Improving the prevention of money laundering in the United Kingdom - a situational crime prevention approach.

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This thesis is submitted as partial fulfilment of the requirements for the award of the degree of Doctor of Criminal Justice of the University of Portsmouth.

May 2013
Declaration

I confirm that, except where indicated through the proper use of citations and references, this is my own original work. While registered as a candidate for the above degree, I have not been registered for any other research award. The results and conclusion embodied in this thesis are the work of the named candidate and have not been submitted for any other academic award.

Signed:

Nicholas J. Gilmour.

Date: 20th May 2013

Word count: 49972
Acknowledgements and dedication

Since 2009, I have pursued one of the most difficult challenges of my life - a professional doctorate in criminal justice. Nevertheless, I have not been alone. First and foremost, I would like to thank Professor Mark Button from the University of Portsmouth and Professor John Grieve from the London Metropolitan University for their continuing support and helpful comments during the writing of this thesis.

In terms of conducting the research for this thesis, I am indebted to a large number of people who together provided ideas, direction or agreed to be interviewed. Ironically because of the nature of this study, I must acknowledge these people, especially the interviewees anonymously despite their comments making the greatest contribution.

Last but by no means least, I would like to thank my wife Tracey and our two children Joshua and Olivia who have remained extremely patient throughout, especially the last two years. Their support has helped provide a true perspective on my undertaking of academic research.
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<td>AML</td>
<td>Anti money laundering</td>
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<tr>
<td>CIB</td>
<td>Cash intensive businesses</td>
</tr>
<tr>
<td>HMRC</td>
<td>Her Majesty’s Revenue &amp; Customs</td>
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<tr>
<td>MLRO</td>
<td>Money laundering reporting officer</td>
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<td>PHVPC</td>
<td>Purchasing of high value portable commodities</td>
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<td>PoCA</td>
<td>Proceeds of Crime Act (2002)</td>
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<tr>
<td>FIU</td>
<td>Financial Intelligence Unit</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>Financial Action Task Force</td>
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Abstract

Over the last 30 years, two distinct changes have taken place, almost in parallel and without any apparent association. Introduced in the 1970s by the United Kingdom’s Home Office Research Unit (now Research and Planning Unit) as a pre-emptive approach and carrying opportunity-reducing measures, situational crime prevention has grown in popularity as an approach to preventing crime, backed by many successful research studies. At the same time, largely following the introduction of the Drug Trafficking Offences Act 1986 and more recent legislation such as the Proceeds of Crime Act 2002, money laundering has proven a formidable target for law enforcement activities.

The aim of this research study was to build upon the continuing interest around the applicability of situational crime prevention to tackle many forms of crime, including organised crimes. Using money laundering as the specific crime type, this study focused on two specific methods, namely cash intensive businesses and the purchasing of high value portable commodities to determine whether situational crime prevention could improve or enhance current preventative measures within the United Kingdom.

Utilising an action research approach similar to that used in previous studies, the research findings found that although capable of contributing to the wider understanding of potential preventative measures for both methods of money laundering, the scope of situational crime prevention has extended away from the original crimes through which it was designed to confront. While many possible techniques for situational prevention are still available, the ability to ensure successful implementation, continuous assessment and analysis is now somewhat problematic.

While the research findings conclude money launderers generally behave in accordance with the theoretical models that underpin situational crime prevention, namely rational choice theory and routine activity theory, the desire to ensure money laundering remains achievable leads to a point in which preventative measures remain less appropriate across the scope of exploitable opportunities.
CHAPTER 1: Introduction

“Half of all organised crime groups are involved in more than one type of crime. Most organised crime groups are involved with money laundering to make their money appear legitimate” (HM Govt, 2011)

Initial indications suggest the criminal’s obsession with the cleansing of illicit funds has surpassed legitimate attempts to mitigate the risk of money laundering. As mass compliance and global regulatory programmes continue to materialise, serving only to influence the business, financial and legislative sectors, few measures now seemingly exist capable of successfully reducing money laundering. Likewise, for law enforcement agencies around the world, effort towards the reduction of money laundering has become one of the focal points surrounding the fight against organised crime (SOCA, 2010; Europol, 2011; OCTF 2011; Interpol, 2012a).

Despite the growth of money laundering in terms of size and scope, essentially supported by the criminal’s ability to move fast in new markets to sustain the laundering of illicit profits, corresponding crime prevention techniques have progressed in an attempt to minimise the gap between prevention and criminal achievement. Originally developed in the 1970s to tackle street crimes, situational crime prevention is now regarded as an appropriate method for the prevention of serious crime types, including: organised crimes (Bullock, Clarke & Tilley, 2010), terrorism (Clarke, 2009) and fraud (Smith et al., 2011). Despite the evolution of many of these crimes, the appropriateness of situational crime prevention has apparently maintained equivalent momentum, strengthening suggestions situational crime prevention can be equally appropriate in the prevention of money laundering.

