



# INTERNATIONAL JOURNAL FOR LEGAL RESEARCH AND ANALYSIS

Open Access, Refereed Journal Multi Disciplinary  
Peer Reviewed Edition :

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# **MONEY LAUNDERING AND TRANS-NATIONAL ORGANIZED CRIME -THE NEXUS**

AUTHORED BY - PREETI ADHIKARY

## **1. LITERATURE REVIEW**

### ***Money Laundering and Terrorist activities-The Nexus***

1. Terrorism Financing Methods: An Overview by Michael Freeman and Moyara Ruehsen Vol. 7, No. 4, Terrorism Research Initiative, August 2013.

How terrorists move money and how this might be halted is a topic that is sometimes neglected. Instead, academics and decision-makers concentrate on either the means of financing terrorism or the items that terrorists buy, such as weapons and the actual attacks. However, the transfer of funds is a crucial intermediary step. Terrorist organizations frequently solicit money in locations other than where they are located and other than potential attack sites.

2. Baradaran, Shima, et al. "Funding Terror." vol. 162, no. 3, *University of Pennsylvania Law Review*, 2014,.

Terrorists utilize a variety of financial instruments to track their actions, including money laundering, charity, and shell corporations. To avoid being discovered, terrorists use money laundering. Terrorists conceal their unlawful sources of revenue by using money laundering to disguise them and make them seem genuine. Shell businesses are crucial to this layering process since transactions involve the movement of money verbally. To purportedly trustworthy businesses. To counter the financing of terrorism through money laundering, informal value transfer networks are widely used throughout East and Asia. To prevent corruption and stop the financing of terrorism both domestically and abroad, the legislation includes a provision for financial openness.

3. Nicola Limodio, "Terrorism Financing, Recruitment, and Attacks: Evidence from a Natural Experiment". No. 32, Chicago Booth Research Paper, April 2019,

To understand how timing and location of funding influence attacks, This study investigates the

relationships between funding, recruiting, and terrorist acts. There is a correlation between the timing and place of money and attacks, nevertheless, terrorist organizations experience difficulty storing or transferring their funds. In such circumstances, local circumstances, The success of an assault may be greatly influenced by factors like the ease with which recruits may be found and the sophistication of the attacks. Documenting the connection between the timing and location of finance and terrorist actions can therefore be extremely important from two perspectives.

4. Akartuna, Eray Arda, Shane D. Johnson, and Amy E. Thornton. "The money laundering and terrorist financing risks of new and disruptive technologies: a futures-oriented scoping review." 1-36, *Security Journal*, (2022)

This article is centered on new disruptive technology, which includes financial technology like fintech, new payment systems, and distributed ledger technology like cryptocurrencies. which embodies the contemporary manner of concluding financial transactions and has a lengthy history of ML/TF dangers. Financial services are currently the major target of anti-money laundering and counter-terrorism funding regulations. Financial institutions speak with you and your clients to understand their typical transactional patterns. The manipulation of digital invoices is comparable to transaction laundering. Future technologies can be future-proofed during their development phases by using these tendencies as the foundation for risk assessments.

5. Isoaho, Essi, and Ida-Ellen Kaski. *National risk assessment of money laundering and terrorist financing 2021*. Ministry of Finance, 2022.

Based on EU directives and FATF guidelines, Finland's national legislation on the prevention of money laundering and terrorist funding. The Financial Intelligence Unit Act and the Anti-Money Laundering Act are preventive laws from an administrative standpoint, whereas the core provisions of money laundering and terrorist financing in the Criminal Code deal with the retrospective assessment of the activities. mostly through fraud, currency exchange, and providers of hawala payment services. They do a wonderful job of explaining how the COVID-19 outbreak has affected people. Legal professionals have high scores for money laundering and financing terrorism since the real person behind them isn't acting in their name. The NPO sector's risk is also examined.

## ***THE EXPANSION OF MONEY LAUNDERING AND TRANSNATIONAL ORGANIZED CRIME IN MIDDLE EAST ASIA AND SOUTH-EAST ASIA.***

1. Smith, Samuel A. *Terrorism in Southeast Asia: The Case of the Abu Sayyaf Group and Jemaah Islamiyah*. International Institute for Counter-Terrorism (ICT), 2015.

There are several similarities between Delhi's groups throughout southeast Asia, particularly SG, and JI. The first is this group ending develops there the weak state is most vulnerable referred to those areas as terrorist black holes. Many of the Islamic movements in southeast Asia have legitimate greens as a result of centuries of conflict and opinions. It is on the borderline between Nations where there is a melting pot of several cultures and religions there is some degree of persuasion at present. The US-led global war on the terrors of southeast Asia as a second front after Afghanistan. The ideology created by Al that is those groups act as a foundation and can inspire future generations to come. Counter-terrorism critics provide a short-term trade of terrorism long terms of required non-military approaches.

2. KHALIL, LYDIA. "COUNTERING TERRORISM IN THE MIDDLE EAST: EGYPT TO OMAN." *COUNTERTERRORISM YEARBOOK 2017*, edited by Jacinta Carroll, Australian Strategic Policy Institute, 2017.

In this article, saw that in many states in Egypt woman, there are financing terrorist groups. A Significant role in the terrorist financing in Qatar and Saudi Arabia particularly in Syria terrorist groups. It actively supports Islamic militant groups regarding its history as a means of racist Soviet influence. The Middle East has often been used as a tool to concentrate state control at the expense of political and civil rights security strategy of trees to combat terrorism have both deterred and spurred violations in Middle Eastern countries.

3. Bedi, Shruti. "Combatting Terrorism in South-East Asia: ASEAN's 'Soft' Approach."

Southeast Asia first had to combat terrorism after Al Qaeda and the World Trade Center, then ISIS's conflict in 2014, and the re-emergence of foreign terrorist fighters (FTF) in 2017. 2001 saw the adoption of the Asian Declaration on Cooperation in Counter Terrorism. And talk with Asian nations about more counterterrorism conventions. Due to both structural planning and a dearth of preventive measures inside the counterterrorism framework, Asia is having problems with the counterterrorism issue. To improve regional coordination and security, the obstacles

between ASEAN member nations in terms of executive authority and sovereignty must be swiftly removed.

4. Basit, Abdul, et al. "South Asia: Afghanistan, Bangladesh, India, Pakistan, Sri Lanka." 11.1, *Counter Terrorist Trends and Analyses* (2019):

Afghanistan and Bangladesh terrorist groups like Al Qaeda and Taliban are popular. During the covid 19 pandemic, Muslim sentiment was stopped online in the same function of the Sinhala majority media causing a decrease in local Muslims. Given that IS previously looked at communal tensions as well as violations against sections of the Muslim community to spread a radical ideology and recruit into its network the government will need to wear more effective Signals and intellectual ability with countering violations extremely initiatives to guide against future antagonism. Sri Lanka also requires community-level initiative that promotes the moral form of Islam which has increasingly been marginalized by more destroyed variants of recent decades. Also, the same thing happened with the Maldives and India.

5. Sheet, Fatimah M. Mohammed, and Mohamed Naef Mahmood. "The Expected Financial Effects Of Cryptocurrencies: A Study On A Sample Of Arab Countries That Deal In Them." 6.8 *Journal of Positive School Psychology* (2022):

This article discusses the new formation of payment new type of currency that's not a physical currency like cryptocurrency and Bitcoins specifically in Arabic countries. The concept of the black chain is necessary to understand the basic database of those virtual coins. The speed of cryptocurrency affects facial policies increasing the volume of tax evasion money laundering crimes drug and arms trafficking and balance of payment and the declining rate of productive investment. Countries have not joined focus to develop an international legislative reward for regular dealing with virtual currencies.

6. Fabe, Amparo Pamela, Joan Andrea Toledo, and Sylvia Laksmi. "The Growth of Financial Technology in Indonesia: Implications for Terrorism Financing." 60.2, *International Annals of Criminology* 60.2 (2022).

This is based on a connection between updated technology advancement and financing for terrorism made by Indonesia's FinTech sector and banks in Southeast Asia. Transferring and paying money, investing, financial planning, cryptocurrency, etc. Abuse of this technology

resource carries a considerable danger of financial crime, including financing of terrorism and money laundering. The essay discusses the shortcomings of the laws and policies as well as the need for forms and remedies.

### ***Complications in detecting the crime and prosecuting offenders due to technological advancement***

1. Sanderson, Thomas M. "Transnational Terror and Organized Crime: Blurring the Lines." vol. 24, no. 1, *The SAIS Review of International Affairs*, 2004.

Without ever coming into direct touch, terrorists and groups associated with organized crime might adopt each other's tactics and characteristics. In terms of politics and practice, organized crime groups detest drawing unwanted attention, whereas many terrorist organizations aim to overthrow corrupt or secular authorities. The South Eastern European Cooperative Initiative Center, a global organization, has an anti-terrorist task force that aids its member nations in severing the ties between organized crime and terrorism. The international criminal police agencies stationed in Lyon, France, have created a fusion task force to manage the connection between organized crime and terrorism. Organizations that support terrorism and organized crime are more trustworthy and adaptable than the authorities and international organizations that hunt them. The connection between organized crime and terrorism, or how it becomes a threat, is expanding and changing daily.

2. Shelley, Louise I., and John T. Picarelli. "Methods and motives: Exploring links between transnational organized crime and international terrorism." 9.2, *Trends in Organized Crime* (2005).

Giving law enforcement and intelligence organizations actionable information requires describing how criminal and terrorist organizations communicate. The IPB technology has long been employed to support those objectives in the areas of interest by the military and intelligence. PIE's physical functions necessitated a considerable alteration to IPB methods because they have a sole focus on Pakistan, do not squander resources, and aim to promote cooperation between Al Qaeda and international gangs. Banking transactions in CDE are accused of having illicit features and utilizing corruption in the instance of Tri-Border Area Financial Transactions and money laundering.

3. Ering, Simon Odey. "Trans-border crime and its socio-economic impact on developing economies." 2.2, *Journal of Sociology and Social Anthropology* (2011).

This article aims to make a connection between the socioeconomic development of developing economies and the larger issue of economic ramifications that are related to money laundering. Organized criminal gangs utilize money laundering as a technique to hide the proceeds of serious crimes including drug trafficking, merchandise smuggling, and other crimes. Creating effective law enforcement strategies and boosting our cooperation through public-private partnerships are important for prevention.

4. Gabriel Weimann, "Terrorist Migration to the Dark Web" Vol. 10, No. 3, *Perspectives on Terrorism*, (June 2016).

Terrorists use the internet to provide information to their fellow terrorists to recruit, and radicalism spreads propaganda to raise funds and coordinate actions and attacks. Even they have their web pages for example Jihad Wiki and al-Aqsa IT Team. The dark web is also becoming a medium for some terrorist organizations to sell online black market human organs as well as stolen oil and smuggling antiquities. Draco's episode triggered an international search for a solution to combat illegal and criminal activities but one of that should not imperial legitimate lawful freedom of expression.

5. Weber, Julia, and Edwin W. Kruisbergen. "Criminal markets: the dark web, money laundering and counterstrategies overview of the 10th Research Conference on Organized Crime." 22.3, *Trends in Organized Crime*, (2019).

The primary focus of this conference is on collaborative research and practices of an open exchange of experience and knowledge, and The problems that were brought up concerning the fight against illegal online markets from the perspectives of both research and law enforcement. and emphasized the requirement for a global network to research black markets. Police techniques and context-specific strategies cover certain criminal marketplaces. A criminal lifestyle circle would receive a more concentrated treatment. In terms of justice, there is some compensation for the society that has been designated as the victim as well as the expense of police operations, court cases, and asset recovery.

