

IMPLICATIONS OF MONEY LAUNDERING ON THE NATIONAL ECONOMY

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Abstract

Money laundering is often a criminal offense in organized crime, and the structures are reinvested in licit business by money from illicit activities, using domestic and international financial circuits for this purpose. Money laundering methods are multiple, effective and tailored to the needs of the country where the activity is carried out, etc.

Key words: national economy, national legislation, legal economy, underground economy.

JEL Classification: H25, H26, H39

Introduction

The legalization (laundering) of criminal money is a prerequisite for the operation of economic crime. Legalization of underground capital allows the world to intervene to acquire all types of property and to launch its own control over the economic and even political system of the state, legalizing illicit revenues as an essential link between the legal economy and the criminal sector of the underground economy.

Money laundering is often a criminal offense in organized crime, and the structures are reinvested in licit business money from illicit activities, using domestic and international financial circuits for this purpose. Considering this, it would be very useful to complete the legal-criminal norms to prevent and combat the investigated phenomena that form the underground economy crime sector with aggravating crimes such as the committing of these deeds by organized crime groups, criminal organizations or associations.

Money Laundering Methods

Money laundering methods are multiple, effective and tailored to the needs, legislation of the country in which the activity takes place, etc. The best known means of money laundering are: "pre-payment" (also called money placement); "Blending" (spreading / raising money); "Drying" (money recycling / integration). "Money laundering is a fundamental element of the global financial strategy of criminal groups aimed at ensuring the best placements and justifications of the financial product resulting from dirty business. This confirms the strong interpenetration between the legal economy and the criminal economy." (Broyer, Ph., 2002, pp. 7).

Organized crime activities have a secret and well-organized character, which is why they have a particularly serious social impact, and in many states they are "pernicious cancer" (http://sm.politiaromana.ro/inf_utile/crima_organizata.htm, accessed on August 28, 2017), which weakens the power of society, threatens the integrity of governments, increases the tax that adds to the commodity price, jeopardizes the security and jobs of the citizens, brings damage to the economic operators in competition, controls the money union, finally achieving a strong influence in the sphere of economic, social and especially political.

The organized crime generates around 85 billion euros a year worldwide, with drug trafficking being the most profitable of criminal activities, the UN Office for Drugs and Organized Crime (UNODC) said.

Organized crime and corrupt politicians in Eastern Europe camouflage their assets and businesses to the shelter of the offshore industry. Through incognito-style documentation and cross-border journalistic investigations, a team of Balkan reporters shows how offshore consultant networks in the region facilitate terrorist financing, arms trafficking and money laundering from South American smuggling.

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In Romania, the main character is the offshore consultant Kiss Laszlo Gyorgy. He was arrested for money laundering and complicity in embezzling 8 million euros in the accounts of Petrom Service company (current PSV Company SA). The case was investigated by the National Agency for Fiscal Administration (ANAF), which further notified the National Anticorruption Directorate (DNA). The criminal complaint states: "they were invoiced by some commercial companies on the basis of contracts, services, consultancy and management services, without the documents presented as justification for the rendered services proving the provision of these services and the necessity of doing so costs". In total, the Fiscal found out that this method has evaded over 1.2 million lei (560,000 profit tax and 657,000 VAT). Among the cases taken over by the DNA is the one described briefly in the Tax report: "Verisimo Ltd. Cyprus, represented by Promire Consultants Ltd. through Ian Taylor, invoiced consultancy services during the period July 30, 2008 to December 31, 2008 for a total of 364,32727 lei" (<http://www.romanalibera.ro/exclusiv-rl/investigatii/banii-petrom-service-spalati-de-crima-organizata-205924.html>, accessed on 28.08.2017).

Governments should dissolve the market saturated by the "superpowers" of organized crime that traffic in drugs, people, weapons and counterfeit goods. Criminals get billions of dollars, says Antonio Maria Costa, head of the United Nations Department of Crime and Drugs (UNODC), for Reuters, in a report by his agency. But the countries do not cooperate enough with each other and with the United Nations, and they are too focused on traffickers. "We want to start selling to the giant markets", said Costa, adding that those criminals who support the markets have turned into a well-armed transnational "superpower".

