SUPREMO AMICUS

VOLUME 30 | JULY, 2022 ISSN 2456-9704

# STATE-LEVEL ANTI-MONEY LAUNDERING REGIMES: A CRITICAL EVALUATION OF US AND UK AML REGULATIONS

*By Isha*
*LL.M from UILS, Chandigarh University*

*By Prof. (Dr.) Shipra Gupta*
*Professor, HOD at UILS, Chandigarh University*

## ABSTRACT

*Money laundering is a major problem with serious national and international implications. Anti-Money Laundering (hereinafter referred as to AML) measures must now meet international standards, which is a general concern at the moment. Hence, preventive measures are being introduced at domestic as well as global level with the use of modern information technology solutions. To understand the proper compliance of AML methods and measures, the functional aspect of the financial institution must be analysed thorough data analysis in order to obtain useful information. This article examines whether USA and UK has become fully compliant with AML regimes or not This article compares and contrasts the state-level anti-money laundering regimes in the United States, and the United Kingdom. It highlights various AML regimes adopted by these countries and its effectiveness so far. It further suggests some of the suggestions to implement for better outcomes.*

## INTRODUCTION

The practise of converting proceeds from illegal activity into legitimate earnings is known as money laundering. Such behaviours have been classified as criminal offences under various Indian laws. It is a crucial underworld economic operation that is inextricably linked to a wide range of illegal operations with both national and international dimensions. Illegally created money is incorporated into a variety of financial transactions, where it is given legal status through a variety of methods. Money created in this manner can be used without being traced back to its criminal origins. This is mostly the ability of individuals and institutions to seek for new modes that have yet to be discovered, and such modes are discussed in secret to benefit individuals or agencies in spreading the area and volume.
Money laundering is a major problem with serious national and international implications. It is not merely a financial crime, but it also has implications for national security. The fight against money laundering is now a global concern. More and greater international cooperation is required. Anti-Money laundering measures must now meet international standards, which is a general concern at the moment. Money laundering must be combated through the use of preventative measures. The regulatory measure must be effective as well as diligent. A proper detection and reporting system is required, which may necessitate the use of modern information technology solutions. Therefore, in order to implement effective AML measures this article compares and contrasts the state-level anti-money laundering regimes in the United States, and the United Kingdom. It highlights various

VOLUME 30 | JULY, 2022 ISSN 2456-9704

AML regimes adopted by these countries and its effectiveness so far.

## ESSENTIAL COMPONENT OF STATE-LEVEL ANTI-MONEY LAUNDERING REGIMES

While the FATF Recommendations provide an international standard for anti-money laundering measures, they must be implemented at the domestic as well as regional level to be effective. The Anti-Money Laundering (AML) regime's worldwide success is dependent on a degree of standardization, but each state must also design a regime that works within its own legislative structure and policy agenda. As a result, despite numerous commonalities, there is significant heterogeneity among state-level AML regimes.

The purpose of state-level AML regimes is to provide for centralized monitoring of the economy. The FATF Recommendations are a series of laws and policies designed to allow for broad state surveillance and information gathering in the banking sector. Suspicious transaction record is sent to a central entity for processing, and selected information is subsequently forwarded to law enforcement agencies for further investigation. In general, the intend to build a system in which questionable transactions or patterns of transactions are quickly identified and properly probed, preventing organised criminals and corrupt government officials from abusing banking institutions.

A state-level AML system has three main components, each of which is discussed in its own section below-

1. **Financial Intelligence Unit** - A Financial Intelligence Unit is the first component (FIU) of AML's regime. Financial Intelligence Units (FIUs) are central, national agencies that collect and evaluate information on suspicious transactions reported by financial institutions. They forward selected material to law enforcement agencies for investigation.
2. **Financial Sector Regulations**- The second component of a state-level AML framework is broad financial sector regulation, which mandates financial institutions to report data to the FIU. This regulatory framework has three main components, which are as follows-

a) **Customer due diligence measures (CDD)** require financial institutions to acquire identifying information from each of their customers.

b) **Record-keeping standards** mandate that financial institutions store all data for at least five years.

c) Finally, financial institutions must record certain transactions to their respective FIUs under transaction reporting rules.

