



TASK FORCE

ELIGO

AUSTRALIAN CRIME COMMISSION | AUSTRALIAN FEDERAL POLICE | AUSTRAC

Money laundering

The fundamental motivation behind most crime is to make money. If criminals want to use that money it needs to appear to have come from legitimate sources—they need to ‘clean’ or ‘launder’ it.

Money launderers have shown themselves to be imaginative, creating new schemes to get around the counter-measures designed to identify and stop them.

Criminals may use the following strategies to launder money:

- breaking up large amounts of cash and depositing it into bank accounts, or buying money orders or cheques and depositing them into other accounts in an effort to place money in the financial system without arousing suspicion
- moving money around to create complex money trails, making it difficult to identify its original source—usually through a series of quick transactions, or through businesses in other countries
- integrating money within the financial system for end use so it appears as legitimate funds or assets, and can include buying real estate and luxury assets, or investing in businesses
- using a number of people to carry out small transactions or smuggle cash into or out of the country
- using online gambling platforms, placing illegal proceeds of crime into gaming machines or purchasing casino chips and cashing them out shortly afterwards.

Money launderers have traditionally used financial institutions to hide or shift their illegal profits. However, criminals are also attracted to other sectors that use or receive significant amounts of cash, have variable

compliance with controls and regulations, or where there may be lower risk of detection, such as casinos, alternative remittance and foreign exchange services. Other money laundering methods involve employing professional facilitators, who use their expertise to work around the regulations and controls in the Australian financial sector.

The Australian Transaction Reports and Analysis Centre (AUSTRAC) has identified four key features of money laundering in Australia:

- intermingling legitimate and illicit financial activity—through cash intensive businesses or front companies
- engaging professional expertise (also known as professional facilitators)—such as lawyers and accountants
- engaging specialist money laundering syndicates—to provide specific money laundering services to domestic and international crime groups
- ‘internationalisation’ of the Australian crime environment—there is almost always an international component in money laundering for Australian crime groups.

Identifying money laundering

Australia’s anti-money laundering and counter-terrorism financing (AML/CTF) regime requires regulated entities to provide transaction reports to AUSTRAC. These reports greatly assist authorities to identify and analyse money laundering activities and methods. The reporting contributes to investigative and law enforcement work to combat financial crime and prosecute criminals in Australia and overseas.



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AUSTRAC oversees compliance by regulated entities with Australia's AML/CTF regime. AUSTRAC educates, monitors and works with entities to improve their compliance with AML/CTF obligations, including transaction reporting obligations, and to reduce their risk of being misused for money laundering and terrorism financing.

Extent

Money laundering is a key risk to Australia—it is the common element in almost all serious and organised crime. Money laundering enables criminals to hide and accumulate wealth, avoid prosecution, evade taxes, increase profits through re-investment and fund further criminal activity.

While there is not an agreed methodology for calculating the value of money laundering, it is understood to be significant—especially when lost tax revenues and the full scope of unreported proceeds of crime are taken into account.

Impact

Money laundering has many social, economic and policy ramifications. The Australian Crime Commission and AUSTRAC have a major focus on money laundering as it is often a by-product of other criminal activity.

Money laundering can harm the Australian community in many ways, including:

- 'crowding out' legitimate businesses in the marketplace when money laundering front businesses subsidise products and services at levels well below market rates
- damaging the reputation and integrity of financial institutions where they become involved, usually without knowing, with the proceeds of illegal activity
- corrupting individuals and undermining checks and controls within institutions and businesses used to channel laundered funds
- assisting in the financing of terrorism
- financing and providing motivation for further criminal activities.

If you think someone is trying to exploit your business for money laundering purposes, notify AUSTRAC via a suspicious matter report.

More information is available at www.austrac.gov.au.



The Eligo National Task Force is an Australian Crime Commission Board approved task force, made up of the Australian Crime Commission, the Australian Federal Police, AUSTRAC, key Commonwealth agencies and State and Territory law enforcement.