## Abstract

This article examines the worldwide consequences of both money laundering and transnational organized crime. Despite an enhanced understanding, money laundering persists with evolving methods that intersect with organized crime. Organized crime, characterized by collaborative professionalism, involves activities such as smuggling and drug trade, impacting societal well-being. The escalation of transnational crime, driven by conflicts and economic disparities, results in an annual global cost of \$1 trillion, with Southeast Asia contributing over \$100 billion. In nations with inadequate anti-crime measures, especially in the Arab world, organized crime is exacerbated. Technological progress inadvertently facilitates transnational crime. The article emphasizes the necessity for comprehensive strategies to address these issues.

## Keywords

Trans-national Organized crime, Money laundering, Risk Assessment, New technologies, rules and regulations, suggestions.

## Introduction

The United Nations Office on Drugs and Crime (UNODC) estimates that \$800 billion to \$2 trillion in current US dollars, or 2 to 5% of the world's GDP, is laundered annually. Estimating the precise amount of money that goes through the laundering cycle is difficult, though, because of the hidden nature of the practice.

"Money laundering" refers to the actions done to hide the true source, origin, ownership, destination, or usage of money or other property. It is illegal to process ill-gotten riches, sometimes known as "dirty" money, through a sequence of transactions to "clean" the money and make it seem like the product of a legitimate company<sup>1</sup>. Regardless of where the "dirty" money came from or what sort of illegal activity it was intended for the "dirty" money's objective is to make it seem as though it has been obtained from a legitimate source or is being used for a lawful purpose<sup>2</sup>. We now have a better knowledge of how complicated money laundering is because of the work of local, national, and international institutions and organizations. However, many

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<sup>1</sup> Federal Financial Institutions Examination Council, Bank Secrecy Act – Anti-Money Laundering Examination Manual," p. 7, 2006.

<sup>2</sup> Greg Baldwin "Anti-Money Laundering: The Criminal And Regulatory Framework, And Anti-Money Laundering Compliance", Holland & Knight LLP 701 Brickell Ave, Suite 3000 Miami, Florida 33131.

different avenues can be used to facilitate money laundering today, and these alternatives are always evolving to support criminal activity, technology development, and preventative measures that aim to render money laundering permanently ineffective.<sup>3</sup>

A crime is referred to be "organized crime" if it necessitates the cooperation of multiple people or organizations to be carried out successfully. Typically, organized crime is professional criminality. The structure may be formal and specific, comprising a system of connections with reciprocal duties and benefits, or it may be generic and flexible. Small and large groups can both be a part of criminal organizations. <sup>4</sup>Smuggling, the sale of illegal narcotics, and theft are examples of illegal activities that are not allowed by law and are considered to produce social "bad" since they reduce society's welfare, if not also the welfare of the persons engaging in them. The totals of national income do not include earnings from these activities. Such actions have a connection to various forms of crime. But some crimes, like murder or gender-based violence, are not related to earning money. As a result, such offenses will not be caught by the black economy. Additionally, criminality connected to economic activities that generate cash is typically related to organized crime, whether it occurs within nations or across borders (the latter is known as transnational organized crime)<sup>5</sup>.

The rise in regional wars, the relaxation of border controls, the increased mobility of persons and things across borders, and the widening economic gaps between rich and developing nations all contribute to the inevitable growth of transnational crime. Due to these elements and the effects of globalization, political terrorists and international criminal organizations are now able to flourish<sup>6</sup>. The United Nations Office on Drugs and Crime estimates that TOC costs the global economy \$1 trillion a year. Based on a reasonable estimate, Southeast Asia contributed close to 10% of this total, or more than \$100 billion annually. Southeast Asia is home to widespread drug trafficking, illegal immigration, terrorism, money laundering, transnational prostitution, piracy, arms smuggling, credit card fraud, and corruption<sup>7</sup>. More than 75% of people on earth reside in

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<sup>3</sup> Gilmour, Nicholas. "Understanding money laundering. A crime script approach." *The European Review of Organised Crime* 1.2, pp 35-56, 2014

<sup>4</sup> Lindesmith, Alfred R. "Organized Crime." *The Annals of the American Academy of Political and Social Science*, vol. 217, pp. 119–27, 1941,

<sup>5</sup> Kumar, Arun. "India, Transnational Organized Crime: Analyses of a Global Challenge to Democracy", Transcript Verlag, pp,115-26, 2013.

<sup>6</sup> Shelley, Louise. "Unraveling the New Criminal Nexus." *Georgetown Journal of International Affairs*, vol. 6, no. 1, pp. 5–13, 2005.

<sup>7</sup> Luong HT, "Transnational crime and its trends in South-East Asia: A detailed narrative in Vietnam", *International Journal for Crime, Justice and Social Democracy* 9(2), pp. 88-101, 2020.

nations with high rates of crime and weak anti-crime movements. At least five of the top 25 nations where organized crime is rife—and usually made easier by authorities and their clients—are in the Arab world<sup>8</sup>.

The technical developments experienced in all sectors of human endeavor throughout the previous millennium have inadvertently, or simply put, enabled and created an enabling worldwide climate for transnational crime to grow.

## 1. Concept of organized crime and transnational organized crime

The definition of organized crime is described as pre-organized unlawful operations that are managed by strong groups and typically performed on a large scale<sup>9</sup>. It is available in a wide range of media in numerous nations. The various forms of activities that make up organized crime might include trafficking illegal products, guns, persons, and drugs. These objectives are frequently attained by armed robbery. To cash in on the assets and hide their traces, counterfeiting, and money laundering are also done. Organized crime has the potential to threaten the safety of the nation and the lives of millions of people<sup>10</sup>.

However, a broad definition is limited because organized crime activity differs across nations, regions, crime types, and organizational structures. Consequently, Understanding organized crime's essential elements is important, but understanding how it emerges in different environments and criminal scenarios requires more in-depth information. Global vices like the drug and narcotics trades, human trafficking, the trafficking of small arms, and all other forms of deviant globalization have shown the power and impact of criminal organizations. In dense cities, war zones, and the information (or cyber) domain, gangs, and cartels battle for identity on a variety of levels as a substantial show of social and political power as well as a conflict driver<sup>11</sup>. A system of institutionalized violence is what organized crime is<sup>12</sup>. Such violent behavior

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<sup>8</sup> HAFED AL-GHWELL, "How organized crime bleeds the Middle East dry", October 09, 2021, 23:15, <https://arab.news/6qchb>.

<sup>9</sup> United Nations Convention against Transnational Organized Crime Adopted by the UN General Assembly: <https://www.unodc.org/e4j/zh/organized-crime/module-1/key-issues/definition-in-convention.html>

<sup>10</sup> Organized crime is defined by Black's Law Dictionary, "Long-term criminal activity conducted in a structured and systematic manner, with the aim of generating illicit income".

<sup>11</sup> Sullivan, John P, "The Information Age: Transnational Organized Crime, Networks, and Illicit Markets", *Journal of Strategic Security*, vol. 16, no. 1, pp. 51–71, 2023.

<sup>12</sup> Geis, Gilbert, "Violence and Organized Crime", *The Annals of the American Academy of Political and Social Science*, vol. 364, pp. 86–95, 1966.

contains some of the same components as other ritualized behavior in many societal subgroups. There are particular votaries tasked with the office of violence. There are several circumstances, some with undertones that seem to be closely related to religious issues, that lead to violence. In addition, the pattern of institutionalized violence in organized crime is significantly impacted by changes like those in that form of crime, which frequently mirror changes in the socioeconomic structure of the greater society. There are current tendencies in organized crime that point away from reducing such expertise and toward bureaucratization, risk reduction, and the replacement of violence with more subversive and indirect methods. Occasionally, too, like champion prizefighters who have lost their hunger and rage, organized criminals leave their environment and cling to the less pugnacious values and standards found among actual and fictitious customers for their wares<sup>13</sup>.

The criminal organization is set up to endure leadership changes and to continue operating after the lives of individual members. The group continues to engage in illegal behavior. These organizations don't just pop up randomly. However, the groups have been around for a while. Similarly, it seems that offspring of organized crime offenders are considerably more likely to become offenders themselves than are children of 'generic' offenders.

## **1.1 Types of Organized Crimes**

### ***1.1.1 Drug trafficking***

The trade-in illegal psychoactive substances is one of the most frequent and significant organized crime activities today. Despite the huge margins of error in the data, the illicit drug markets supported by drug trafficking are likely the "largest" illicit market in the world in terms of revenue. A UNODC At current rates, the 340 tons of heroin used worldwide each year and the 430–450 tons seized each year constitute the yearly influx of heroin into the international market. Of the total, 50 tons are produced by opium from Myanmar and the Lao People's Democratic Republic, while the rest 380 tons are utilized in Afghanistan to produce heroin and morphine. Only around 5 tons are consumed and confiscated in Afghanistan, while the remaining 375 tons are transported across the globe via routes that enter and pass via its neighbors<sup>14</sup>.

Some drug trafficking organizations are family businesses, meaning they are managed by blood

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<sup>13</sup> Gilman, Nils, Jesse Goldhammer, and Steven Weber, eds. *Deviant globalization: Black market economy in the 21st century*. A&C Black, 2011.

<sup>14</sup> Paoli, Letizia. "What is the link between organized crime and drug trafficking?." *Rausch* 6.4, pp 181-189, 2017

relatives, who occasionally turn to a network of unrelated individuals to complete the most hazardous duties. Some are non-kin organizations that are created around a more or less charismatic leader, who subsequently achieves some level of stability and builds a more or less basic division of labor. Others are hurried connections of people that develop, break up, and then reassemble when the time is right. Many dealers work alone, especially at the intermediate and lower levels, either to support their drug use or, less frequently, to make quick money.

According to the world-system approach, certain phenomena are structural effects of the system. For instance, the physical distance between the countries of origin and destination may affect the usage of the same trafficking routes for various drugs. As you get closer to your destination, the number of possibilities reduces. Therefore, rather than being the result of a carefully thought-out scheme, poly trafficking would be a natural outcome of transportation opportunities. Using the same route for various commodities is typical in legal markets. A very small number of trafficking channels seem to be employed for various narcotics. Only 132 countries appear to ship two or three different types of pharmaceuticals. One type of narcotics is transported by the vast majority of pairings (n=694; 84.0%), setting the black market apart from legitimate trading<sup>15</sup>.

### ***1.1.2 Arm trafficking***

Surface-to-air missiles (SAMs), assault rifles, and pistols are examples of man-portable personal and military weapons that fall under the category of "small arms." Many features of small guns contribute to their quick and frequent circulation across borders, between states, among various kinds of illicit organizations, and some enterprising people. By their very nature, these weapons are portable. Their ability to travel covertly and covertly at low cost is made possible by this trait. Arms transfers have been made to terrorist and rebel organizations by boats, lorries, pack animals as well as people, as well as mail. Additionally, light weapons are reasonably priced, creating a very sizable market for buyers, even in the world's most underdeveloped regions. Finally, light guns are robust and only need a minimal amount of field maintenance<sup>16</sup>.

Smaller markets take place in the white, black, grey, and covert military transactional marketplaces, respectively<sup>17</sup>. The lawful selling of weapons to other nations or states by governments or private producers is referred to as the "white market." Even though the white

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<sup>15</sup> Boivin, Rémi. "Drug trafficking networks in the world economy." *Crime and networks*, pp 182-194, 2013.

<sup>16</sup> Cragin, Kim, et al, "Arms trafficking and Colombia", Rand Corporation, 2003.