3. **Tools for implementation-** The establishment of instruments that law enforcement authorities can employ to effectively prosecute money launderers after their actions are uncovered is the third aspect of a state-level AML system.
These include the development of separate criminal offences for money laundering so that money launderers can be prosecuted.

The three aspects outlined above, in principle, should result in a state-level framework that effectively combats money laundering through collaboration between the financial industry, the FIU, and criminal enforcement authorities. While all state-level AML regimes that comply with FATF recommendations have the three parts listed above, how each is implemented varies greatly from nation to country. The following section compares and contrasts the state-level anti-money laundering regimes in the United States, and the United Kingdom.

## ANTI-MONEY LAUNDERING FRAMEWORK IN USA

Money laundering is largely enforced at the federal level in the United States. Money laundering is prohibited in 36 states by the statutes. When money laundering is illegal in a state, federal and state authorities work collaboratively. Every year, about 2,500 natural and legal individuals are prosecuted with federal money laundering offences, with over 1,200 convictions.

Money laundering was initially recognised as a danger by the United States. To discourage the habitual deposit of "shopping bagfuls" into banks, Congress established a currency reporting system. AML initiatives in the United States have been the subject of multiple court battles spanning three decades. After the BSA and MLCA were enacted, the Anti-Drug Abuse Act of 1988, Section 2532 of the Crime Control Act of 1990, and the Annynzio-Wylie Anti-Money Laundering Act of 1992594 were enacted in quick succession. For decades, US policy on tax havens has lacked coherence and purpose. However, the intricate nature of the link between tax havens and money laundering spurred US policymakers to pay attention to the issue in 1985. The value transfer system in the United States, including money transfer and security transfer systems, should not be used by anonymous individuals attempting to move value without being identified. Because the country's markets are exposed to massive incoming investments and also send illicit monies abroad, the US has been battling money laundering through consistent legislative initiatives. It is possible to comprehend and understand the US rationale for enacting strict anti-money laundering legislation.

The preventive method of US law follows the paper trail all the way from the money laundering stage to the predicate offence. In the international perspective, the US government has always focused on the placement phase of money laundering, which is when the money 1aunderer attempts to put the illicit gains into the economic system for the first time. Drug cartels and traditional organised crime rely on money laundering to survive. Money laundering, like cocaine, was long regarded as a foreign threat posing a threat to the United States. Other acts, such as the Money laundering Control Act of 1986, the Anti-Drug Abuse Act of 1988, the Anti-Money Laundering Act of 1992, and the Money laundering Suppression Act of 1994, altered the reporting regime further.

Money laundering is a relatively new legal notion whose early globalisation is partly due to a vigorous US-led drive to involve law enforcement agencies all over the world in this new front in the drug war. Although money laundering has existed for a long time, it was not until 1970 that meaningful legislation was enacted in the United States, known as the Banking Secrecy Act of 1970, which mandated a series of reporting and recordkeeping requirements designed to help track money laundering activity and enter the veil of secrecy enclosing off-shore bank accounts.

VOLUME 30 | JULY, 2022 ISSN 2456-9704

### a) *Banking Secrecy Act – BSA*

The BSA concentrates its efforts on the placement phase of the money laundering process, assuming that only the stigma connected with unlawful money is strongest at this point. The law aids investigations by allowing them to recreate a paper trail and track the flow of monies related with unlawful activities. It serves as a potential early warning system, alerting law enforcement and investigation organisations to questionable transactions that require further examination. The BSA does not constitute a money laundering offence in and of itself. BSA aims to create and preserve documented evidence as well as provide a flow of financial data from financial institutions to law enforcement agencies. The BSA also prohibited structuring transactions of more than US$ 10000 to avoid reporting requirements to target “smurfs” hired by 1aunderers to make multiple deposits or purchase of cashiers cheque in amounts below the US$10000 threshold.[1]

