International Money Laundering, Corruption and Terrorism
POGO 750-017 | Draft Syllabus
Adjunct Professor John J. Byrne, CAMS

Fall 2018 Semester
Class Meeting: Monday from 7:20 – 10:00pm
Class Location: Arlington, Founders Hall, Room 313
Office Hours: Room 706, Monday from 6:30 – 7:00 or by appointment
Preferred email: john.byrne90@yahoo.com
Cell: 703-282-4954
Teaching Assistant: Christie Ekasingh
Email: Christie.Ekasingh@gmail.com
Cell: 703-939-1140

I. Introduction

Welcome to International Money Laundering, Corruption and Terrorism. In our increasingly globalized world, policy advisors must be able to advise their governmental, NGO and business clients regarding compliance with international and domestic laws enacted to thwart money laundering, corruption and terrorism. These laws are widely recognized as essential to the stability and security of civilized societies.

Despite over a trillion dollars in foreign aid over the past 60 years, 2.2 billion people are still living on less than $2.00 a day. Corruption is clearly the central cause behind this and many other harms plaguing our planet with joblessness and growing inequalities of income to environmental calamities and violent conflicts.

High-level corruption depends upon the ability to launder money in Western countries and throughout the world. Terrorist organizations also rely upon money laundering and financial crime to conceal both their funding sources and the nature of their activities from authorities. Thus, anti-money laundering, anti-corruption and anti-terrorism strategies are converging. All three aim to attack criminals or terrorist organizations through their financial activities and use financial trails to identify the various components of criminal or terrorist networks.

We will discuss the confluence of the three foremost areas of criminality threatening international prosperity and stability today: corruption, money laundering and terrorism. Containing corruption is critical to reducing bloodshed, poverty, disease, and environmental degradation in developing countries. Corruption enables and relies upon money laundering and many other forms of financial crime to hide ill-gotten gains and opens the door to the support of terrorism. The key international instruments addressing these provisions will be introduced, as well as the main players setting standards in the area, the United States, the Organization for Economic Co-operation and Development (OECD), and the Financial Action Task Force (FATF) and other related organizations.
Anti-money laundering techniques, financial crime prevention and asset tracing are therefore critical not just to undermine international criminal enterprises such as the drug trade and human trafficking, but also to undercut global corruption and terrorism. This course examines both the criminal and civil mechanisms available to counter these crimes. Several speakers who are experienced experts in their fields will provide guest lectures during the course of the semester.

II. Materials

The primary book that will be used as the focal point of the class is Money Laundering: A Guide for Criminal Investigators Third Edition by John Madinger. This book is a guide that illustrates the methods, mechanisms, techniques and instruments to launder money, finance terrorism and commit financial crime. This publication offers information and sources that supports investigations of these heinous crimes.

In addition to this book, there will be other assigned readings for each week that will be available online. These materials will include primary source materials prepared by international organizations, expert practitioners and government agencies that will familiarize students with the same compliance and investigative tools used by the AML community.

Additional Supplemental Readings

Dirty Entanglements: Corruption, Crime, and Terrorism by Professor Louise Shelley

Trade-Based Money Laundering: The Next Frontier in International Money Laundering Enforcement by John Cassara

Treasury's War: The Unleashing of a New Era of Financial Warfare by Juan Zarate


III. Evaluation:

Students will be graded according to the following criteria:

Class attendance and participation: 20%
Writing Assignments: 20% (Three writing assignments based on related readings and class lecture with a maximum length of two pages/700 words)
Mid-Term Exam: 30% (Take-home exam to be distributed on October 14 and due by October 21)
Term Paper: 30% (Topic proposals due by October 9; Outline due on October 29)
IV. Policies:

Special Needs:
If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 993-2474. All academic accommodations must be arranged through the DRC.

Plagiarism
The profession of scholarship and the intellectual life of a university as well as the field of public policy inquiry depend fundamentally on a foundation of trust. Thus any act of plagiarism strikes at the heart of the meaning of the university and the purpose of the Schar School of Policy and Government. It constitutes a serious breach of professional ethics and it is unacceptable.

Plagiarism is the use of another’s words or ideas presented as one’s own. It includes, among other things, the use of specific words, ideas, or frameworks that are the product of another’s work. Honesty and thoroughness in citing sources is essential to professional accountability and personal responsibility. Appropriate citation is necessary so that arguments, evidence, and claims can be critically examined.

Plagiarism is wrong because of the injustice it does to the person whose ideas are stolen. But it is also wrong because it constitutes lying to one’s professional colleagues. From a prudential perspective, it is shortsighted and self-defeating, and it can ruin a professional career.

The faculty of the Schar School takes plagiarism seriously and has adopted a zero tolerance policy. Any plagiarized assignment will receive an automatic grade of “F.” This may lead to failure for the course, resulting in dismissal from the University. This dismissal will be noted on the student’s transcript. For foreign students who are on a university-sponsored visa (e.g. F-1, J-1 or J-2), dismissal also results in the revocation of their visa.