<sup>17</sup> Rothe, Dawn L., and Victoria Collins, "An exploration of applying system criminality to arms trafficking", *International Criminal Justice Review* 21.1.pp- 22-38, 2011

market is seen as being lawful, a significant amount of trafficking weaponry is allegedly made up of surplus government weapons that are either deposited, stolen, or find their way into the black market. Black market transactions are prohibited due to their hidden nature, illegality of the buyer, seller, or transaction, and other factors. The concealing of weapons by incorrect labeling, document forgery, and the laundering of transaction proceeds are all ways that transactions can be made secret. This involves clandestine military operations—covert transfers of weapons from one government to another, notably to insurgent forces due to their secrecy and lack of openness. The term "grey market" refers to business deals that are not regarded as unlawful but do not fit into the white market category. Governments incur risks in these covert arrangements while downplaying any potential dangers. For instance, in addition to direct violations of the arms embargo (black market deals), there are also sales of arms to nations that are subject to the embargo with the knowledge that the weapons will later be sold to the intended state to circumvent the embargo. Typically, this is done with the help of proxies like insurgent groups or individual brokers. Utilizing current global networks made up of illicit trade associations and rogue traffickers is one way to do this. These networks enable the diversion of transfers that were initially legally made between states into areas of conflict.

The obvious link between organized crime and illicit arms trafficking can be extended to conflict circumstances, where criminal organizations are unavoidably present and provide sides with illegal military hardware and ammunition. As organized crime grows under the conditions of lax law enforcement, brutality, and legal trade limitations that accompany conflict, supporting disastrous war economies and the conflicts themselves, a new trend of "military commercialism" can be noticed<sup>18</sup>.

### ***1.1.3 Human trafficking***

As the millennium goes on, we have a serious problem of illegal human migration, which includes migrant smuggling, forced labor migration, irregular migration, human trafficking, and trafficking in women. These deeds violate human rights and endanger people's safety. Organized crime is a significant component in encouraging unlawful human trafficking. Organized crime groups assist in people trafficking and illicit employment by doing both. Trafficking, illicit migrant labor, and human smuggling are all related. People who have been trafficked or smuggled

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<sup>18</sup> Davis, Ian, Chrissie Hirst, and Bernardo Mariani, "Organised crime, corruption and illicit arms trafficking in an enlarged EU". London -Saferworld, 2001.

work illegally both in the country of destination and occasionally in that same country, depending on how long they spend in the transit country<sup>19</sup>.

If a person enters a country without being a citizen or a permanent resident to gain financial or material advantage, they are doing so illegally. This is referred to as human smuggling. The difference between human trafficking and people smuggling must be made clear. If someone is being hired, moved, transferred, housed, or received to abuse them, that individual is deemed to be involved in human smuggling. This can be accomplished through paying or receiving benefits from those in control of them, as well as by using threats of force, coercion, abduction, fraud, deception, or abuse of authority against them. Human trafficking is the practice of selling someone abroad against their will for purposes of sexual or other exploitation. The victims are in a state of slavery because they are coerced into prostitution or other behaviors while being denied the freedom to change. The victims' socioeconomic circumstances and age distribution made them seem weak and disadvantaged.

The demand for prostitution and other commercially offered sexual services, sometimes referred to as "sex trafficking," is the key factor driving trafficking for sexual exploitation. The supply and demand for trafficked women globally are correlated, according to experts, with trafficking patterns. The sex industry is influenced by supply and demand in the same way that "every other capitalist industry" is:

#### ***1.1.4 Smuggling of Migrant***

In 2020, there will be 281 million international migrants on the planet, accounting for 3.6% of the global population, according to the latest UN forecasts<sup>20</sup>.

The unlawful entrance of a person who isn't a citizen or a permanent resident into a State Party to earn, directly or indirectly, financial advantage or another tangible benefit is the official definition of migrant smuggling established by the UN in 2000<sup>21</sup>. This provision was included in

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<sup>19</sup> Narli, Nilufer, "Human trafficking and smuggling: the process", the actors and the victim profile. na, 2006.

<sup>20</sup> World Migration Report, 2022 – JournalsOfIndia, [https://journalsofindia.com/world-migration-report-2022/#:~:text=The%20World%20Migration%20Report%20\(WMR,extreme%20disasters%20and%20weather%20events.](https://journalsofindia.com/world-migration-report-2022/#:~:text=The%20World%20Migration%20Report%20(WMR,extreme%20disasters%20and%20weather%20events.)

<sup>21</sup> Article 3, Smuggling of Migrants Protocol procurement, "The unlawful admission of a person into a State Party of which the individual is not a national nor a permanent resident, in order to acquire, directly or indirectly, a pecuniary advantage or another material benefit".

the Protocol to Combat Migrant Smuggling, which was adopted by the United Nations Convention against Transnational Organized Crime. to the extent permitted under the UN Convention against Transnational Organized Crime and its Protocol to Prevent, Suppress, and Punish Person Trafficking<sup>22</sup>, they include recruiting, transportation, transfer, harboring, or receiving of persons, all of which are implicated in migrant smuggling. Human trafficking differs in its deeds less from migrant smuggling<sup>23</sup>.

Migrant traffickers are criminals, not aid workers. Gaining material or financial advantage drives them. They might be lone wolves or a member of a well-developed, international network. Small-scale and cross-border migrant smuggling often doesn't demand complex smuggling methods. Where pre-planned smuggling happens over longer distances and includes several border crossings, it is customary for a chain of coordinators to monitor certain legs of the smuggling activity, communicate with one another, and collaborate with local groups in the transit and destination countries.

The vast majority of trafficking networks rely on fluid interactions and have weak connections. However, organized organizations are more numerous. As an illustration, it appears that a large portion of the smuggling industry in North Africa is based on more hierarchical organizational systems than in other locations<sup>24</sup>. In transit and destination nations where pre-planned smuggling happens across longer distances and necessitates many border crossings, it is usual for a chain of coordinators or organizers to monitor specific legs of the smuggling enterprise, interact with one another, and collaborate with local groups. Local service coordinators and providers are frequently not affiliated with one particular organization but rather are a part of a broad network. The primary goal of migrant smuggling, like other parts of organized crime, is profit. While some immigrants opt to pay cash in advance, others must establish payment arrangements after arriving, which necessitates some advance financial preparation.

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<sup>22</sup> The act of employing, transporting, transferring, housing, or receiving someone with the intent to take advantage of them by the use of force, threats of force, other types of coercion, abduction, fraud, deceit, abuse of authority, taking advantage of a weak situation, or by giving or getting advantages. At the very least, prostitution and other kinds of sexual exploitation, forced labor and servitude, slavery or actions that resemble slavery, organ harvesting, and coerced labor or services are all seen as forms of exploitation.

<sup>23</sup> Triandafyllidou, Anna, "Migrant smuggling", Routledge Handbook of Immigration and Refugee Studies. Routledge, pp 426-433, 2022.

<sup>24</sup> UNODC – MIGRANT SMUGGLING FAQs, <https://www.unodc.org/unodc/en/human-trafficking/migrant-smuggling/faqs.html>

The UN Protocol against the Smuggling of Migrants by Land, Sea, and Air is the sole instrument that addresses and prevents migrant smuggling and is legally enforceable. Immigration smuggling needs to be prohibited in the countries that ratify the Protocol. The three primary objectives of the Protocol are to prevent and combat migrant smuggling, to promote cooperation among States that have signed the Protocol, and to safeguard and defend the rights of smuggled migrants.

### ***1.1.5 Terrorism***

‘Terrorism is a strategy or a tactic that employs violence or force to reach political objectives<sup>25</sup>

The end of the Cold War and the consequent reduction in governmental backing for terrorism have resulted in terrorist organizations throughout the world primarily relying on organized crime as a source of finance. A site merged in Latin America based on the narco-terrorism paradigm. Since the 1980s, terrorism has used crime more frequently. The 1990s may be seen as the decade since the relationship between crime and terrorism was enhanced throughout this decade. The term "nexus" is most usually used to describe how terrorist organizations exploit criminality as a source of finance, for as by killing drug dealers or using credit cards illegally. The formation of partnerships between terrorist and criminal organizations has also been described using this phrase<sup>26</sup>. The main components of the contemporary nexus are these two sorts of relationships; however, the connection between organized crime and terrorism has grown increasingly complicated.

Organized criminal gangs frequently use terrorist tactics to accomplish specific operational objectives. Although at times these groups have appeared to be involved in politics, it is important to remember that their goal was to safeguard their operational environment rather than to upset the status quo. Dishman claims that criminal organizations use "selective and calibrated violence" to drive out rivals and scare anti-drug authorities. As a result, a violent act committed by a TCO [transnational criminal organization] targets a specific anti-constituency rather than the whole public and is devoid of any political undertones<sup>27</sup>. The major objective of these organizations continues to be the maximizing of illicit money, notwithstanding the employment of terrorist

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<sup>25</sup> Schwenkenbecher, Anne, and Anne Schwenkenbecher. *What Is Terrorism?*. Palgrave Macmillan UK, 2012.

<sup>26</sup> Makarenko, Tamara. "The crime-terror continuum: tracing the interplay between transnational organised crime and terrorism." *Global crime* 6.1 (2004): 129-145.

<sup>27</sup> Chris Dishman, "Terrorism, Crime, and Transformation", *Studies in Conflict & Terrorism*, Volume: 24 Issue: 1, pp 43-58, January-February 2001.

tactics like bombings and assassinations. Even though organized crime engages in a variety of activities, its connections to terrorism come from the unlawful trafficking of drugs, weapons, and people as well as money laundering. Armed and financially supported terrorist organizations are required to fight against the security forces, whether they are domestic or supported by other nations. Conglomerates of organized crime require clients and smugglers who can transport people, weapons, and drugs across borders.

### ***1.1.6 Money Laundering***

Organized crime relies on money laundering heavily for funding, and it also helps criminal groups expand their operations and hide their assets. The phrase "money laundering" first originated in the US during the Mafia's effort to "launder" illegal funds through cash-heavy washing salons that were under their control in the 1930s<sup>28</sup>. According to testimony, several issues currently make it difficult for the commission and the police to determine the income generated by organized crime.

Money launderers are continually looking for new strategies. Economies with new or developing financial hubs but insufficient controls are particularly vulnerable when countries with existing financial centers build robust anti-money laundering policies.

### ***1.1.7 Terrorist Financing***

When using a front to support, aid, or carry out an act of terrorism, rather than doing so for financial benefit, is the main motivation, that is when it is terrorism funding<sup>29</sup>. Frequently, increasingly complicated strategies are used to move funds. Worldwide networks that support terrorism can access both the financial systems of underdeveloped and developed nations. Even though both monies might come from legal rather than illegal sources, the money laundering concept and the model for financing terrorists are not the same. Additionally, the intimately related activities of money laundering and terrorism financing can be influenced by a variety of different factors. The non-financial objectives of terrorist organizations frequently include publicity, the propagation of an ideology, the overthrow of a society or state, and the simple

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<sup>28</sup> Schneider, Friedrich, "Money laundering and financial means of organised crime: some preliminary empirical findings", *Global Business and Economics Review* 10.3, pp 309-330, 2008.

<sup>29</sup> World Bank. org.2003

spread of terror<sup>30</sup>. Terrorist organizations appear to be the main perpetrators of terrorism that are motivated or inspired by religion. Even though certain fundamentalists with no affiliation have carried out terrorist attacks, most Jihadists seem to be, at least in part, connected to a terrorist organization in reality. In addition to having ideological reasons, terrorist organizations frequently have financial needs. The goal of money launderers is to create as many layers between transactions as they can, making it difficult to determine where the money came from. The situation with finance for terrorism is just the opposite. To fund criminal activities and to use force and coercion to subjugate a people or state are the two goals of terrorism financing<sup>31</sup>.

