

Does the International Approach to AML/CFT Work? Is it good value for money?

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The Tasks of this Talk

- To review how the stated and implicit goals of AML/CFT are matched by evidence of impact on crime(s) and their organisation/threats
- To set out some thoughts on VFM of AML/CFT

Original goals of AML

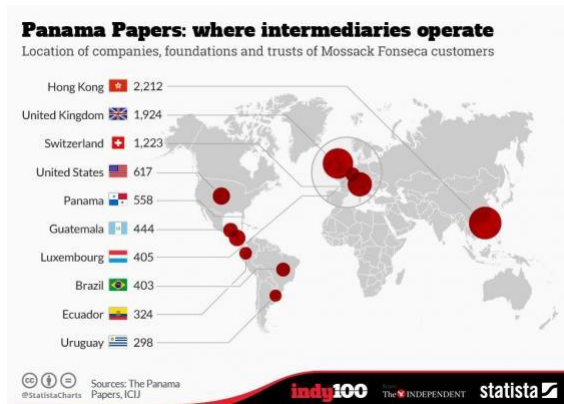


“Here are a few of its accomplishments: 1. By focusing light on the many respectable institutions that wittingly or unwittingly launder money for members of organized crime, the commission has made it immediately more difficult for mobsters to launder their ill-gotten gains. And without laundered money, their ability to invade legitimate businesses or engage in narcotics trafficking will be diminished. Congress must follow through with legislation we proposed to make money laundering a crime.”

NY Times editorial 1986

What are the (evolving) goals

- Combatting drugs and 'Organized Crime'
- Keeping 'the' licit economy from infiltration and corruption
- Combatting fraud, modern slavery, tax evasion, transnational bribery and ???
- How do FATF methodologies judge success?
- How would *we* recognise success?



The Rise of the NGOs and Data Leaks

Value for Money

- In practice, value for money is politically weighted
 - Avoid offending the powerful decision-makers
- Intended and unintended harms from AML, *and where they fall*
- Calculating the benefits –
 - detection, criminal justice and prevention of crime(s) locally and globally
 - the degree of threat from crime and criminals, *and to whom/where*
- Assessing the costs and benefits of CFT
 - Local and global
 - in practice not risk-based at all if terror is v US interests

The legacies of the past affect perceptions



Value for Money

- The specific problem of transnational CBAs
 - Is there a ‘polluter pays’ equivalent for crime impacts of Bahamian AML inadequacies, with adequate chains of causality?
 - How might it apply *fairly* to Nevada, etc. as well as ‘offshores’ & OTs?
- False dawns in assessing effectiveness
 - Confusing efficiency and effectiveness
 - The proportionality test in practice – costs of crime and of control
 - Dealing with perceptions and the legacies of the past
- Testing implementation seriously
 - mystery shopping and ‘real’ evaluation challenges
- Where might we go from here? Taking NRAs proactively.

The changing faces of 'professional' money launderers

Meyer Lansky & his lawyer David Rosen
'El chapo' launderer and Serge Muller

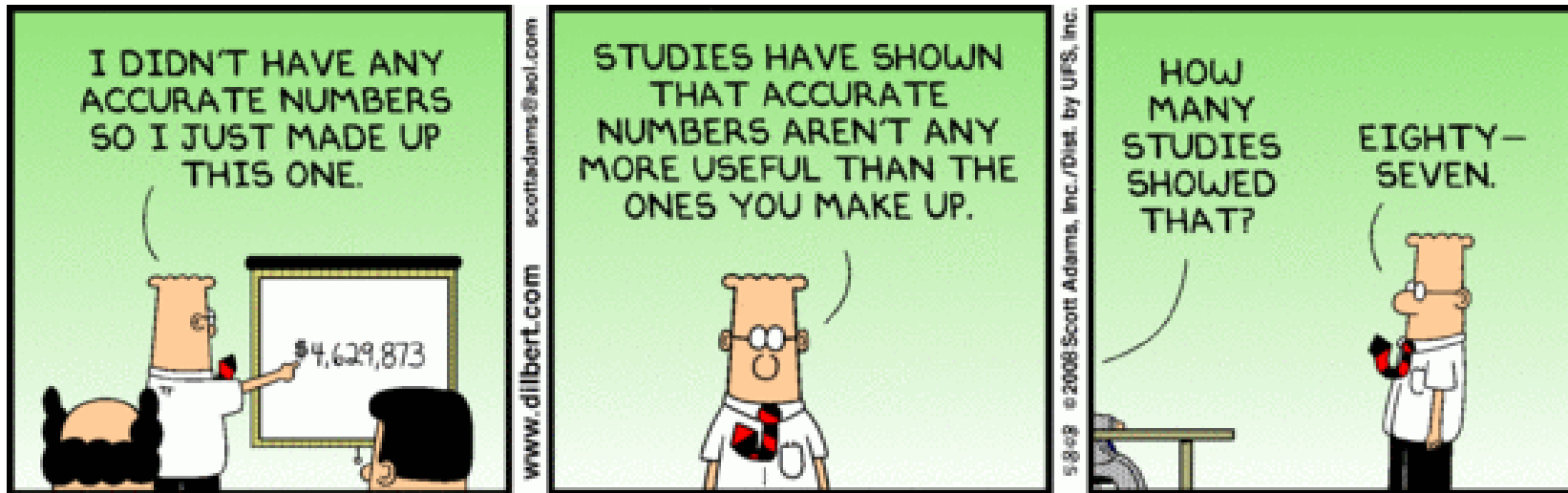


Paul Manafort & Michael Cohen



A just measure of success?

- Guesstimating the scale of 'the' problem/harm(s)



- And how much do we and could 'we' freeze, confiscate from what activities and where?
- With what resources, funded how?
- With what impacts on which domestic and overseas criminal markets?
 - Differentiate cash from non-cash crimes
 - Thefts and frauds v supply of illicit services

TS Eliot Ness: In pursuit of the elusive money launderer

- Macavity's a Mystery Cat: he's called the Hidden Paw
For he's the master criminal who can defy the Law.
He's the bafflement of Scotland Yard, the Flying Squad's despair:
For when they reach the scene of crime — Macavity's not there!
- Macavity, Macavity, there's no one like Macavity,
He's broken every human law, he breaks the law of gravity.
His powers of levitation would make a fakir stare,
And when you reach the scene of crime — Macavity's not there!
You may seek him in the basement, you may look up in the air —
But I tell you once and once again,
Macavity's not there!