The goal of Section 5311 of the BSA is to require certain reports or documents when they are likely to be beneficial in criminal, tax, or regulatory investigations or actions. The BSA has faced obstacles and criticism as well. First, there's the cost of compliance. Second, it violates the Fourth Amendment's prohibition on unreasonable search and seizure, as well as the Fifth Amendment's prohibition on self-incrimination. BSA was widely ignored in its early years because it had a gap known as the organized transaction or 'smurfing' flaw, which allowed money launderers to easily circumvent the legislation. Furthermore, some banking firms were willing to accept cash deposits from customers and deposit the funds into their accounts over time.

### b) *The Racketeering Influenced and Corrupt Organization Act 1970 –(RICO)*

The Racketeering Influences and Corrupt Organizations Act (RICO) was one of the first tools used by the United States to combat financial crime. RICO serves a dual purpose. It first aimed to limit the expansion of existing illicit activities by prohibiting revenue from being reinvested in the underlying transaction or any other trade, legal or illegal. Second, the Statute aimed to apprehend key participants, particularly criminal kingpins. It was one of the first legislation in the United States to reinstate criminal forfeiture, which had been abolished in American criminal law almost a century before619.

It is one of America's most powerful legal weapons in the fight against organised crime and money laundering. RICO prohibits four sorts of activities as follows-

1. To begin with, racketeering proceeds can be used to buy a stake in or start a business that deals with interstate commerce.
2. Second, through a pattern of racketeering activities, acquire any interstate commerce-related business.
3. Third, via a pattern of racketeering activities, operate any interstate commerce business.
4. Fourth, conspire to violate any of the provisions listed above.

The Comprehensive Forfeiture Act of 1984 was introduced in support of RICO to

[1] Paul Bauer *Understanding the Washing Cycle, Economic Perspectives* Vol-2 No.6 An Electronic Journal of US Dept of State 20 2001

broaden the scope of civil and criminal forfeiture. Sec.1963 (a) (B-20/P-215) was inserted alongside it. Because forfeiture involves civil procedures and standards of proof, there are safeguards in place to protect defendants' rights because the laws are less stringent than criminal laws. In terms of law enforcement, the RICO was a letdown in the first ten years, with barely 30 RICO indictments filed annually on average between 1971 and 1981. RICO has undoubtedly been viewed as a weapon by some law enforcement agencies to make revenue, support their budget, and assist them meet its numbers and targets.

c) ***Money Laundering Control Act, 1986* – MLCA**

Efforts to fight the problem grew correspondingly in the 1980s, owing in large part to the enormous rise of the international drug trade. For example, in 1986, the United States established the Money Laundering Control Act. Subsequent changes and additions of the Act's provisions were passed in 1990, 1992, 1994, and 1996. The MLCA criminalises all forms of transactions involving any item of value, as well as any movement or concealment of cash, if the item of value is related to one of the stated criminal offences. When a person is accused of engaging in financial transactions knowing full well that the money were obtained through illegal behaviour, the Act provides prosecutors with a tool to investigate public/private conduct anywhere in the world.

The money laundering act is divided into three sections: the transaction clause, the transit clause, and the sting clause. The first two phrases are part of the crime, while the third – the sting clause – provides for the prosecution of a case in which a government official solely represents the things as profits of applicable predicate offences. The Act is broad in scope, criminalising any transaction involving any item of value, generally the transportation or concealment of funds, where the item of value is derived from any of a number of criminal offences. Although money laundering comprises numerous phases, the government only needs to present adequate evidence of one of these procedures to prove money laundering under the Money Laundering Prevention Act.

In other words, while money laundering can take several steps, the crime of money laundering can be committed by being involved or participating in any of the phases. Simply said, a single step of laundering is sufficient to secure a conviction.