## 1.2 Nature and ambit of money laundering

According to both domestic and international law, money laundering is an organized economic crime<sup>32</sup>. It influences investments, national income, domestic pricing, the value of national currencies, and various economic policies, particularly in the context of monetary and fiscal policy environments. State public budgets are affected by all of this. The United Nations and other international and regional institutions, which serve as the representatives of national legislators in each state and the international community, have been inspired to act and fight to stop it.

The money obtained by criminal activity cannot be spent as easily as money obtained through legitimate means, especially not on luxury items like mansions, sports vehicles, and boats. Money laundering is necessary to spend the proceeds from illegal activity. Al Capone, a thief, coined the term "money laundering" to describe the process he used to transmit his illicit wealth via launderettes. Fighting money laundering is a continual effort. One of the top issues the international financial world is facing is money laundering<sup>33</sup>. Conversion or transfer of property made with knowledge that it was acquired illegally, to conceal or obscure its illegal source, or to assist anybody who is suspected of involvement in the crime escape facing the consequences of

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<sup>30</sup> Freeman, Michael, and Moyara Ruehsen, "Terrorism Financing Methods: An Overview", Perspectives on Terrorism, vol. 7 no. 4, pp. 5–26, 2013.

<sup>31</sup> Tofangsaz, Hamed, "Rethinking terrorist financing; where does all this lead?", Journal of Money Laundering Control 18.1, pp 112-130, 2015.

<sup>32</sup> N. Gilmour, "Understanding the practices behind money laundering: A rational choice interpretation", International Journal of Law, Crime and Justice 44, pp 1-13, 2016.

<sup>33</sup> The statement made by the Interim Committee of the International Monetary Fund (IMF), the IMF's top decision-making body, at the October 1996 Annual Meetings in Washington, D.C. <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp021098>

his conduct<sup>34</sup>. Easily, the act of processing criminally obtained funds to conceal their illicit source is known as money laundering<sup>35</sup>. For instance, a drug dealer may own a restaurant to conceal narcotics proceeds among the restaurant's legitimate income. To make the income appear as though it was generated properly, the drug proceeds are "laundered" through the restaurant in this fashion. Because of the ease with which offenders would be caught if they could not "merge" their illicit funds into, say, a legitimate company, bank, or piece of real estate, organized crime activities depend heavily on money laundering.

The kind of people and organizations who turn to money laundering and the extent to which they do so are determined by penal laws and law enforcement initiatives, as was covered in the section before this one. The techniques that criminals will use to avoid detection and forfeiture are also influenced by police operations. Money laundering adjusts to the places with the lowest pressure, much like air in a balloon. Following the initial focus of police attention on the banking business, money launderers switched to the insurance sector. When the insurance industry was included in anti-money laundering (AML) initiatives, criminals stepped up their real estate laundering operations.

### **1.3 Process of Money Laundering**

It is now more difficult to comprehend and stop the conventional money-laundering process and techniques as a result of the opportunities provided by economic globalization and technological development. Any attempt to contrast this crime accurately is severely hampered by this. Money laundering is a cat-and-mouse game that keeps spreading into more and more spheres of the economy. Criminals and their intermediaries have created a variety of unique money laundering strategies during the process. All of these different strategies try to detach money from its questionable sources and give it the illusion of legitimacy through a sequence of acts that are frequently divided into three distinct stages: placement, layering, and integration. This categorization primarily serves as a heuristic aid and is not meant to represent a predetermined "natural law." Money laundering transactions don't always proceed through the three phases, and

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<sup>34</sup> UN Vienna Convention 1988, Article 3.1 describes Money Laundering as, "the conversion or transfer of property with knowledge that it was obtained through a crime(s), with the intent to hide or cover up the crime(s)' source or help anybody engaged in them avoid facing the legal repercussions of their conduct."

<sup>35</sup> According to Article 1 of the 1990 European Communities (EC) Convention on Laundering, The concealment or disguise of the true nature, source, location, disposition, movement, rights with regard to, or ownership of property, knowing that such property is derived from serious crime, with the intent to conceal or disguise the illicit origin of the property or to help any person who is involved in committing such an offense or offenses to evade the legal consequences of his action.

occasionally, additional complexity levels are introduced. Several distinct countries are frequently involved in these deals, albeit not always<sup>36</sup>. Three commonly acknowledged and independent steps can frequently occur at the same time, even though they may employ a wide variety of techniques:

First stage -Illegal action is frequently financed by money. Large quantities of cash are difficult to spend secretly, difficult to carry, and difficult to conceal. Placement of the money in the financial system, where it will be safer, much easier to move, and much easier to hide, is the only option to address these problems. The crucial phase in money laundering known as "placement" involves introducing illegal currency into the financial system.

Second stage -Once the illegal gains have entered the financial system, the money launderer must keep them hidden. By shifting the money that has been put into the financial system between companies (often but not always made up of organizations), countries, and continents, the money launderer can do this. Making it extremely challenging and time-consuming for law enforcement to follow the trail left by this is the entire point of this. Moving the money via a convoluted, lengthy route during the "layering" stage of money laundering helps to hide its origin, owner, or use.

Final stage - Once the illicit monies have been hidden through the layering process, the money launderer is ready to spend the money. To "resurface" the money, the money launderer looks for efficient ways to do so, such as through the legal sale of commodities, employment, or consulting fees from what appear to be legitimate enterprises or the return on legal investments. Making illicit monies accessible is the "integration" step of money laundering, which makes the funds seem "clean."<sup>37</sup>

## 1.4 Nexus between money laundering and organized crime

Money laundering is the technique used by criminals and their collaborators to transform the proceeds of their crimes into assets or money that appear to be lawful on the surface. Gaining money is the driving force behind organized crime; consequently, the key question is to develop ways to legalize the profit aggregated. Members of criminal organizations have been able to

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<sup>36</sup> Greg Baldwin , “Anti-Money Laundering: The Criminal And Regulatory Framework, And Anti-Money Laundering Compliance Programs”, Holland & Knight LLP 701 Brickell Ave, Suite 3000 Miami, Florida 33131

<sup>37</sup> Jojarth, Christine, “Money Laundering: Motives, Methods, Impact, and Countermeasures”, Transnational Organized Crime: Analyses of a Global Challenge to Democracy, edited by Heinrich-Böll-Stiftung and Regine Schönenberg, Transcript Verlag, pp. 17–34, 2013.

follow policies that allow them to integrate into lawful economic methods. To clean filthy money, they developed an increasing number of Phantom corporations and entities. The financial system will be flooded with clean illusory money. As a result, the bank has important standards in place for tracking revenues, gathering evidence of transactions, and transferring assets<sup>38</sup>. Due to latency, precise assessment of the amount rinsed clean is nearly impossible. Money laundering shall never refer to a single transaction, but to chains of transfers; thus, the involvement of banks in tracing illicit money transfers is critical. Criminalizing money laundering also safeguards customers' trust in banks' legitimate and sensible practices. More often than not, the process of money laundering cell results in the waste of earnings of some form, but the illicit money provides adequate recompense. Although groups of organized crime appear to conflict and interfere with one another, their cooperative attempts to mislead and smack up law enforcement authorities to maximize money are rather obvious.

Instead of carrying out legal activity, criminal organizations developed phony businesses to reintroduce filthy money into the economy. Restaurants, counseling firms, retail shops, hotels, bars, nightclubs, casinos, international financial intermediaries, laundry, salons, sports enterprises, vending machine enterprises, amusement parks, and parking facility enterprises are particularly suitable for money laundering.

The key difficulties are always the huge cash flow, the security that unlawful money is being mixed, and the cell eventually appearing as legal after-tax revenue.

To weaken each other, organizations cooperate with authorities to provide information and access to investigations, so the hidden interests of cooperating parties must always be taken into account by the proceeding law enforcement bodies, thus putting a member of a criminal organization under investigation frequently results in straightening and benefiting another framework taken over the territories of the organization investigated.

Typically, unlocks entire income affairs in situations when the majority of the dirty money is tied to the drug trade, It appears most crime cases may stay in tiny seas Finally success of the war against money laundering remains one of the most sufficient methods to limit. Criminal

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<sup>38</sup>DR. ENDRE NYITRAI 'Money Laundering and Organised Crime', JOURNAL OF EASTERNEUROPEAN CRIMINAL LAW, No. 2/2015, 94- 100

organizations can be approached from a variety of perspectives, with financial measures that leave the group numb and ineffective appearing to be the most acceptable answer.

## 1.5 The link between money laundering and funding for terrorism

According to the description, the process is an example of transnational organized crime that incorporates several jurisdictions and a variety of legal standards. This kind results from the passage of illegal monies via the official or unauthorized financial systems of several nations to an unidentified final destination to hide their true source by exchanging them for fiat currency or by funding terrorist, extremist, or other organizations<sup>39</sup>, to make it more challenging to locate them, criminal syndicates like the Italian-American Mafia (Camorra), Japanese Yakuza (Yamaguchi Gumi), Russian Mafia (Solntsevskaya Bratva), or those in the Calabria region generally carry out their primary illegal activities in one location and subsequently engage in money laundering in a separate location<sup>40</sup>.

Terrorist funding, in contrast, pertains to the phase where funds are provided and collected, whether through legal or illegal means, for the potential future execution of terrorist acts; thus, it is a preparatory stage. This funding encompasses transactions that may or may not be conducted on behalf of terrorists but are intended to facilitate terrorist activities, as well as provide resources to terrorists using the proceeds of criminal actions. Terrorist organizations have used a number of strategies to fund their networks and activities throughout the years. Because it sometimes includes obtaining funding from governmental and commercial sponsors rather than "dirty money," terrorist financing varies from money laundering and presents unique difficulties for the counterterrorism community. The horrible strikes of September 11, 2001, made it evident how Al Qaeda used the global banking system to finance the preparation and execution of the operations. To stop terrorist financing and money laundering, the international public and private sectors implemented stronger regulations on the conventional banking sector following 9/11. To counter the increased scrutiny of the financial industry, terrorist organizations have, as we have observed throughout the years, adopted a range of fundraising mechanisms and strategies<sup>41</sup>. Let us look at some of the processes utilized by terrorist networks that go beyond ordinary banking.

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<sup>39</sup> Fundamentally, the term "extremism" refers to political activity that violates state norms, is wholly intolerant of others, rejects democracy as a form of government and a method of problem-solving, and also rejects the established social order. [ <https://www.ojp.gov/pdffiles1/nij/Mesko/208033.pdf> ]

<sup>40</sup> Keesoony, Selina. "International anti-money laundering laws: the problems with enforcement." *Journal of Money Laundering Control* 19.2 (2016): 130-147.

<sup>41</sup> Realuyo, Celina B. "Following the Terrorist Money Trail." *Connections*, vol. 10, no. 2, pp. 105–24, 2011,

Charities and nongovernmental organizations (NGOs) may draw terrorists to raise and transfer their assets as a result of the lack of openness in the field. The Report on Money Laundering Typologies 2002-2003 by the Financial Action Task Force (FATF) on Money Laundering makes this allegation<sup>42</sup>, Some organizations have served as a front for the transfer of money to finance terrorist acts, typically on a global scale, in addition to being a direct source of income.