Rich countries, including the Group of Eight (G8), the rich nation's club, are also affected by organized crime. "If you look at illegal transactions, almost all of them are heading north". The largest economies on the planet, G 8 and BRIC countries (Brazil, Russia, India and China) are the largest markets for illegal trade (http://www.epochtimes-romania.com/articles/2010/06/article_83424.html, accessed on 28.08.2017).

In the case of Romania, the transition to the market economy took place under the widening of the phenomenon of the underground economy. The financial means obtained from the production of counterfeit goods or stolen goods were invested in some cases in the purchase of the shares of the injured enterprises, and the offenders became their co-owners. Another common practice in performing import-export operations is the use of intermediation of transactions by phantom companies for removal from the official economic circuit of commodities and financial means.

The existence of the underground economy is extremely important for the production of "dirty" money that ends with the massive transformation of speculative international capital. For this reason, the underground economy has an international channel through which the gray capital flows. It tends to leave the country of origin through illegal channels through banks or institutions that represent the theater of operations for international crime (Voicu, C., 1999, pp. 135).

The legalization (laundering) of money obtained by criminal activity is a necessary condition for the functioning of criminality in the economy. Financial assets or other assets obtained from criminal activities can be recycled without any danger to offenders. The legalization of "gray" capital allows criminality to acquire all types of property and develop its own control over the economic and even political system of the state. Legalizing illicit income is an essential link between the real economy and the criminal sector of the underground economy.

The economic and financial globalization, through the means of information, has facilitated the extremely rapid movement of capital, which creates new opportunities for the placement of capital from frauds and crimes. The introduction of unlawfully obtained funds into the real economy led to "the internationalization of the financial-banking crime and money laundering, as well as to the creation of new financial flows, which trace and trace the products of crime extremely difficult to achieve" (Melinescu I., Talianu, I., 2009, pp. 5). Thus, much of the money that circulates daily from one corner of the planet to the other, integrated into the financial circuits, is dirty money, expressing in monetary form the financial result of smuggling with drugs, weapons or live meat, to which the amounts obtained as a result of acts of corruption, tax fraud or frauds in the financial-banking field are added.

Money laundering is an illegal operation closely related to the specific nature of the organized crime form that initiates the process as it results from the aim pursued: the investment in the legal economy of income obtained as a result of tax fraud; investing in the legal economy the income

from traffic of any kind, frauds over the private business environment or any other illegal activity; the concealment of the origin of the amounts used for the corruption activities of some officials, the commissions paid for winning auctions or the secret financing of political parties, aiming to create a legend for the funds thus granted; masking bank loans for unauthorized purposes; masking transfers from a company account to your personal account; Hiding profits earned by stockholders within a company the need to provide funds to finance terrorist operations (Popa, Ş., Cucu, A., 2000, p. 143).

Combating money laundering through a number of specific methods supports general measures to prevent and discourage the underground economy. Measures to limit money laundering practically presuppose a counter-offensive to the underground economy, going backwards from the negative effects of money laundering. The effectiveness of these measures depends directly on the level of adaptation to the dynamics of the international framework in the field.

The globalization of the economic and financial activity of criminal groups has led to the need for international cooperation to prevent and combat money laundering. Against the backdrop of inconsistencies between national laws of different areas of interest and in the context of the loose circulation of huge funds from the organized crime industry, major financial powers have initiated the development of a unitary system of rules to prevent the use of financial systems for money laundering purposes. "Money laundering is an international business. The effective fight against transnational organized crime can only take place if the fight against money laundering is based on international standardization." (Popa, Ş., Cucu, A., 2000, pp. 33).

Money laundering is a far-reaching offense which, by its nature, extends beyond national borders, facilitating the expansion and internationalization of organized crime groups.

The underground economy, through its adaptive capacity and the regenerative power it defines, is a serious competitor for the real economy, which is characterized, to a certain extent, by stagnation and inertia.