To help enforce the Schar School policy on plagiarism, all written work submitted in partial fulfillment of course or degree requirements must be available in electronic form so that it can be compared with electronic databases, as well as submitted to commercial services to which the School subscribes. Faculty may at any time submit student’s work without prior permission from the student. Individual instructors may require that written work be submitted in electronic as well as printed form. The Schar School policy on plagiarism is supplementary to the George Mason University Honor Code; it is not intended to replace it or substitute for it.
Class Schedule

August 27, 2018: Introduction to class

- Overview of the course
- International money flows: How money moves around the world and the role of the US dollar
- Introduction to money laundering, terrorism financing and corruption
- History of money laundering enforcement in the United States
- Introduction to the Bank Secrecy Act (BSA) and related federal money laundering statutes


Department Of Justice Seeks to Recover Over $100 Million Obtained From Corruption in the Nigerian Oil Industry [https://www.justice.gov/opa/pr/department-justice-seeks-recover-over-100-million-obtained-corruption-nigerian-oil-industry](https://www.justice.gov/opa/pr/department-justice-seeks-recover-over-100-million-obtained-corruption-nigerian-oil-industry)

*Money Laundering Text: Basic Concepts, pp. 1-10; Federal Money Laundering Statutes, pp. 23-37; Related Federal Statutes, pp. 57-61*
September 10, 2018: Introduction to Terrorism and Terrorism Financing
Discussion to include:

- The 9/11 terrorist attacks, several recent attacks and how they were carried out.
- How the financing of terrorist attacks occur.
- How financial investigations assist in the identification of the perpetrators and their associates.
- Rise of Foreign Fighters and how to detect.
- Other recent terrorist attacks and their financial footprints.

Materials:

The 9/11 Commission Report:

9/11 Commission Staff Monograph on Terrorist Financing, Sections 1, 2, and 4, appendix A
http://govinfo.library.unt.edu/911/staff_statements/index.htm

9/11 Commission Report, Section 5.4

9/11 Commission Staff Statement No. 16
http://govinfo.library.unt.edu/911/staff_statements/staff_statement_16.pdf


Money Laundering text: Chapter 24, pp. 279-295

September 17, 2018: Money Laundering Regulation and Typologies: Part I

- Overview of the regulatory framework of financial institutions in the United States.
- Overview of the USA PATRIOT ACT
- Overview of the Office of Foreign Assets Control (OFAC) and US Sanctions Programs
- Discussion of money laundering typologies
- Geographic targeting orders
Materials:
2015 National Money Laundering Risk Assessment
http://www.treasury.gov/resource-center/terrorist-illicit
finance/Documents/National%20Money%20Laundering%20Risk%20Assessment%20-%202015.pdf

IRS – Examples of Money-Laundering Investigations - Fiscal Year 2015 (read last 10 examples)

FATF Mutual Evaluation of the United States: 2016 (Executive Summary)
http://www.fatf-gafi.org/media/fatf/documents/reports/mer4/MER-United-States-2016-
Executive-Summary.pdf

Shelley, Louise. “Money Laundering into Real Estate,” in Convergence: Illicit Networks
and National Security in the Age of Globalization eds. Michael Miklaucic and Jacqueline
Brewer (Washington, D.C.: Center for Complex Operations, Institute for National Strategic

“A Global Review of Sanctioned Countries,” ACAMS Today,
https://www.acamstoday.org/global-review-sanctioned-countries/

“Carrots and Sticks…and Sanctions,” ACAMS Today,

“Facing the Challenge of Sanctions,” ACAMS Today,
https://www.acamstoday.org/facing-challenge-of-sanctions/

Money Laundering text: Chapter 4 pp. 39-45

September 24, 2018: Money Laundering Regulation and Typologies: Part II

• Continuation of topics from September 17 class.

October 1, 2018: The role of financial institutions in combating money laundering

• What is the role of financial institutions in combating money laundering and other financial
  crimes?
• How do financial institutions contribute to fighting money laundering?
• The Culture of Compliance and its impact on a strong compliance program
• Significant regulatory enforcement actions and prosecutions of financial institutions,
  including Riggs Bank, HSBC, US Bank and Rabobank

Materials:
U.S. Vulnerabilities to Money Laundering, Drugs, and Terrorist Financing: HSBC Case History, Senate Permanent Subcommittee on Investigations, Executive Summary

Report of the Senate Permanent Subcommittee of Investigations on Riggs Bank

United States Attorneys’ Bulletin, Money Laundering and Forfeiture (September 2013)

United States Attorneys’ Bulletin, Money Laundering (September 2007)
“Criminal Prosecution of Banks Under the Bank Secrecy Act” by Joseph & Roth

“How Corrupt Bankers Avoid Jail,” The New Yorker,

FinCEN Guidance on Culture of Compliance

US Deputy Attorney General Memo, Individual Accountability for Corporate Wrongdoing

“Crypto Exchange Bitfinex Hires Bank Financial Crimes Exec,” Bloomberg BNA,
https://www.bna.com/crypto-exchange-bitfinex-n57982092577/?amp=true&__twitter_impression=true