The movement of huge sums of money using cash couriers or bulk cash smuggling is a tempting terrorist financing method. It is transported in large quantities across the border by car, ferry, or airplane. The terrorist completely controls the movement of the money via cash couriers; There are no traceable paper trails or other parties involved. The riskier form of funding terrorism is this one, though. There is a possibility that the money will be stolen by a courier or an informant working for the network, or that border inspections or government investigations would put the network or operation in danger. Al Qaeda in Iraq used large-scale cash smuggling during the Iraq War to fund their operations and foreign fighters, which was made easier by a lack of regulation. Due to the opaque and liquid characteristics of the Hawala system, Terrorist groups employ this sort of informal banking system or alternative remittance route to transfer their assets. Money sent home by a foreign employee is referred to as a remittance. In an informal banking system, money is received to send it—or something equivalent—to a third party in a different region. These transactions are frequently carried out outside of the traditional banking system by nonbank money services, companies, or other unregistered and unregulated commercial organizations<sup>43</sup>. Money transfers from or to nations without reputable, authorized financial institutions are carried out by traders and migratory workers through informal banking methods. These informal networks are still used by immigrant ethnic minorities in Europe and the US because of their effectiveness and cost. These networks heavily rely on connections, such as relationships with families or regions, and are founded on trust.

Therefore, the act of raising or supplying money for terrorist causes is known as terrorist financing. While funds used to finance terrorism may come from both legal and illegal sources, funds used for money laundering almost invariably come from illegal ones. Therefore, individuals responsible for funding terrorism do not need to disguise the source of the money; instead, they

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<sup>42</sup> Financial Action Task Force on Money Laundering, Report on Money Laundering Typologies, 2002–2003, 14 February 2003, <http://www.fatf-gafi.org/dataoecd/29/33/34037958.pdf>, accessed 19 September 2009

<sup>43</sup> Passas, Nikos, “Hawala and Other Informal Value Transfer Systems: How to Regulate Them?”, Risk Management, vol. 5, no. 2, pp. 49–59, 2003.

must conceal both the financial activity and the nature of the supported action. Both money laundering and financing of terrorism use comparable methods. Both times, the actor makes improper use of the financial industry. The techniques used to finance terrorist activities and terrorism are often extremely similar, if not the same. Therefore, preventing, identifying, and penalizing illegal monies from entering the financial system as well as funding terrorist individuals, groups, and/or operations are two risk problems that must be addressed for an anti-money laundering/counter-terrorism financing strategy to be effective. The utilization of the financial trail to identify the various elements of the criminal or terrorist network is another area where AML and CFT methods intersect. Both strategies attempt to undermine the criminal or terrorist organization through its financial operations. This calls for the adoption of technologies that can read all financial transactions and spot shady money transfers.

## **1.6 Middle and Southeast Asia-regional Risk Assessment of Transborder Crimes**

The expansion of crime as a concern for global security results from the interconnectedness of international marketplaces, particularly regarding unlawful commodities and services, as well as the emergence of tough transnational criminal organizations. The United Nations Convention against Transnational Organized Crime, generally known as the Palermo Convention 2001<sup>44</sup>, is the main international agreement and acknowledges the destructive impact of organized crime. The treaty was swiftly and broadly ratified, and it became effective in 2003. In 2004, the 'High-level Panel on Dangers, Challenges, and Change' established by the United Nations pinpointed six significant challenges to global security. One of these identified threats was transnational organized crime. Within these six threats, there are factors like civil conflicts, "small wars," and poverty that can contribute to criminal activities, while the consequences of organized crime tend to escalate the potential for terrorism.

The remarkable variety within the region poses a challenge when trying to devise effective regional strategies to combat transnational crime. Asia is home to over half of the global

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<sup>44</sup>The UN High-Level Panel on Threats, Challenges, and Change has identified several risks, including interstate conflict, internal conflict involving genocide, civil war, and other severe atrocities, terrorism, and transnational organized crime. Economic and social threats also include poverty, infectious diseases, and environmental degradation. Drug trafficking and transnational organized crime continue to represent a severe danger to international security in several parts of the world, according to the UN Security Council (quoted in UN 2010: p2; UNSC February 2010).

population, primarily dominated by China and India as the most populous nations. This vast continent encompasses all four major world religions—Islam, Buddhism, Hinduism, and Christianity—and includes socialist market-based nations like China and Vietnam. Asia, as a whole, boasts some of the world's most rapidly expanding economies, but it is also marked by significant levels of inequality and poverty, often overlooked by governments. The connected problems of bad governance and corruption as well as several different types of crime are all influenced by these disparities.

As an illustration, the South Asian Association for Regional Collaboration (SAARC) has yet to demonstrate that it can function as a multilateral organization that successfully promotes collaboration in the fight against transnational crime<sup>45</sup>. Despite being more active recently, the Association of South East Asian Nations (ASEAN) has always trailed behind regional trends in crime. In West and Southwest Asia, as well as to a lesser extent in Central Asia, there are no global efforts to tackle transnational organized crime<sup>46</sup>. The potential for cross-border crime has increased as a result, but regional governing capability has not.

Transnational organized crime is highly prevalent in Southeast Asia and the Middle East. In the 21st century, there has been an uptick in organized crime activities, accompanied by a growing focus on innovative methods and technological advancements that facilitate transnational and international criminal activities. The emergence of China as a major player in the world economy has had an impact on governments that are coping with considerable changes in crime and corruption. Organized crime, characterized by corruption, unstable or ineffective governance, and misconduct within the corporate world, remains a persistent challenge for many developing nations in Asia. Organized crime has flourished in the Middle East, where the Arab Spring brought the overthrow of governments and the breakdown of judicial and law enforcement institutions. In almost every situation, conflicts, shifting political environments, advances in technology, communication, and travel, as well as the advent of a worldwide economy, have forced organized crime in Asia and the Middle East to adapt<sup>47</sup>. Symbiotic relationships between organizations have frequently resulted in the formation of a multinational network of organized

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<sup>45</sup> Gordon, Sandy, "Regionalism and cross-border cooperation against crime and terrorism in the Asia-Pacific", *Security Challenges* 5.4, pp 75-102, 2009.

<sup>46</sup> Broadhurst, Roderic, and Vy Kim Le, "Transnational Organized Crime in East and South East Asia", *East And South-East Asia: International Relations And Security Perspectives*, Andrew TH Tan, ED, Routledge, London (Forthcoming), 2012.

<sup>47</sup> Karmon, Ely, "The Middle East—A [very] Cautious Evaluation 10.5102/URI.v9i1.1391", *Universitas: Relações Internacionais* 9.1, 2011.

crime. The most prevalent sorts of these relationships include involvement in various types of criminal trafficking, money laundering, and unlawful technology endeavors. Some criminal organizations in Southeast Asia and the Middle East have remade themselves as they adjust to the new global order to evade international law enforcement operations and take advantage of new "markets" worldwide<sup>48</sup>.

South Asia, like many other regions, is coping with the threat of terrorism, which is escalating and becoming more widespread. Al-Qaeda and the Islamic State of Iraq and the Levant (ISIL) are two groups that have linked regional resentments and sociopolitical issues to a more general war narrative<sup>49</sup>. Civil society groups work together with a range of experts and practitioners at the national and local levels to address a variety of problems and challenges that support violent extremism and terrorism. These initiatives include expanding access to social services, free healthcare, and public education; fostering inclusive and varied communities; and arguing for improved national institutions. The varied physical geography brought about by Indonesia, Malaysia, and the Philippines' intertwined borders has made the maritime Southeast Asia area conducive to assaults by groups like Jemaah Islamiyah (JI). The lengthy five-month Battle for Marawi offered as evidence of the tenacity of terrorist organizations like the Maute Group and the Abu Sayyaf Group, both of whom have a record of using violence<sup>50</sup>.

The "Golden Triangle" is frequently mentioned when talking about the linkages between criminal networks and violent extremist movements. The area bordering Myanmar, Laos, and Thailand is the second-largest opium-producing region in the world, according to a recent UNODC report. The conflict has been prolonged by the influx of funds from the opiate trade<sup>51</sup>. The infusion of money from the opiate trade has extended the battle. However, the illegal opium trade serves purposes apart from supporting rebels fighting the authorities. The drug trade has been used by Myanmar's military government since the late 1980s to finance and bolster its armed forces<sup>52</sup>. Unfortunately, the creation of synthetic pharmaceuticals on an industrial scale has coincided with the unregulated opium trade in Southeast Asia.

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<sup>48</sup> Ward, Richard H., and Daniel J. Mabrey, "Organized Crime in Asia and the Middle East", Handbook of Transnational Crime and Justice 443, 2013.

<sup>49</sup> Bhulai, Rafia, and Naureen Chowdhury Fink, "Strengthening Regional Cooperation to Prevent and Counter Violent Extremism in South Asia: What Role for Civil Society?", Global Center on Cooperative Security, 2016.

<sup>50</sup> Justin Hastings, "Geography, Globalization, and Terrorism: The Plots of Jemaah Islamiyah", Security Studies 17:3 (2008), pp. 505-530.

<sup>51</sup> "Southeast Asia Opium Survey 2015", UNODC (2015) [https://www.unodc.org/documents/crop-monitoring/sea/Southeast\\_Asia\\_Opium\\_Survey\\_2015\\_web.pdf](https://www.unodc.org/documents/crop-monitoring/sea/Southeast_Asia_Opium_Survey_2015_web.pdf).

<sup>52</sup> Patrick Meehan, "How the military benefits from Myanmar's growing opium economy" East Asia Forum (14/6/16)

Migration in Southeast Asia and its connection to the crime-terrorism nexus varied significantly from one another. There is no evidence that the trafficking of persons for sexual exploitation or there is a connection between crime and terrorism in the region and the trafficking of Southeast Asians to the West. The main migration-related issue that might have an impact on how IS develops in Southeast Asia is the disagreement over how to treat Muslim Rohingyas<sup>53</sup>.

Transnational criminal activity has targeted several nations, especially in the areas of widespread public and private corruption, illegal immigration, arms trafficking, the exploitation of women and children, online scams, fraud, abduction, and child pornography. The majority of these crimes are being performed by organized crime groups that are skilled and resourceful. Since there are connections between organized crime and terrorist organizations in the Middle East, terrorism has also contributed to the destabilization of regimes there.

Russian organized crime groups have an impact on nations in the Middle East. Although Islam predominates in most nations, Christianity and Judaism were born in this region. Local or regional organized crime has historically predominated in Egypt, with the military's control or involvement in several important businesses playing a large role. There has been a lot of corruption by government officials (kickbacks, bribery, and white-collar crime). The illegal immigration of women from Africa or Eastern Europe to work as domestic helpers or to transit the nation to Israel as laborers or servants is one of the organized gangs' activities. Organized crime in Egypt has stepped up drug trafficking operations in recent years, working with other nations.

Israel is linked to international organized crime. Numerous gangs, or syndicates, are active within the nation and carry out illegal actions anywhere in the world, including in the US. It engages in prostitution, human trafficking, money laundering, protection and extortion networks, the sale of drugs and weapons, and the fencing of stolen goods, among other things. An important factor in the development of transnational organized crime was the inflow of Russian Jews with ties to the Russian Mafia, who introduced new and more advanced methods of money laundering, drug trafficking, and people trafficking<sup>54</sup>.

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<sup>53</sup> Sumpter, Cameron, and Joseph Franco. "Migration, transnational crime and terrorism: Exploring the nexus in Europe and Southeast Asia." *Perspectives on Terrorism* 12.5 (2018): 36-50.

<sup>54</sup> Glenny, Misha. "Balkan Organised Crime." *Is there an Albanian Question* (2008): 87-104.

The criminal actions of Lebanon's greatest terrorist group, Hezbollah, frequently eclipse organized crime. Hezbollah, or the Party of God, is a Shiite Muslim political party established in Lebanon that is designated as a terrorist organization by the United States and other, largely Western, countries<sup>55</sup>. As funding from Iran and Syria has dried up due to internal instability and sanctions imposed by a variety of states, Hezbollah has resorted to organized crime for financial and weapons backing.

