

The background of the slide is a light gray gradient, decorated with numerous realistic water droplets of various sizes. Some droplets are at the top, some at the bottom, and some on the right side, creating a clean, modern aesthetic.

# **COMMERCIAL CRIME AND MONEY LAUNDERING**

**Professor Dr Zubaidah Zainal Abidin FCIS (CS) (CGP)**

# COMMERCIAL CRIME



# What is commercial crime?

**These crimes are committed by legitimate entrepreneurs, investors and corporations**

## **Crimes of production**

**(Basic intent is to reduce costs)**

**Illegal dumping of toxic waste to avoid the costs of proper disposal, or violate safety standards to save money on equipment**

## **Crimes of distribution**

**(Basic intent is to increase revenues)**

**Falsify data on a contract to pad the bill, or con customers with worthless product guarantees**



**Corporate  
crime**



**White collar  
crime**



**Financial  
crime**



**Economic  
crime**



Ponzi  
schemes

Bribery

Scams

Forgery



Insider  
Trading

Tax  
evasion

Cybercrime

Fraud



**Money  
laundering**

Theft

Corruption

CBT



**Property  
crime**



**Environmental  
crime**



# Common characteristics of commercial crimes

Department of Justice, Canada

- 1) Involves the production of goods and services which are ***inherently legal***, but whose methods of production and/or distribution are illegal
- 2) Creates exchanges within a normal business setting that are ***multilateral***
- 3) Produces exchanges that are also ***superficially voluntary with an involuntary hidden aspect***
- 4) Leads to clear ***victims*** by virtue of involving fraud against workers, suppliers, customers, or, in such things as environmental offences, against the public as a whole
- 5) Generates income earned but ***unmerited by virtue of the illegal methods***
- 6) Invokes, in principle, ***unambiguous morality***, since fraud is involved
- 7) Calls for punishment that logically should ***involve restitution for misappropriated or damaged property***