Dirty money laundering is the last link of the criminal chain in which the owners of important funds, obtained by fraud of state, firms, public institutions or citizens, give them a legal character, and this created financial capital enters the economic and social circuit, breaking the rules and principles competition, democracy and the rule of law. It is a fraudulent manipulation of the company's misappropriation of their economic and financial reason and purpose, made through complicity with representatives of public institutions, banks, companies, etc.

Concluding, emphasizing the general and specific aspects of international and national crime, we should consider it appropriate to consider the following measures that could play a role in making the fight against crime more effective at national level: the urgent adoption of international standards in terms of sanctioning corruption, organized crime and money laundering; the establishment of a strong interdepartmental body made up of policemen, finance specialists and prosecutors, with the right to control, to set up orders in this field, to improve the judicial system to prevent, discover and combat criminal behavior, to develop a firm financial and banking legislation capable of to halt phenomena such as fraud and money recycling, the adoption by the Romanian Government of an effective social, economic and environmental policy.

The Council of Europe currently controls the measures taken to combat money laundering in the Central and Eastern European countries and carries out their assessment on the basis of a procedure developed by the FATF-GAFI International Financial Action Task Force to monitor how they are implemented.

Most citizens confuse the market economy with the perimeter where rebellion and speculation, theft and illegal business are taking place. Such a concept generates negative attitudes, which most often carry the form of crime. The tolerance for abuses and illegalities, manifested not only by the political factors but also by the bodies empowered to execute the enforcement of the law, is a reality stemming from the deformed perception of these structures about the Romanian society as a whole.

As a result of the security environment analysis, terrorism and recrudescence of organized crime are among the threats.

In most cases, they intertwine, so terrorism is better off, terrorist organizations are funded by organized crime networks as a result of trafficking in drugs, people, stolen cars, weapons,

explosives, etc. and of course the sums of money resulting from economic and financial crime (financial and banking), all of which add to the phenomenon of money laundering and, last but not least, corruption, which tends to generalize in all spheres and fields of economic- social.

Taking into consideration the criminal policy in this field, we consider that measures must be taken in order to increase the effectiveness of the action to counter the phenomenon of crime: legislative harmonization at EU level. on combating cross-border organized crime, financial-banking fraud and money-laundering and money laundering; the setting up within the Romanian Police of anti-mafia units with appropriate equipment and staffed and trained personnel, according to international standards; the establishment of inter-institutional departments of prosecutors, policemen and finance experts to carry out unitary and effective activities in particular to combat economic and financial crime.

The chance offered to Romania for modernization is a real one, through its membership in the United States. and N.A.T.O. This gives us, on the one hand, security guarantees and, on the other, opportunities for economic development, including overcoming the current difficulties. For that, the national partnership or national consensus must be achieved.

To the above we add that poverty also contributes to the increase of crime. There is another argument that concrete measures must be taken by the institutions empowered to combat this phenomenon and keep it under control in such a way as to avoid increasing the sense of insecurity of the individual.

Conclusions

I believe that preventing, combating and controlling economic and financial crime can be done through two categories of measures: educational and coercive. Thus, the main ways of action are: at the educational level, the building of an anti-corruption culture through morality and civic education is the best approach to the liquidation of economic and financial crime; independence and autonomy of persons qualified to prevent, investigate, prosecute and sanction fraud, who must be free from any influence incompatible with their status and have the appropriate means to obtain evidence; protecting people who help authorities fight economic and financial crime and defend the secrecy of judicial research; seizure and confiscation of goods and property acquired through acts of corruption and fraud; criminalizing the activity of legal persons that serve as a screen for shielding corruption and fraud; the limitation of any immunity in the investigation, prosecution and sanctioning of corruption and fraud only to what is necessary in a democratic society; the transparency of all decision-making acts taken by the public administration; the transparency of operations in public markets, favoring fair competition and discouraging corruption; guaranteeing the freedom of the media to receive and transmit information on corruption affairs and the criminal investigation of those who practice blackmail and levying the "protection fee" with the ban on setting up new publications by their administrators.

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