1.1 Object of the study

Money laundering remains a problem for which there is no foreseeable solution, despite advances in technology having improved detection within the financial sector. Nevertheless, technological enhancements have also increased opportunities through which to exploit existing and novel vulnerabilities. With an ever-increasing variety of locations from which to perform money laundering, an intolerable situation for law enforcement and governments across the globe has evolved, thanks to enhanced Internet access. Amid estimates suggesting 95% of all crime is committed for profit (McDonald, 2001), a new way of creative thinking towards achievable preventive solutions has sought to further understand the applicability of social and environmental facilitators capable of directly stimulating crime, rather than an exclusive reliance on enforcement practices (Goldstein, 1990).

The purpose of this study is to identify whether a systematic application of situational crime prevention could invigorate and enhance current UK money laundering preventive methods. The study advances knowledge surrounding situational crime prevention, at the same time improving understanding on the nature of the money laundering environment in the UK, with particular reference to money laundering
through cash intensive businesses and the purchasing of high value portable commodities. Findings will also focus on supporting regulatory and enforcement agencies in the allocation of resources to prioritised risks based upon empirical assessment. By identifying potential scope for the application of techniques for situational prevention, something never before completed in this context, this study also identifies the appropriateness of situational crime prevention against other methods of money laundering.

1.2 Rationale

The global implementation of incentivised anti money laundering (AML) policies and regulatory guidelines (Unger & den Hertog, 2012) continues to achieve noticeable progress, despite many challenges. Increased opportunities to launder illicit funds has expanded determination by policy makers and regulators, sponsored by empirical research (Ferwerda, 2009), to implement policies and regulations capable of overcoming the ambitions and imagination of the determined money launderer. Yet money launderers have seized upon advances in technology and previously ignored opportunities, making money laundering less complicated and remarkably quicker. As diminishing financial budgets continue to overwhelm the business and financial sector, particularly those with responsibility for the prevention of money laundering, the innovative capacity to guarantee systems capable of effectively preventing or identifying money laundering activities may no longer exist. With few alternatives available, money laundering remains in effect the pinnacle of all organised crimes and almost certainly, the ‘Achilles heel of criminal activity’ (FATF, 2012b). This superiority within a noticeable ‘crime hierarchy’ also signifies the point in which organised criminal groups and criminals are at their most vulnerable to detection by law enforcement (McDonald, 2001).

AML programmes are now an obligation among financial institutions to prevent and detect the activities associated with money laundering. Yet, these activities provide a unique set of challenges, which in turn have created substantial implementation and continuing financial costs imposed through risk perceptions and the fear of reputational damage. Acknowledged as an intellectual problem, AML efforts require processes sufficiently flexible to deal with new money laundering opportunities, as offenders react to overcome regulations, compliance and targeted law enforcement activities. Money laundering remains an obscure process in which methods, tools and rationale remain decided only by the circumstances at the time the offence is committed. This has led to the prevention or detection of money laundering no longer concluding in the catching of criminals and sending them to prison. Instead, because the scope of money laundering is now so immense, a holistic approach capable of adding new knowledge to current risk management strategies based upon following those involved in money laundering has become a more appropriate consideration. After all, people move slower than illicit money, but only following its insertion within the global financial system.

Despite the implementation of AML regulations, guidance and obligations, the impact on crime and criminal groups has been somewhat limited. Criminals continue to exploit opportunities when the perceived benefits outweigh the costs (Cornish & Clarke, 1986). For these reasons alone, there remains a need to assess the applicability and successfulness of current crime prevention methods, no matter what
method of application, given the expansion of money laundering and organised crime. With recognised preventive and investigative efforts remaining focused on specific methods of money laundering unsupported by evidence, and risk-based approaches seemingly to only benefit the compliance sector, further progress towards preventing money laundering remains unlikely, despite possibilities to pre-empt criminal behaviour. No longer do money launderers simply favour the familiar methods of smurfing (Nixon 2000), remittance services and private banking through shell companies. The availability of the Internet has increased available possibilities for laundering illicit funds, especially for transnational criminal groups by increasing access and opportunities. As these factors continue to cultivate, the direction of AML efforts indicates further uncertainty, suggesting the time has come to reassess where AML efforts are heading, analyse previous failures and assess whether techniques for situational prevention could be implemented. Methods that do currently exist remain through the understanding intervention is far more cost effective than investigation and prosecution (Geason & Wilson, 1988, p. 1). However, no longer is it appropriate to rely solely upon enforcement practices (Goldstein, 1990). While the landscape presented by organised crime continues to remain difficult for law enforcement agencies set on a game plan of arrest and enforcement (Felson, 2002; 2006), little effect on reducing rates or patterns of serious crime (Tonry & Farrington, 1995) is likely to occur.