The majority of local crime in Saudi Arabia is committed by foreigners who are allowed to work in low-level positions, and the nation's organized crime scene is relatively tiny. Most people agree that beheading someone to death is an effective crime deterrent. Organized criminal activity in the nation includes gambling, human trafficking, hostage-taking, the sale of illegal goods including spirits (which are prohibited in the nation), and to a lesser extent, drug trafficking. Concern has been expressed by the US State Department on human trafficking in Saudi Arabia. In the kingdom, both skilled and unskilled labor are frequently employed, and commercial sex exploitation involves organized crime groups working with regional staffing agencies.

The Turkish organized criminal scene is legendary<sup>56,57</sup>. International gangs are involved in illegal immigration, drug trafficking, and commodities smuggling, with street gangs handling the majority of these crimes.

The most significant development in criminal activity over the preceding ten years has been the growth of multinational and transnational organized crime groups. Due to the weaker criminal justice systems and high levels of police corruption, several organizations have increased their operations throughout the many nations that have given rise to organized crime. Many of these organizations have a long history and have established international networks that cooperate to further their unlawful economic endeavors and money-laundering operations. The situation is exacerbated by the fallout from the Arab Spring uprisings and a developing pattern in which terrorist groups collaborate with organized crime groups or have formed their gangs. For instance,

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<sup>55</sup> Hezbollah's principal purpose is to destroy Israel, and the party has developed a powerful political presence as well as a formidable paramilitary organisation over the years. The group has used suicide bombers as well as rockets and missiles against Israel.

<sup>56</sup> Richard H. Ward and Daniel J. Mabrey, "Organized Crime in Asia and the Middle East", <https://sk.sagepub.com/books/transnational-organized-crime>

<sup>57</sup> Demiroz, Fatih, and Naim Kapucu, "Anatomy of a dark network: the case of the Turkish Ergenekon terrorist organization", Trends in organized crime 15, pp 271-295, 2012

Al-Qaeda in the Maghreb (AQIM) has carried out "abductions, hostage-taking operations, drug smuggling, and bank robberies" to achieve its goals.

## 1.7 BLACK HAWALA

The Islamic State of Iraq and the Levant ("ISIL"), also known as The Islamic State of Iraq and Syria ("ISIS") or Dawla al Islamiya (hereinafter ISIL), is the most technologically advanced terrorist organization at the moment. Thanks to its varied marketing approach, the organization has gained support from supporters all around the world, usually in the form of monetary donations<sup>58</sup>. The group has received support from sympathizers all across the world, frequently in the form of monetary gifts, thanks to its diverse marketing strategy<sup>59</sup>. Hawala has historically participated in these transactions due to its quickness and anonymity. A supporter in the US can anonymously donate money to Middle Eastern fighters<sup>60</sup>. Although there is a chance of abuse, hawala is legal in many nations. Even for the sake of global security, the Middle East is still hesitant to abandon tradition, but the United States has effectively resisted the threat of "black" hawala, particularly with the rise of ISIL.

Hawala is a useful alternative in regions lacking alternatives from the formal economy, including several regions of the Middle East<sup>61</sup>. Hawala requires little funding and dedication in contrast to conventional banking institutions. Unlike banks, which require an account before conducting business and charge a bank draw fee, hawaladars just ask for a one- to two-percent fee on the amount sent. There are no additional fees or technical requirements.

## 1.8 Role of the Different International Organizations,

International acknowledgment of the gravity of the threat presented by drug trafficking, money laundering, corruption, and other crimes came about in the 20th century. This acknowledgment came about as a result of the rising size of these problems, which go beyond the purview of particular governments and have a considerable, detrimental influence on national security, the economy, and people. The United Nations (UN) is an essential player in the fight against

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<sup>58</sup> Caulderwood, Kathleen, "Al-Shabab's Finances: The Militant group gets funding from local businesses, sources abroad", International Business Times, 2014.

<sup>59</sup> Sink, J, "ISIS rakes in donations on Twitter. The Hill", 2014.

<sup>60</sup> Network, Financial Crimes Enforcement, "The Hawala alternative remittance system and its role in money laundering", 2000.

<sup>61</sup> Maimbo, Samuel Munzele. *The Money Exchange Dealers of Kabul: a study of the Hawala system in Afghanistan*. No. 13. World Bank Publications, 2003.

transnational organized crime and the creation of international law. The UN has recently published a series of global papers on combatting transnational organized crime (TOC) because it became apparent that nations' capacity to curb the spread of international criminality did not equal the seriousness of the crimes. The first international experience of combating transnational criminal difficulties was associated with the adoption of intergovernmental accords, like the Viennese convention of 1815 against the slave trade<sup>62</sup>.

The United Nations Convention against Transnational Organized Crime (UNTOC), which was established by General Assembly Resolution 55/25 on November 15, 2000, is the primary tool used on a global scale to combat transnational organized crime<sup>63</sup>. It was made available for Member States to sign during a High-Level Political Conference that took place in Palermo, Italy, from December 12–15, 2000. The date of effect was September 29, 2003. The Protocol to Prevent, Suppress, and Punish Trafficking in Persons, Particularly Women, and Children; the Protocol Against the Smuggling of Migrants by Land, Sea, and Air; and the Protocol Against the Illicit Manufacturing and Trafficking in Firearms, their Parts and Components, and Ammunition are three Protocols that supplement the Convention and address particular aspects and manifestations of organized crime. Nations must adopt the changes.

Protocol for the Prevention, Prohibition, and Punishment of Human Trafficking, Especially of Women and Children It is the first legally binding agreement with a recognized definition of human trafficking, having been created in 2003.

Agreement Against Smuggling of Migrants by Land, Sea, and Air This 2004 agreement addresses the problem of organized criminal gangs that smuggle immigrants, frequently at the expense of the migrants, and great financial gain to the offenders.

Firearms, Parts & Components, and Ammunition Illicit Manufacturing and Trafficking Protocol Its declared purpose is to promote, facilitate, and enhance international cooperation to stop, eliminate, and completely eradicate the production and trafficking of illegal firearms, their parts, and ammunition.

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<sup>62</sup> Thomas Curson Hansard, *The Parliamentary Debates from the Year 1803 to the Present Time*, volume 32, 1 February to 6 March 1816 (London: T. C. Hansard, 1816), 200-201.

<sup>63</sup> The UN General Assembly adopted resolution 55/25 on November 15, 2000. Signatories: 147, Parties: 191 (as of 20 February 2023), entry into force: 29 September 2003, in accordance with article 38.

Article 2 defines According to the current Convention, an organized criminal group as a structured entity made up of three or more people that has existed for a specific amount of time and collaborates to commit one or more serious crimes with the intention of directly or indirectly gaining financial or other material advantages.

In contrast, the Convention itself does not explicitly incorporate the term "transnational organized crime." The UN definition does, however, take into account elements that are connected to TOC, including its worldwide scope, the size of criminal organizations, and the length of their activities. Participation in organized crime (Article 5), money laundering (Article 6), corruption (Article 8), and obstructing the administration of justice (Article 23) are now included in the list of forbidden actions. Extradition, reciprocal legal aid, cooperation between law enforcement agencies, information sharing, and the fight against transnational organized crime are all covered under the Convention's provisions.

The United Nations Office on Drugs and Crime (UNODC) is entrusted with the responsibility of overseeing the UNTOC. The UNODC is tasked with assisting Member States in their efforts to combat narcotics, crime, and terrorism, and it leads international efforts to address illegal drug use and transnational crime. The UNODC supports States Parties in carrying out their obligations under international drug control treaties, such as the UN Convention against Transnational Organized Crime and its Protocols, as well as international counterterrorism laws. Additionally, it creates and upholds global norms and standards for criminal justice and crime reduction.

Strengthening international standards for national anti-crime practices, enhancing cooperation and the provision of mutual legal assistance, and coordinating the efforts of national law enforcement agencies are important goals in the effort to promote the global fight against transnational crime. The majority of states now recognize the threats posed by transnational criminal organizations, the necessity of international cooperation in pursuing criminals and enforcing penalties, and the refinement of key terms and definitions in the field. These are all notable victories in the fight against transnational organized crime<sup>64</sup>.

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<sup>64</sup> Chitadze, Nika. "Global Dimensions of Organized Crime and Ways of Preventing Threats at International Level." *Connections*, vol. 15, no. 3, pp. 17–32, 2016.

The United Nations Convention Against Corruption (UNCAC) stands as the inaugural internationally binding agreement targeting corruption. It was the result of negotiations among UN member states and received approval from the UN General Assembly in October 2003, taking effect in December 2005. This treaty addresses the cross-border dimension of corruption by including provisions on global cooperation and the repatriation of ill-gotten gains while underlining the significance of both preventive and punitive measures. The UNCAC's administrative body is situated in Vienna, specifically within the UN Office on Drugs and Crime (UNODC). Its overarching objective is to combat various forms of corruption, including those with international reach, such as bribery and abuse of power, as well as corruption within the corporate sector. The Convention is organized into five key sections, encompassing preventive strategies, criminalization, and law enforcement, international collaboration, asset recovery, technical support, and the exchange of information. The Convention addresses diverse manifestations of corruption, such as bribery, influence peddling, misuse of authority, and other forms of corrupt practices within the business world. Notably, the UNCAC includes a dedicated chapter on asset recovery, aiming to restore unlawfully acquired assets to their rightful owners, including countries from which they were illegally taken. The majority of United Nations Member States have signed this Convention.

The establishment of financial intelligence units (FIUs), the criminalization of money laundering, the ability to freeze and seize the proceeds of crime, the requirement that the private sector produce financial intelligence, the criminalization of money laundering, and formal legal agreements requiring state cooperation between states are a few examples of AML measures. Even though AML's restrictions were once limited to property acquired via illegal conduct, they have since been expanded to include property used to finance or carry out criminal behavior, most notably the spread of WMD and terrorist operations. Even though countries signed a treaty against the funding of terrorism in 1999, it wasn't until after the September 11 attacks that anti-terrorism finance measures were incorporated into international law<sup>65</sup>.

Over the past three decades, the international community has established a strong global governance structure to combat illicit money. This endeavor is being spearheaded by the Financial Action Task Force (FATF). Even though FATF is mostly obscure to those who do not

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<sup>65</sup> Simon NM Young, "Money Laundering in International Law", Oxford Bibliographies, LAST MODIFIED: 27 OCTOBER 2021

work directly with it or perform research on it, the anti-money laundering (AML) standards it sets have developed into essential tools of both local and international economic and security policy. The G20 leaders identified FATF as a key actor in attempts to create "a new international financial regulatory architecture" in the aftermath of the 2008 financial crisis, alongside other financial giants like the IMF and the OECD<sup>66</sup>. An international agency called the Financial Action Task Force (FATF) creates and promotes rules and guidelines for combating financial crime<sup>67</sup>.

The FATF released a report with forty recommendations in April 1990, less than a year after it was founded, to offer a thorough action plan to combat money laundering. The FATF announced its Ninth Special Recommendations in 2004, which enhanced the (40+9) Recommendations, the globally accepted criteria for combating money laundering and terrorism funding. To address emerging threats such as financing the proliferation of WMD, the FATF revised and expanded its standards in 2012<sup>68</sup>. Governments can choose to use FATF principles as benchmarks to assess the effectiveness of their anti-money laundering (AML), counter-terrorism financing (CTF), and proliferation financing (PF) laws, as well as the behavior of service providers and cross-border cooperation in criminal matters. These recommendations outline particular behaviors that every country should designate criminals to support the goals of the FATF. They also outline the client due diligence (CDD) processes that financial institutions must follow to reduce the dangers of money laundering and the financing of terrorism through illegal means. These CDD techniques cover duties including confirming each client's identification, keeping an eye on transactions for any suspicious or unusual activity, and swiftly informing the national financial intelligence agency of any such activity.