Money Laundering Text: Chapter 6 pp. 57-65

NOTE: The class that would normally meet on October 8 will meet on Tuesday, October 9

October 9, 2018: Second Discussion of Terrorism and Terrorism Financing

- Overview of international terrorism
- Understanding the terrorism landscape
- Evolution of terrorism
- Sources of terrorism financing

Materials:

State Department Country Reports on Terrorism 2016 (published in 2017) – Strategic Assessment:
https://www.state.gov/j/ct/rls/crt/2016/272228.htm


October 15, 2018: De-risking, Financial Access and other impacts of Risk Management

As financial institutions grapple with assessing their risk appetite, many entities can be harmed from decisions to cease banking relationships for fear of regulatory criticism.

This session will cover the impact on organizations that provide humanitarian support when there is difficult in gaining financial access from traditional institutions.

- How to conduct a risk assessment
- FATF Reports on Derisking
- World Bank/ACAMS project on financial access

Materials: (TBD)


October 22, 2018: International Cooperation and Standard Setting

- Barriers to information sharing

8
• Mutual Legal Assistance Treaties (MLATs)
• FinCEN: Sharing and exchange of financial information
• Informal International Cooperation
• Financial Action Task Force (FATF)

Materials:

United Nations Convention against Corruption,
http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf, preamble, articles 1, 6 (1), 8 (1) & (2), 13, 14 (1) (a), 20, 23 (1), 31 (1), 40, 43 (1), 46 (1), (3) and (8), 52, 54 (1), 55 (1) and (6)

United Nations Convention Against Transnational Organized Crime, articles 6 and 7,

FATF 40 recommendations

FATF Mutual Evaluation of the United States: 2016 (Executive Summary)

Basel committee recommendations
http://www.bis.org/bcbs/publ/d353.pdf

Money Laundering Text: Chapter 7, pp. 69-75

October 29, 2018: Money Laundering in Real Estate and Tax Evasion Practices

• In this class, we will have an overview of tax evasion and the subjects of bank secrecy and offshore tax havens.
• Panama Papers and the challenge of identifying beneficial ownership
• Real Estate misuse in the US, Canada and the UK

Materials:

https://www.justice.gov/opa/pr/ubs-enters-deferred-prosecution-agreement

https://www.justice.gov/sites/default/files/tax/legacy/2009/02/19/UBS_Signed Deferred Prosecution Agreement.pdf

UBS Strikes a Deal: The Recent Impact of Weakened Bank Secrecy on Swiss Banking, 14 N.C. Banking Institute, pages 436-466
http://scholarship.law.unc.edu/cgi/viewcontent.cgi?article=1292&context=ncbi
November 5, 2018: Introduction to Corruption and Anti-Corruption Laws

- The Foreign Corrupt Practices Act (FCPA)
- The UK Anti-Bribery Statute
- What is a PEP?
- Case studies: Riggs Bank/Obiang Case (Senate PSI Hearings)

Materials


Keeping Foreign Corruption out of the United States: Four Case Histories, Senate Permanent Subcommittee on Investigations
https://www.hsgac.senate.gov/subcommittees/investigations/hearings/-keeping-foreign-corruption-out-of-the-united-states-four-case-histories (link to report available on website in the top left panel)


“How Officials, Businesses and Traffickers Hide Billions From Cash-Starved Governments Offshore,” International Consortium of Investigative Journalists (ICIJ),

November 12, 2018: Introduction to Asset Forfeiture & Financial Investigations

In this class we will have an overview of the criminal and civil asset forfeiture statutes and case studies of how these statutes are used in cases involving money laundering, corruption and terrorism financing.

Materials:
November 26, 2018: Use of SARS

- SAR requirements and SAR/STR usefulness in investigations
- Crafting a narrative
- Case Studies

Materials:

FinCEN’s SAR Activity Review/SAR by the Numbers

Additional materials TBD

Money Laundering Text: Chapter 25

December 3, 2018: Cybercrime – the new frontier

- Bitcoin and crypto currencies
- Money laundering through virtual currency
- Using new technologies and the dark web to purchase tools of terrorism
- Counterfeits on the open and deep web as a means of threat finance

Materials:

ACAMS cyber and cryptocurrency articles:

“Cybersecurity: Nation-State Actors, Encrypted Cybercrimes and Man-in-the-Middle Attacks”

“The Human Side of Cyber Risk”

“Cybersecurity: Indicators of Compromise”
https://www.acamstoday.org/cybersecurity-indicators-of-compromise/

“Combating Cyber Fraud in Correspondent Banking”

“Stemming the Flow of Cybercrime Payments”
https://www.acamstoday.org/stemming-the-flow-of-cybercrime-payments/
“Cybersecurity and BSA/AML”
https://www.acamstoday.org/cybersecurity-and-bsaaml/

“An offer you can’t refuse?”

“The Blocktrain Has Left the Station”
https://www.acamstoday.org/the-blocktrain-has-left-the-station/