Despite the fact that the money laundering process involves the typical three stages/steps or even many processes, the government only needs to present evidence for one of the steps to prove money laundering under the Money Laundering Act.

The MLA includes a list of specific offences as well as references to state, federal, and international criminal statutes. Murder, kidnapping, and other serious crimes are among the offences encompassed by the concept of "specific unlawful behaviour."The list of offences covered under the definition ‘specified unlawful activity’ include violent crimes such as, kidnapping, extortion, murder, financial & property crimes such as fraud, bribery, embezzlement of public funds, and range of crimes linked to money laundering such as smuggling, drug trafficking and terrorist activities.

By enacting the Money Laundering Control Act of 1986, the United States became the first country to make money laundering a criminal offence. The purpose of this statute is to prohibit transactional and transportation offences. The subsequent movement of money obtained from a criminal act is the actus rea of a money laundering offence under the MLCA. Both the initial criminal charge and the money laundering charge cannot be based on the same predicate offence, or specific unlawful act that gives cheval to the original criminal case. In terms of the participants' mental states, the law requires that the money launderer understood the property included in the transaction was the profits of "some form" of illegal conduct at the time the financial transaction took place. The launderer or person charged does not need to have knowledge about the specific unlawful activity or details about the same.

d) ***Anti Drug Abuse Act*-1988**

The Anti-Drug Abuse Act, which influenced USC 1956 of the MLCA by broadening the term of "financial institutions," continued the fight against money laundering and tax evasion in 1988. Operation Greenback, a joint task team formed by the IRS and US Customs in 1980, became part of the ***Florida Caribbean Organized Crime Task Force (FCOCTF)*** in 1989. The task force's primary mission was to look into narcotics money laundering. This law, inter alia, revised the Money Laundering Control Act of 1986 by allowing the use of government sting operations to reveal money laundering.

e) ***Annnunzio Wylie Money Laundering Act –* 1992**

The Annnunzio Wylie Anti Money Laundering Act of 1992 was enacted to address the old AML scheme's inflexibility, as well as the fact that money launderers were becoming more sophisticated. The Act established the Suspicious Activity Report (SAR) and moved the duty of assessing which transactions should be reported to the banking community. It prohibited the institution from informing the subject about the SAR filing. Through the existing MLCA of 1986, stricter control became possible in 1992 with the passage of the Anti-Money Laundering Act.

The Annunzio-Wylie Anti-Money Laundering Act of 1992-

a) Broadened the definition of "financial transactions," introduced a conspiracy provision,
b) made "illegal money transferring businesses" unlawful
c) created the penalty of terminating the bank's charter or removing its insurance, depending on the bank's primary supervisor.

The Annunzio Wylie Act of 1994 governs wire transactions. Before making a wire transfer, the originating bank must check and keep records of the person who submitted the payment order. Similarly, the receiving bank must maintain a record of the beneficiary.

f) ***Money Laundering Supression Act –* MLSA-1994**

All firms involved in transmitting funds into, out of, or within the United States must be licenced to transmit funds and must comply with government report files such as CTR and CMIR, according to the Money Laundering Suppression Act of 1994. According to the Money Laundering and Financial Crimes Act of 1998, the Secretary of the Treasury is obligated to engage with the Attorney General and prepare an annual

National Money Laundering Strategy (NMLS).

## ANTI-MONEY LAUNDERING REGIMES IN UK

Many variables, notably the volume of lawful financial transactions that take place every day in the UK, make it appealing to people who are attempting to disguise the criminal origin of cash. UKs connection with Commonwealth countries and off-shore centres, are important reasons for the country to take a lead position in acting against dirty money.[2]

Three basic objectives guide the UK's anti-money laundering policy are

a. ***to discourage*** – by enforcing safeguards and monitoring
b. ***to detect***- by utilising financial intelligence to identify and target money launderers; and
c. ***to disrupt***- by maximising the use of applicable sanctions such as prosecution or asset seizures.