One of the things that makes the FATF effective as a standard-setting organization is its system of reciprocal evaluation of standard compliance and indirect economic consequences for noncompliance. The system for monitoring compliance includes non-members. Governments who do not comply risk reprisal from other nations and their financial institutions. This effectively means that all commercial dealings and connections with citizens of such states are closely inspected. These remedies increase the cost of doing business with these nations, impede the flow

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<sup>66</sup> Nance, Mark T. "The regime that FATF built: An introduction to the Financial Action Task Force." *Crime, Law and Social Change* 69, pp 109-129, 2018.

<sup>67</sup> The FATF was created in 1989 at the behest of the G7 and is headquartered in Paris

<sup>68</sup> FATF, *FATF GUIDANCE ON ANTI-MONEY LAUNDERING AND TERRORIST FINANCING MEASURES AND FINANCIAL INCLUSION* (2011) [hereinafter *FATF 2011 GUIDANCE*],

of transactions, and frequently lead to the dissolution of corporate ties<sup>69</sup>.

In its initial response, the FATF defended its rules while criticizing national regulators for taking incorrect, cautious measures<sup>70</sup>. The FATF claims that if regulators use a "risk-based approach" (RBA), many risks may be reduced. Nations and financial institutions were given authorization to set up an RBA for specific AML/CTF framework components by the FATF Recommendations of 2003. Nations may decide to exclude activity from AML/CTF regulations if it is restricted and has a low level of ML/TF risk, as evaluated by the FATF's RBA. Although the fundamental ideas behind an RBA were well understood, there was no agreement on what constitutes an adequate risk assessment, effective risk mitigation techniques, or the range of potential applications for an RBA. Because of worries that the FATF would disagree with a particular interpretation and consider them non-compliant, several smaller nations have had difficulty creating effective RBA frameworks<sup>71</sup>.

In two open papers released three times a year, the FATF lists countries with weak anti-money laundering and counter-terrorist financing (AML/CFT) regulations. The FATF's system for publicly designating countries with weak AML/CFT policies has worked well. The FATF gives a candidate country up to a year to execute necessary policy reforms before deciding whether or not to list it. Governments work with the FATF to create and carry out action plans to address shortcomings; countries that are slow to carry out their plans are more likely to be listed. The FATF bases its listing choices, in addition to political will, on a "risk-based approach," where countries with larger financial sectors or greater rates of money laundering or terrorism are excluded. A major factor in a nation's legal system, how it reacts to requests for international help, and whether it participates in a follow-up procedure<sup>72</sup>.

There are significant strategic flaws in the anti-money laundering, anti-terrorist funding, and anti-proliferation finance systems in high-risk nations<sup>73</sup>. The FATF urges all authorities to do additional due diligence on all nations that have been designated as high-risk and calls on other

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<sup>69</sup> INT'L MONETARY FUND [IMF], ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (AML/CFT): REPORT ON THE EFFECTIVENESS OF THE PROGRAM, 83-84 (2011).

<sup>70</sup> Paul Vlaanderen, FATF President, Speech at the ESAAMLG 9th Council of Ministers Meeting (Aug. 21, 2009).

<sup>71</sup> De Koker, Louis. "The 2012 revised FATF recommendations: Assessing and mitigating mobile money integrity risks within the new standards framework." *Washington Journal of Law, Technology & Arts* 8.3 (2013): 165.

<sup>72</sup> FATF - High-risk and other monitored jurisdictions, <https://www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html>

<sup>73</sup>FATF, Topic- High-risk and other monitored jurisdictions

members to do the same. To safeguard the global financial system against national risks related to money laundering, terrorist financing, and proliferation financing (ML/TF/PF), countries are recommended to take action in the most catastrophic situations. This list is frequently referred to as a "black list" by outsiders. Even though Iran and the DPRK are already subject to the FATF's obligation for countermeasures, the review procedure for these two countries has been put off till February 2020 as a result of the COVID-19 issue. Please refer to the notification concerning these nations that was released on February 21, 2020. Even if the statement may not accurately reflect the real AML/CFT regimes in Iran and the Democratic People's Republic of Korea, the FATF's call for action against these high-risk nations is still in force. Increased due diligence procedures that are suitable for the dangers posed by Myanmar's jurisdiction are advocated for FATF member nations and other jurisdictions.

When the FATF places a jurisdiction under enhanced monitoring, it implies that the government has agreed to address recognized strategic shortcomings within specific periods and is being closely watched. Others commonly refer to this list as a "grey list" when describing it<sup>74</sup>. The following jurisdictions continue to collaborate with the FATF and regional groups based on the FATF as they provide updates on their success in eliminating strategic weaknesses. The FATF does not advise these countries to implement better due diligence practices. The FATF Standards mandate a risk-based approach rather than derisking or barring a whole customer. Thus, the FATF urges its members and other authorities to consider the information below when assessing risks. The FATF thus encourages its members and other authorities to use the facts presented below in their risk evaluations.

One of the major goals of the FATF is to remove unlawful assets from offenders. According to the FATF and INTERPOL, asset recovery must be a significant component of a country's strategy for preventing money laundering and the funding of terrorism<sup>75</sup>, which are collaborating with national authorities. To locate, seize, and confiscate stolen money and assets and return them to

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<sup>74</sup>Since the COVID-19 outbreak, the FATF has let nations without approaching deadlines to voluntarily report their progress. The FATF has assessed the development of the following nations since October 2022: Albania, Barbados, Burkina Faso, Cambodia, Cayman Islands, Gibraltar, Haiti, Jamaica, Jordan, Mali, Morocco, Myanmar, Panama, Philippines, Senegal, South Sudan, Türkiye, UAE, and Uganda. Below are updated statements for these nations. The Democratic Republic of the Congo, Mozambique, and Tanzania made the decision to postpone reporting; as a result, the statements they issued in October 2022 are included below, however, they might not accurately reflect the most current condition of their AML/CFT regimes. The FATF has reviewed and added South Africa and Nigeria to its list. .

<sup>75</sup> INTERPOL- International Criminal Police Organization, and it is an inter-governmental organization. It has 195 member countries and helps police in all of them to work together to make the world a safer place.

their original locations, national authorities must create effective means for doing so.

The United Nations Office on Drugs and Crime believes that fewer than 1% of all illicit cash flows are now intercepted and recovered by countries<sup>76</sup>. Facilitating the secure communication of sensitive information among various anti-corruption and asset recovery authorities is a critical step toward enhancing the system. Successful asset recovery also requires rigorous and trustworthy investigations, as well as a willingness to communicate evidence via both formal and informal means, particularly in cross-border situations.

Lastly, Interpol is an international clearinghouse for data on criminals and crime commodities, giving information to its member law enforcement agencies in every country for many years. To offer a more useful worldwide intelligence and information service, Interpol has reevaluated its work on organized crime. The Analytical Criminal Intelligence Unit, for instance, was founded by Interpol at its Ste. Cloud, France, headquarters with freshly hired personnel who have undergone specialized training in intelligence and criminal analysis. Through the four activity streams listed below, INTERPOL will assist member countries in fending off organized and new criminal threats<sup>77</sup>:

1. Identifying criminal networks; Identify significant persons involved in serious transnational crime, as well as the criminal networks that support them.
2. Illicit trafficking and marketplaces; Combat criminal networks involved in all sorts of unlawful trafficking, as well as identify and respond to new trends and illicit marketplaces.
3. Facilitating illicit activity and criminal convergence; Identify connections between seemingly unrelated sorts of crimes, as well as how one crime can be used to support another and assist authorities in preventing such enabling crimes from leading to more criminal behavior.
4. Illicit money and asset flows; Disrupt the revenues of organized criminal networks by tracking and prohibiting criminals from moving.

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<sup>76</sup> FATF- Topic “Asset recovery”, <https://www.fatf-gafi.org/en/topics/asset-recovery.html>

<sup>77</sup> INTERPOL- ‘Global Strategy of Organized And Emerging Crime’, <https://www.interpol.int/en/content/download/19816/file/OEC%20Short%20Strategy%20EN.pdf>

## 1.9 Advancement in technology and changing dimensions of organized crimes.

In 20 years, technology and globalization have had unanticipated consequences for criminals. We have benefited from our fast-paced, high-tech environment, yet criminals have been given a digital platform to further their illegal activities. Technology and globalization allow criminals to operate across borders, expanding their scope, crimes, and profits. Just as the Internet has changed every area of our lives, it has also become a focal point for criminal activity. What happens in the Internet's blazing sunlight resonates in the darker recesses of the dark web. The Internet allows respectable businesses to sell their products, but it also allows criminals to sell drugs, guns, and endangered wildlife<sup>78</sup>. Millions of people use social media to share their happy moments, while the dark web preserves the privacy of criminals who are also networking and forming relationships. Accepted by the financial sector, the explosion of Crypto-currencies aids criminals in money laundering and reduces detection risk.

The widespread usage of the internet, and its broader impact on all areas of society, creates new opportunities. crime syndicates The use of information technology in organized crime raises various intriguing questions. This is especially true when we promote crimes such as cybercrime or the use of modern technology in classic organized crime, which are tied to current knowledge, concepts, and ideas in the field of organized crime. Consider, for example, what its use entails for the way organized crime groups arise and grow. The internet, for example, has reduced the necessity of real-life social capital for participation in organized crime<sup>79</sup>. Another intriguing subject is the use of information technology in the logistics of organized crime. Any type of organized crime can be regarded as a logistical process with several necessary components<sup>80</sup>. These steps may involve, for example, drug production/purchase, transportation and storage, border crossing, and sales.

Intelligent criminals also employ modern technology to cut themselves off from their illicit enterprises and sources of revenue, such as electronic money transfer and virtual banking

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<sup>78</sup> UNDOC- "In Just Two Decades, Technology Has Become A Cornerstone Of Criminality", 23 October 2017. <https://www.unodc.org/unodc/en/frontpage/2017/October/in-just-two-decades--technology-has-become-a-cornerstone-of-criminality.html>

<sup>79</sup> Lavorgna, Anita, Robert Lombardo, and Anna Sergi, "Organized crime in three regions: comparing the Veneto, Liverpool, and Chicago", Trends in Organized Crime 16, pp 265-285, 2013.

<sup>80</sup> Cornish, Derek B., and Ronald V. Clarke, "Analyzing organized crimes, Rational choice and criminal behavior", Recent research and future challenges 32, pp 41-63, 2002.

platforms that allow them to transact digitally without physically meeting. Even while these services use digital logs to identify the digital identities of the sender and recipient, criminals may hide their digital identities by simply forging their Internet Protocol address or using another person's account, thereby rendering their activities untraceable<sup>81</sup>. By enabling value transfers without disclosing any personally identifiable information, new virtual currencies like Bitcoin provide an extra level of anonymity. Due to the rule makers' lack of planning, regulations usually fail to affect such virtual currencies, leaving a legal ambiguity. As a result, criminals can continue to expand their illegal activities by taking advantage of technical advancement. One criminal activity that will profit from technological advancement is money laundering.

A virtual currency functions in some ways like a currency but is not identical to real money. Transactions using virtual currencies are therefore distinct from those involving the simple electronic transfer of fiat money. Because there are no physical things to observe or intercept for proof of illegal conduct, unlike typical monetary transfers, virtual currencies make AML operations more difficult.

Bitcoin is a peer-to-peer (direct user-to-user transactions) network that is both decentralized and essentially anonymous<sup>82</sup> (also known as pseudonymous). Bitcoin's decentralization and peer-to-peer technology make it almost impervious to server raids and the loss of a central database to hackers.