# **MONEY LAUNDERING**



# Money laundering



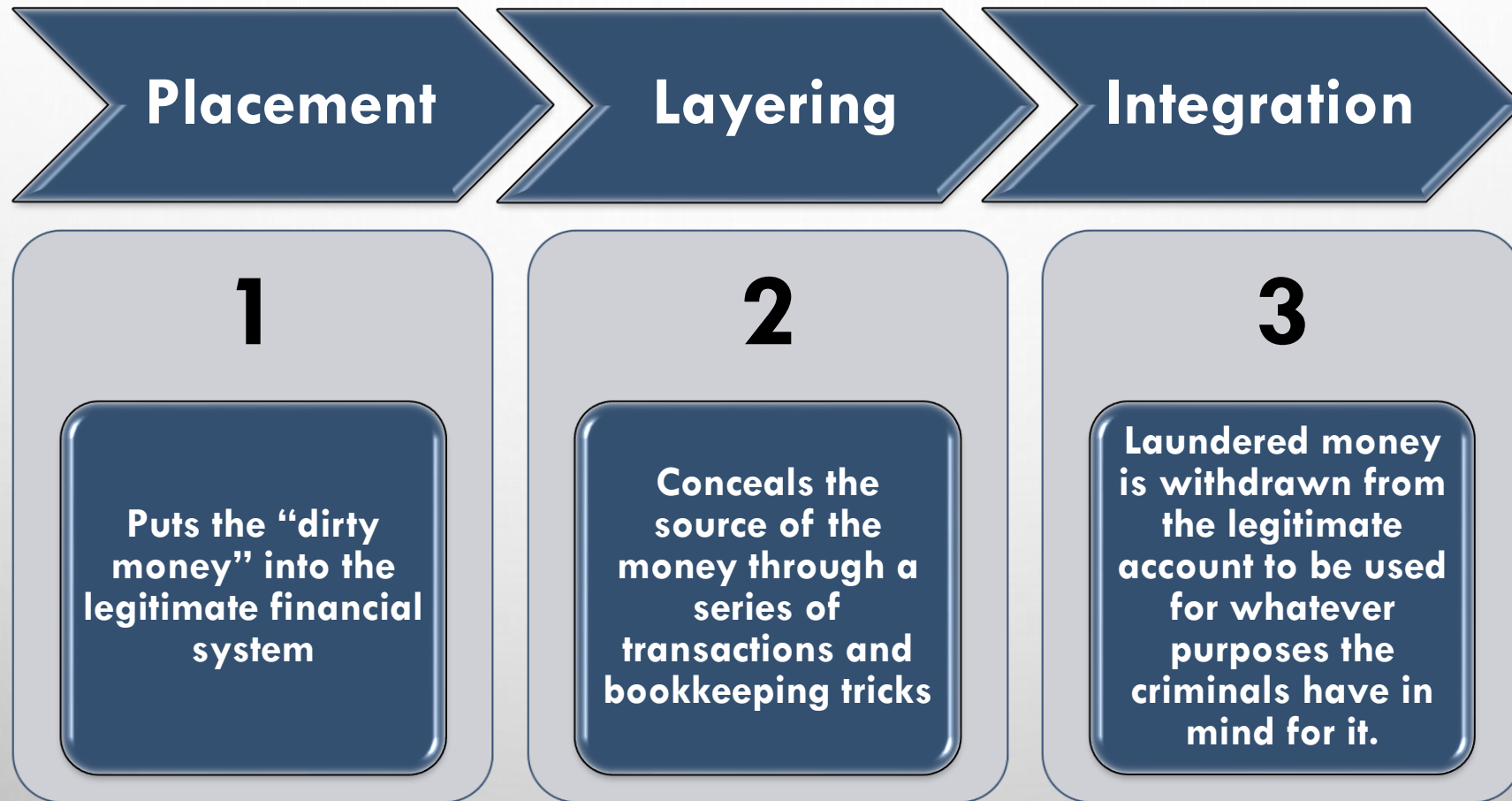
LAWS OF MALAYSIA

Act 613

Anti-Money Laundering  
and Anti-Terrorism  
Financing Act 2001

- 1) A person who **engages**, directly or indirectly, in a transaction that involves proceeds of an unlawful activity
- 2) A person who **acquires**, possesses, disguises, transfers, converts, exchanges, carries, disposes of or uses proceeds of an unlawful activity
- 3) A person who **removes** from or brings into Malaysia, proceeds of an unlawful activity
- 4) A person who **conceals**, disguises or impedes the establishment of the true nature, origin, location, movement, disposition, title of, rights with respect to, or ownership of, proceeds of an unlawful activity

# 3 steps in money laundering process





# Money laundering variants

## Fronts

- Cash-based business for example restaurant might inflate the daily cash receipts to funnel illegal cash through into its bank account.

## Smurfing

- The criminal breaks up large chunks of cash into multiple small deposits, often spreading them over many different accounts, to avoid detection

## Currency exchanges

- Wire transfers, and “mules” – cash smugglers, who sneaks large amount of cash across borders and deposit them in foreign accounts, where money-laundering enforcement is less strict



# ANTI- MONEY LAUNDERING



# What is anti money laundering?

## ANTI MONEY LAUNDERING

refers to the laws, regulations and procedures intended to prevent criminals from disguising illegally obtained funds as legitimate income.





# Malaysia Anti-Money Laundering & Counter Financing of Terrorism Regime

## International Standards on AML/CFT Regime



## AML/CFT Regime in Malaysia

- ☐ Legal & Regulatory Framework
- ☐ Preventive Measures for Reporting Institutions
- ☐ Financial Intelligence & Law Enforcement Agencies
- ☐ Domestic & International Cooperation



# Anti-Money Laundering and Anti Terrorism Financing Act 2001



LAWS OF MALAYSIA

Act 613

## Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001

Date of Royal Assent	25-Jun-2001
Date of publication in the <i>Gazette</i>	5-Jul-2001

An Act to provide for the offence of money laundering, the measures to be taken for the prevention of money laundering and terrorism financing offences and to provide for the forfeiture of property involved in or derived from money laundering and terrorism financing offences, as well as terrorist property, proceeds of an unlawful activity and instrumentalities of an offence, and for matters incidental thereto and connected therewith. Act A1467.

[15 January 2002] PU(B) 15/2002.