At the international level, the UK was an enthusiastic participant and driving force behind the Vienna Convention and the FATF, while at home, self-regulation was the norm and supervisory intervention was nearly unheard of. The UK has a three-tier framework for preventing and punishing money laundering.

These are-

1. First, there is criminal law, which today takes the form of the Proceeds of Crimes Act of 2002, as well as terrorism statutes.
2. Second, from 1993 to 2001, there were money laundering regulations, which were superseded by regulations in June 2003, followed by 2007 and so on.
3. Finally, the Financial Services Authority has designed and implemented a regulatory regime that operates parallel to criminal laws. England was the first country to act on the Hodgson Committee's recommendations by implementing DTOA 1986 (later replaced by DTA 1994) to confiscate drug trafficking proceeds.

The UK's anti-money laundering legislation consists of statutes, rules, regulations, and industry guidelines, some of which are part of EU legislation. It's vital to remember that anti-money laundering legislation in the United Kingdom doesn't work in isolation, especially given the transnational nature of the activities involved. The EU aims to harmonise AML rules across the Union by maintaining consistency among EU member states to eliminate inconsistencies that could jeopardise AML controls. The United Kingdom was ahead of the game in terms of anti-money laundering law, just as it was in terms of anti-insider trading legislation.

**a) *Drug Trafficking Offence Act, 1986*- DTOA 1986**

Though DTOA 1986 was limited to drug-related money laundering, it was the first time in the UK that financial institutions were obligated to notify when they suspected or knew about drug trafficking. It's possible that a financial institution is actually suspicious of a transaction or a customer, but lacks the facts or knowledge to conclude that the funds are coming from drug trafficking.

[2] Transparency *International Combating Money Laundering & Recovery Looted Gains* Raising the UK's Game ,UK, 40, 2009

The DTOA of 1986 is widely regarded as a groundbreaking piece of legislation. It included mechanisms for confiscating drug traffickers' proceeds of crime through court rulings. In conjunction with Criminal Justice (International Cooperation) Act 1990 the Act created five money laundering offences strengthened by Part of Criminal Justice Act, 1993[3]. Despite the fact that the UK has had an explicit anti-money laundering requirement since the DTOA was passed in 1986, there has been no attempt to control money laundering in the financial services sector. Money laundering controversies have a long history in the financial services business. To combat money laundering, financial regulatory authorities have been granted insufficient enforcement capabilities and a defined legislative mission. While anybody could commit the crimes listed in the DTOA, the legislation had the biggest impact on the banking industry, which was the first stop for drug traffickers.

**b) *Drug Trafficking Offence Act, 1994* - DTOA 1994**

The DTA 1994 has since replaced the 1986 Act. Additional anti-money laundering requirements were included in a number of pieces of legislation, notably the Criminal Justice Act of 1993, which incorporated Council Directive 91/308/EEC.. Assisting a drug trafficker in retaining proceeds of crime is a criminal offence under Section 24 of the Act.Anyone who enters into an agreement to facilitate another's retention of drug money and knows or suspects that the individual is someone benefiting from drug trafficking is guilty of an offence under Sec.50 of DTA 1994, similar to Sec.24 of DTOA.

The offence of intentionally acquiring or possessing property generated from drug trafficking is defined in Section 51 of the DTA 1994. As a result, persons who know that a specific person is involved in drug trafficking and acquire or use property that constitutes the proceeds of the drug trafficking face criminal culpability. The DTA, 1994 was passed which consolidated all the existing laws pertaining to drug trafficking offences previously held within the Drug Traffic Offences Act, 1986 the Criminal Justice (International cooperation) Act 1990, and the Criminal Justice Act, 1990.[4]

***c) Criminal Justice Act, 1993 - CJA 1988/1993***

The CJA 1988 is intended to combat all major crimes, with the exception of drug trafficking and terrorism, which are covered by other laws, and it applies to crimes that have a significant organised element to them. However, the 1988 Act did not include any money laundering offences in the definition of "relevant criminal behaviour."CJA 1993 was later used to introduce these. After some time, the UK government realised that separating drug proceeds from non-drug proceeds was artificial, thus additional offences were added to the CJA 1988 by the CJA 1993, which applied to the proceeds of indictable non-drug offences. The Prevention of Terrorism (Temporary Provisions) Act 1989 established separate offences for terrorist money laundering. Each Act included basically similar offences, but there were significant variances.