Typically, five parties are involved in a Bitcoin transaction, especially when money laundering is involved. (1) a Bitcoin sender who initiates the transaction on the network, in this case using ill-gotten gains; (2) a Bitcoin receiver who accepts the bitcoins, or (3) Bitcoin miners who process and verify transactions by completing blocks, sometimes for free; (4) the core Bitcoin development team, which updates the Bitcoin codebase as necessary; and (5) Bitcoin exchanges. The major features of Bitcoin that are beneficial to its survival but harmful to efficient AML regulation are the protocol's resiliency through flexibility and anonymity. Enforcement agencies would struggle to follow the injection, stacking, and reentry of laundered cash without the ability to link an identified person to a particular Bitcoin address. Every mining node on the network receives and processes every transaction, so to stop the Bitcoin network from operating, all of the

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<sup>81</sup> Bryans, Danton, "Bitcoin and money laundering: mining for an effective solution", Ind. LJ 89 , pp 441, 2014.

<sup>82</sup> Bitcoin—"A pseudonymous cryptographic currency . Pseudonymity is the use of a fictitious name or identity". BLACK'S LAW DICTIONARY 1347 (9th ed. 2009).

miners on the network must be shut down. The Bitcoin network automatically scales the difficulty for concluding blocks based on the sum of all miners' processing power. As a result, AML initiatives have to deal with a target that is challenging to find and generally resistant to disruption.

Bitcoin allows any user, legal or otherwise, to move money at virtually instantaneous rates, for little to no cost, with extremely few obstacles to entry, and while staying anonymous without the need for a clear paper trail. AML procedures are made more difficult by users' ability to instantaneously exchange bitcoins for other currencies, transfer money through an endless number of unique Bitcoin addresses for obfuscation, and exchange goods for cash with other users. In essence, Bitcoin and other virtual currencies would make it easier than ever for criminals to surreptitiously, quickly, and inexpensively launder money.

A portion of the Bitcoin infrastructure is being used to launder money from unlawful sources, particularly the drug trade. Bitcoins are also used as a payment method by the escalating ransomware menace. A study by the blockchain analytics company Chainalysis found that criminals laundered \$8.6 billion (£6.4 billion) in bitcoin in 2021, up 30% from the year before. The use of Bitcoin by criminal organizations is prompting law enforcement to take action, and the number of cryptocurrency seizures is rising. To help with the response to the use of cryptocurrencies in questionable financial operations, legislative reforms are also being discussed.<sup>83</sup>

The Invisible Internet Project (I2P), Freenet, and TOR are just a few of the high-security and anonymity protocols that make up the Dark Web. Because it is a component of the Deep Web, this article will concentrate on it. The Dark Web is a virtual Internet environment where information is shared and viewed anonymously. Navigation is essentially anonymous, and the privacy of shared material is secured by the highly complicated encryption used<sup>84</sup>.

But like any useful technology, its application has occasionally been misinterpreted. It was just this unsuitable location that made the Dark Web well-known in 2013 when the Federal Bureau of Investigation (FBI) shut down Silk Road, a page that provided illegal drugs freely and openly.

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<sup>83</sup> "Crypto money laundering rises 30%, report finds". BBC News, Published 26 January 2022, <https://www.bbc.com/news/technology-60072195>

<sup>84</sup> Ciancaglini, Vincenzo, et al. "the Deep Web." *Trend Micro* (2015).

Due to the idea muddle and misunderstanding mentioned above, it became more well-known under the moniker of the genre it belonged to, Deep Web.

The use of the Dark Web is linked to crimes of all kinds, including the trade of personal information, terrorism, human organ trafficking, pedophilia, cannibalism, the sale of classified government documents, a range of tutorials (homemade bombs, poisons, etc.), falsified documents, rent killers, torture, snuff movies (movies with real people's murderers), trafficking in people, guns, and drugs<sup>85</sup>.

Let's talk about what criminals do on the Dark Web<sup>86</sup>.

Money laundering is a widespread crime on the dark web because it allows illicit monies to be transferred to anonymous accounts. Phishing is a widespread cyber-attack that has afflicted today's digital world. It is a simple approach for criminals to commit fraud by creating false websites, emails, and messages that appear real, and ordinary people are unable to determine that they are fake. They deceive people, steal their credit card information, and pose significant financial and identity theft dangers. Identity theft is a significant cyber problem nowadays, with criminals impersonating legitimate web users, stealing their data, and accessing their financial accounts. Malware is software that contains a virus and hacks into a mobile phone or computer. Criminals steal credit card information to make large-amount purchases and engage in fraudulent transactions. They also purchase stolen credit card data from other cybercriminals who have taken advantage of the vulnerable cyber infrastructure.

Criminals that operate on the dark web are compensated with virtual currencies, which make money laundering even easier. Most countries do not recognize virtual currencies. Authorities confront numerous obstacles in uncovering money laundering crimes involving virtual currency. It makes tracking people and their internet activity harder for surveillance authorities.

There are already more than 65,000 different URLs with the suffix onion on the Tor network. The most prevalent capabilities include communication via forums, chat rooms, file and image hosting, as well as commerce via marketplaces, according to a 2018 survey by computer security

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<sup>85</sup> Braga, Romulo Rhemo Palitot, and Arthur Augusto Barbosa Luna, "Dark Web and Bitcoin: An Analysis of the Impact of Digital Anonymate and Cryptocurrencies in the Practice of Money Laundering Crime", *Direito e Desenvolvimento* 9, pp – 270, 2018.

<sup>86</sup> "The Dark Connection Between the Dark Web and Money Laundering"- <https://amluae.com/connection-between-the-dark-web-and-money>

company Hyperion Grey. In free societies, a broad variety of legal and acceptable uses are supported by these functional obligations, particularly those that relate to communication<sup>87</sup>. Furthermore, more than half of all dark web domains are legal, according to Terbium Labs' 2016 analysis of 400 randomly chosen onion sites.

It should not be acceptable to reinforce child abusers, arms traffickers, and drug lords to protect political dissidents, privacy activists, and whistleblowers. Regulators and law enforcement agencies must devise methods that tread a fine line between upholding liberal principles in an era of information control and spotting and suppressing the most evil practices on the dark web. By enhancing information sharing, enhancing law enforcement's technical capacity to shut down important criminal markets, and regulating the transfer of cryptocurrency transactions, the international community has made great strides in addressing these difficulties over the past few years.

## CONCLUSION

organizations have in dealing with governments, and the fact that criminal activities frequently reflect market dynamics that are not easily weakened – and can sometimes even be strengthened – by government interventions. The existence of legal systems founded on various ideas and criminalizing diverse acts, which often makes it difficult for governments to collaborate, is one of the obstacles to more effective governance.

Even in poorer countries, organized crime is prevalent. for example, Economic differences cause irregular migration within Southeast Asia. Even though borders are open, the UNODC estimates that more than 80% of irregular migrants rely on smugglers<sup>88</sup>. Each year, an estimated half a million migrants, primarily from Myanmar (but also from Cambodia and Lao PDR), are smuggled into Thailand. Fees for smuggling services are low, ranging from a few dollars to a few hundred dollars, making smuggling services often cheaper than traditional labor migration procedures.

Another challenge, even for governments devoted to tackling transnational organized crime and unlawful marketplaces, is that they are pursuing other, conflicting objectives. Even trade

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<sup>87</sup>ADITI KUMAR, ERIC ROSENBAACH, "THE TRUTH ABOUT THE DARK WEB", IMF, SEPTEMBER 2019

<sup>88</sup> Southeast Asia and the Pacific Regional Office of the UNODC.- "Migrant trafficking," <https://www.unodc.org/roseap/en/what-we-do/toc/smuggling-of-migrants.html>

liberalization encourages higher trade flows, which gives extra cover for narcotics; and both privatization and financial liberalization boost prospects for money laundering<sup>89</sup>.

Money laundering is a problem, and governments have acknowledged this and passed legislation making it illegal. However, because they are founded on a faulty understanding of the problem, AML legislation continues to fall short of adequately combating money laundering. The traditional "placement, layering, and integration" strategy is out-of-date and unable to take into account current advancements in money laundering, including new criminal behaviors made possible by technology and globalization.

However, it is heartening that the General Assembly recently approved the Convention in a legally binding decision, reflecting a growing awareness of transnational crime on a worldwide scale. The majority of UN member states are participating in the current Conference of the Parties to the Convention, which demonstrates a worldwide commitment to building institutional capability and legal instruments to reinforce national and international responses to this type of criminal action. However, the study and evaluation required to determine whether these initiatives have any influence on the TOC problem have only been done on an ad hoc basis thus far. Few countries have engaged in determining the extent and manner in which laws, regulations, training, and public awareness campaigns are effective<sup>90</sup>. This investment is the most difficult issue in combating the problem of transnational organized crime.

A convention will be successful only if each member follows through on their commitment to establish laws against international organized crime and to cooperate in investigation, prosecution, and forfeiture processes. Even if a majority of U.N. members ratified such a convention, certain states would remain hesitant or unwilling to truly battle criminals. Myanmar, for example, has ratified the United Nations Drug Convention, but its government remains involved in the large-scale drug trade that occurs on its territory<sup>91</sup>. Some in the US administration have recommended identifying countries that fail to comply with existing international conventions relating to organized crime and implementing sanctions on those who refuse to act

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<sup>89</sup>Williams, Phil. "Crime, illicit markets, and money laundering." *Managing global issues: Lessons learned* 37 (2001).

<sup>90</sup> Albanese, Jay S, "Deciphering the linkages between organized crime and transnational crime", *Journal of International Affairs*, pp 1-16, 2012.

<sup>91</sup> Guymon, CarrieLyn Donigan, "International legal mechanisms for combating transnational organized crime: The need for a multilateral convention", *Berkeley J. Int'l L.* 18, pp 53, 2000

due to a lack of will. Those who have failed owing to a lack of resources rather than a lack of will receive support.

It is quite challenging to prevent money laundering given the range of methods that are employed. Organized crime is challenging to examine using a scripting technique because it typically involves complicated networks, individuals from the legitimate economy, and illegal companies<sup>92</sup>. Although the need to combat money laundering still makes sense, current preventive techniques don't seem to be doing enough to cut down on it, in part because many of the best preventative measures are quite expensive to execute<sup>93</sup>.

The dark web, built upon security and anonymity protocols, presents both legitimate and criminal opportunities. Criminal activities on the dark web range from money laundering to phishing, identity theft, and malware attacks. Virtual currencies facilitate the compensation of criminals and add complexity to tracking and surveillance efforts.

The difficulty facing law enforcement is finding a balance between protecting privacy and pursuing the most nefarious activity. To overcome these concerns, advancements have been made in information exchange, technical advancement, and bitcoin transaction regulation. Ongoing efforts are required to address the dynamic nature of cybercrime and its ramifications for society as both technology and criminal tactics develop.

### **The Following Are International Measures Proposed**

- For defining the many features of crimes committed in a computerized environment, uniform international model laws may be created.
- To increase the likelihood of combating transnational crimes, international legislation governing collaboration between nations may be standardized. This would include provisions for a quicker manner of cooperation than the current process using letters of request.

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<sup>92</sup> Riccardi, Michele, and Ernesto Ugo Savona, "The identification of beneficial owners in the fight against money laundering," 2013.

<sup>93</sup> Schneider, Friedrich, "Money laundering and financial means of organised crime: some preliminary empirical findings", *Global Business and Economics Review* 10.3, pp 309-330, 2008

- To boost the flow of information about crimes committed and technologies produced for foreseeing, addressing, and enforcing the law, there should be more official and informal interaction between law enforcement agencies of other nations.

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