### ARRANGEMENT OF SECTIONS

#### PART I

##### PRELIMINARY

1. Short title and commencement
2. Application
3. Interpretation

#### PART II

##### MONEY LAUNDERING OFFENCES

4. Offence of money laundering
- 4A. Offence of structuring transactions to evade reporting requirement
5. Protection of informers and information
6. Restriction on revealing disclosure under section 5

#### PART III

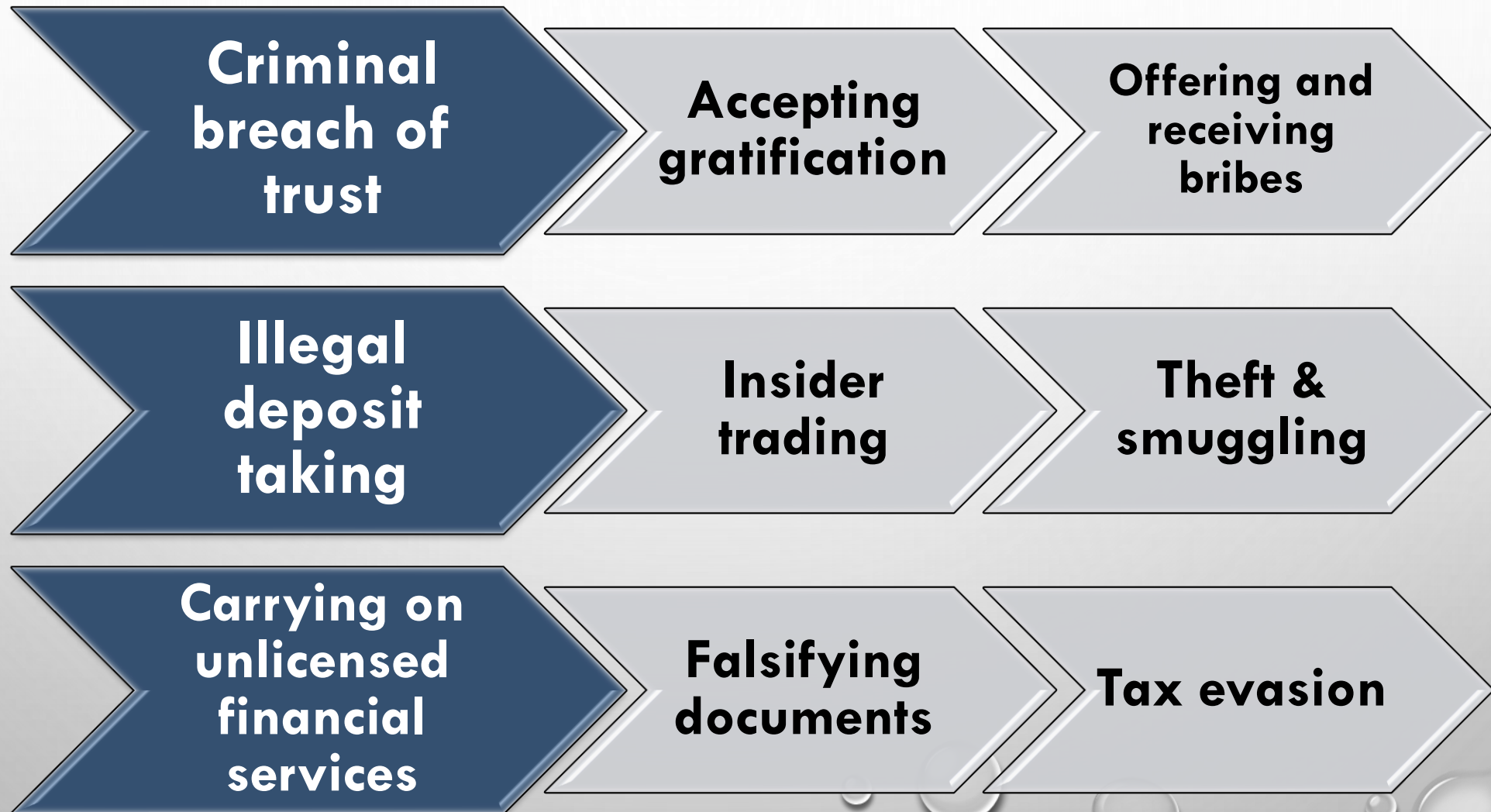
##### FINANCIAL INTELLIGENCE

7. Functions of the competent authority
8. Provisions relating to the competent authority

## An Act to provide for:

- ☐ the **offence of money laundering**
- ☐ the **measures to be taken** for the prevention of money laundering and terrorism financing offences
- ☐ the **forfeiture of property** involved in or derived from money laundering and terrorism offences, as well as terrorist property, proceeds of an unlawful activity