***d) Terrorism Act, 2000***

The Terrorism Act of 2000, which took effect on February 19, 2001, is the second of two

[3] Leonard Jason Lloyd *The Law on Money Laundering – Statutes and Commentary* 4 (1997)

[4] *Ibid*

key pieces of money laundering legislation in the United Kingdom. To comprehend the Act's money laundering regulations, one must first comprehend the concept of terrorism and terrorist property.

Terrorism is defined as the threat of serious violence intended to sway the government or terrify a group of people in order to further a political, religious, or ideological cause. Money or other property that is either likely to be used for terrorism or the proceeds of an act carried out for the sake of terrorism is described as "terrorist property." The Act's offences are diverse, and there are numerous ways to commit them.

e) ***The Financial Services and Markets Act 2000 - (FSMA)***

FSMA is the foundation for financial regulation in the United Kingdom. The Financial Services Authority ("FSA") is the regulatory organisation in charge of monitoring UK financial services firms such as banks, broker-dealers, asset managers, and investment advisers, and one of its major statutory goals is to reduce financial crime. Both the FSMA and the MLR authorise the Authority to enact regulations prevention and management and monitoring of money laundering, as well as to prosecute money laundering crimes, and the FSA has investigative and regulatory authority under both the FSMA and the MLR.

f) ***Anti-terrorism, Crime and Security Act 2001***

Part 12 of the Act is one of the most crucial from the perspective of the United Kingdom since it addresses bribery and corruption, namely bribery of a foreign officer or commission of bribery or corruption outside the United Kingdom.

g) ***Proceeds of Crime Act 2002- (POCA)***

Although the provisions of the DTA 1994 and the CJA allowing for criminal seizure, organised criminal gangs were nevertheless able to profit from ill-gotten wealth, even after being convicted of significant crimes. In June 2000, a Cabinet Office assessment recommended that current money laundering and confiscation laws be consolidated into a single statute known as POCA, which eventually enlarged the ambit of legislation dealing to cash seizure by taking an all-crimes strategy. It also strengthened the investigation agency' constraint powers and streamlined the seizure process. After a criminal conviction, POCA outlines extensive processes for recovering proceeds of crime in the United Kingdom.

The Proceeds of Crime Act of 2002, which took effect in February 2003. It aims to combine existing confiscation measures linked to drug trafficking and other criminal offences and add additional civil forfeiture authorities without requiring a conviction. The Act also has particular coercive authorities to aid in money laundering investigations. These powers are more extensive than those previously available in a criminal investigation into the proceeds of crime, and they are warranted by the government's commitment to prosecuting as well as confiscating criminal proceeds.

The money laundering regulations of the POCA are also aimed at discovering criminal proceeds through three kinds of people. Those who 'benefit' from 'property' derived from 'criminal action' are the first type. Those who 'use' are the second group, while those who come into possession of 'property' resulting from 'criminal conduct' are the third. These terms are defined in the Act in similar terms, particularly in the context of criminal confiscation and civil recovery.[5]

POCA unified and superseded prior anti-money laundering legislation, and its broad application indicates a shift in focus away from drug money and toward the proceeds of crime as a whole. POCA unified a number of offences that apply to individuals that were previously contained in the Criminal Justice Act 1993, as well as a slew of drug trafficking laws. As a result, POCA is the key piece of legislation that establishes criminal culpability for money laundering in the UK.

