundering is a non-bailable criminal offence. The penalty can be up-to seven years imprisonment and fine [Section 13 MLPA]. All courts of session are made money-laundering courts [Section 7 MLPA]. Such courts take cognisance of offences only on a written complaint made by Bangladesh Bank or a person authorised to do it. [Section 8 MLPA].

Bangladesh Bank is given the duties to conduct investigation or authorise someone to conduct investigation of any suspected money laundering, supervise/monitor Banks, Financial Institutions and others, seek reports from them, review reports; train the employees, lodge complaint and also take any