# Some of the offences prosecuted under AMLA



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# **CASES ON COMMERCIAL CRIME AND MONEY LAUNTERING**



# RM6m fine for money launderer

Woman also jailed three years in country's first case

By MAIZATUL NAZLINA  
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**KUALA LUMPUR:** The first person to be charged in the country with money laundering was fined over RM6mil and jailed for three years.

Dr Hamimah Idruss (pic), 63, was sentenced to a year's jail for each of the eight counts of money laundering and three years' jail for each of the 10 abetment charges.

Sessions Court judge Asmadi Hussin also fined her RM6,394,530.72 and ordered the sentences to run concurrently from yesterday.

In passing sentence, Asmadi said he was satisfied that the defence had failed to raise a reasonable doubt against the charges.

Hamimah, a former executive director of Safire Pharmaceuticals (M) Sdn Bhd, was charged with eight counts of money laundering involving RM41.3mil.

She was also accused of seven counts of receiving proceeds from unlawful activities using a joint bank account and the accounts of her company and five other firms.

She was also charged with 10



counts of abetting her former employee Yusaini Wan Abi Sabian in forging 10 promissory notes worth US\$12mil (RM36.9mil).

The offences were committed in June 2003.

DPP Robert Pasang Alam and Mustaqim Sukarno prosecuted while Harvenderjit Singh acted for Hamimah.

In pleading for leniency and a lower fine, Harvenderjit said Hamimah was a first-time offender and suffered from diabetes and hypertension.

Asmadi allowed a stay of execution for the jail sentences and raised the bail from RM800,000 to RM1mil pending appeal.

- ☐ Dr Hamimah Idruss, the first person to be charged in Malaysia with money laundering was fined over RM6 mil and jailed for 3 years
- ☐ She was a former executive director of Safire Pharmaceuticals (M) Sdn Bhd, was charged with 8 counts of money laundering involving RM41.3mil
- ☐ She was also accused of 7 counts of receiving proceeds from unlawful activities using a joint bank account and the accounts of her company and 5 other firms
- ☐ She was also charged with 10 counts of abetting her former employee Yusaini Wan Abi Sabian in forging 10 promissory notes worth US\$12mil (RM36.9mil)
- ☐ The offences were committed in June 2003



# Malaysia arrests four plant managers after water pollution leads to supply cut in Selangor and KL

KUALA LUMPUR - Malaysian authorities on Saturday (Sept 5) remanded for six days four factory managers who are suspected of involvement in a water pollution case that caused water supply to be cut to millions of people in Selangor and Kuala Lumpur.

The Selangor chief minister said that the factory in Rawang district will be demolished as it doesn't have planning permission to be built.

Media reports say the vehicle-maintenance factory allegedly poured used industrial oil into drains that flowed into Sungai Gong, one of the rivers where its water is treated and later piped to homes, industries and offices.



Media reports say a vehicle-maintenance factory allegedly poured used engine oil into drains that flowed into Sungai Gong. PHOTO: BERNAMA

# Key takeaways – Money Laundering

- ❑ Money laundering is the **illegal process** of making “dirty” money appear legitimate instead of ill-gotten
- ❑ Criminals use a wide **variety of money laundering techniques** to make illegally obtained funds appear clean
- ❑ **Online banking and cryptocurrencies** have made it easier for criminals to transfer and withdraw money without detection

# Key takeaways - AML

- ❑ AML seeks to **deter criminals** by making it harder for them to hide ill-gotten money
- ❑ AML regulations require **financial institutions to monitor** customers' transactions and report on suspicious financial activity
- ❑ AML regulations requires banks and other financial institutions that **issue credit or accept customer deposits** to follow rules that ensure they are not aiding money laundering