h) ***Money Laundering Regulations (MLR)***

Money laundering regulations (MLR) are secondary legislation with legal standing. Any violation of FSA rules may result in sanctions735. To implement the Second EU Money Laundering Directive, the Money Laundering Regulations 2003 took effect on March 1, 2004. The 1993 and 2001 Regulations were also replaced, consolidated, and updated. It was introduced into Parliament on November 28, 2003, and went into effect on March 1, 2004. Succinctly, the legislation and regulations, as well as the rules established by regulators, are complicated, if not inconsistent. These laws or regulations compel people to follow them even if they don't want to. These laws or regulations require compliance without providing any direction on how to do so.

However, JMSLG guidelines help to improve this (Joint Money Laundering Steering Group). The JMSLG guideline notes, which have been authorised by HM Treasury, have had a huge impact on AML procedures because they have been adopted as a model for other nations' guidance notes. The MLR empowers the FSA to levy civil penalties against recognised businesses and people. It has the authority to impose fines in any amount it sees fit. In the United Kingdom, the third Money Laundering Directive is enforced in part through the Money Laundering Regulations 2007 (MLR 2007) in terms of CDD and record keeping, and in part through Part VII of the POCA 2002 and Part III of the Terrorism Act 2002 in terms of CDD and record keeping.

In two areas, it has gone above the directive's minimum requirements. First, by adopting an all-crimes approach instead of referring merely to the proceeds of "serious crimes", and secondly, by imposing criminal liability for failure to comply with the AML requirements.[6]

The Money Laundering Regulations 2007 (MLR 2007) incorporate the directive's provisions into UK legislation. The Money Laundering Regulations of 2007 require businesses to use risk-based customer due diligence techniques. The Money Laundering Regulations (MLR) imposes a broad requirement on businesses operating under its jurisdiction to develop adequate and acceptable policies and procedures to combat money laundering. Failure to comply with this responsibility may result in a two-year prison sentence and/or a fine.

The money laundering framework in the United Kingdom is categorised into two

[5] Rees, Edward QC, et al. BlackStone's Guide to the Proceeds of Crime Act, 2002 130(OUP 3rd edition 2008)

[6] Miriam *Goldby Anti-Money Laundering Reporting Requirements Imposed by English Law: Measuring Effectiveness and Gauging the Need for Reform*" ( Journal of Business Law – 2013 -J.B.L. 2013)

parts: substantive offences and administrative and regulatory requirements. The administrative procedures outlined in the Money Laundering Regulations (MLR) and MLR 2007 only apply to regulated sector businesses. Financial institutions are also subject to Financial Services Authority regulation (FSA) Part VII of POCA 2002 lists the substantive offences, some of which relate to the regulated sector and others to everyone.

## CONCLUDING REMARKS-

***Comparative Analysis***

Though the United States was the first country to enact an anti-money laundering law, the United Kingdom followed pace by enacting the Drug Trafficking Offences Act of 1986, which was later replaced by a 1994 Act. The Proceeds of Crime Act, 2002, and the Terrorism Act, 2000, cover the criminal legislation in the UK in terms of money laundering (which exclusively deal with terrorism related offences) The sections of the Criminal Justice Acts of 1988 and 1993 were eventually merged into a single bill, POCA 2002. Except for terrorism, which is handled by the Terrorism Act of 2000, Part VII of POCA consolidates all money laundering statutes. POCA's provisions are in compliance with international treaties and FATF norms. Money Laundering Regulations regulates the regulatory and administrative aspects of money laundering, as well as the severity of the penalties. India, like the UK, has passed a sui generis statute, the PMLA, and the Unlawful Activities Prevention Act, 1967 (UAPA), which governs terrorism. However, unlike the MLR in the UK, where the PMLA and the rules developed thereunder take care of these aspects, India lacks a system of administrative and regulatory rules which is further discussed in the following chapter.

*****