Module 1

Introduction to Money Laundering
(Module 1(

What is Money Laundering/ Terrorist Financing?

- Money laundering covers a wide range of activities and processes intended to alter the identity of the source of criminal proceeds in a manner which disguises their illegal origin.

- Quoting from Narcotics Division's public information leaflet,

  "Under the legislations in Hong Kong, illicit proceeds mainly come from criminal activities such as drug trafficking, smuggling, illegal gambling or bookmaking, tax evasion, corruption, [10 other examples], financial fraud and deception, insider trading and market manipulation."

Stages of Money Laundering

- Stage I – Placement : This is the physical disposal of cash proceeds derived from illegal activities.
- Stage II – Layering : This is separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the source of money, subvert the audit trail and provide anonymity.

Potential Use of securities/ futures industry in the ML/TF process

- Placement