A growing interest in the application of situational crime prevention, supported in many cases by empirical evidence of successes against varying types of crime has continued. Examples of situational crime prevention studies include residential burglary (Cromwell et al., 1991; Wright; Logie & Decker, 1995), robbery (Walsh, 1986) and organised crime (Cornish & Clarke, 2002; Felson, 2006; Bullock, Clarke & Tilley, 2010). Together, these studies indicate how money laundering may now be another appropriate choice for its application. As organised crime and money launderers continue to survive quite healthy amidst current preventive models, the identification of new realistic approaches remains a necessity, given ‘successful crime control methods eventually weaken as offenders learn to circumvent them’ (Ekblom, 2003, p. 241). Therefore, the introduction of more appropriate crime prevention techniques using a systematic application of situational crime prevention could complement current law enforcement, policy and legislative approaches (Tonry & Farrington, 1995). As previous research has identified, reduction in crime has been possible by implementing techniques for situational prevention, however, success has typically relied on the ability to understand ‘what will work for whom and how in what circumstances’ (Tilley, 2009, p. 186), something only judged possible by thoroughly understanding the specific crime.

1.3 Key definitions

Various definitions describe ‘money laundering’. Many of the popular definitions originate from decisions by international bodies to strengthen support for legislative change and increase procedural understanding. One of the most prominent definitions of money laundering introduced, was that by the United Nations, which took its grounding from the Single Convention on Narcotic Drugs (UN, 1961) and the Convention on Psychotropic Substances (UN, 1971). As a pivotal role in achieving multilateral
agreements to combat money laundering and predicate offences, the UN introduced the definition through the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (UN, 1988) under Article 6, which outlined the criminalisation of the laundering of proceeds of crime, through the flowing definition:

‘The conversion or transfer of property, knowing that such property is derived from [an] offence... for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such and offence ... to evade the legal consequences of his actions;

• The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from and offence
• The acquisition, possession, or use of property, knowing, at the time or receipt, that such property was derived from an offence…’

A list of measures to combat money laundering outlined in Article 7 of the Palermo Convention in 2000, titled The United Nations Convention against Transnational Organized Crime enhanced the definition even further. In 1995, the Interpol General Assembly defined and adopted a working definition of money laundering, identifying it as:

• ‘Any act or attempted act to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources’.

To complicate matters even further, the Financial Action Task Force (FATF) – a global organisation having responsibility for instigating global money laundering and the financing of terrorism preventive methods (of which the UK is an active member), has defined money laundering as:

• The conversion or transfer of property, knowing it is derived from a criminal offense, for the purpose of concealing or disguising its illicit origin, or assisting any person who is involved in the commission of the crime to evade the legal consequences of his or her actions.
• The concealment or disguising of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that it is derived from a criminal offense.
• The acquisition, possession, or use of property, knowing at the time of its receipt that it was derived from a criminal offense or from participation in a crime.

Closer to home, UK legislation relating to money laundering, namely the Proceeds of Crime Act (2002) has pronounced money laundering (a definition which amounts to an ‘all offences’ definition that surpasses that provided by the Third Direction') as:

• ‘An act which constitutes an offence under S.327, 328 and 329 or a conspiracy or attempt to commit such an offence. Money laundering includes counselling, aiding or abetting or procuring’

1 The 3rd Anti-Money Laundering Directive sets out a framework designed to protect financial systems against the risks of money laundering and terrorist financing. Largely it is based on international standards adopted by the Financial Action Task Force (FATF).
Under the Proceeds of Crime Act, the Crown is obliged to prove beyond reasonable doubt the laundered proceeds are ‘criminal property’ as defined in S.340 of the Act; that is to say the property constitutes a person’s benefit from criminal conduct. Criminal property therefore includes:

- Money
- All forms of property or real estate
- Things in action and other intangible or incorporeal property

While all of these definitions appear relevant for this research project, the main legislative definition to which the UK legal systems had adopted remains the most appropriate. The decision to use the UK legislative definition assisted in two specific areas. The first was that it supported understanding of how and why money laundering is undertaken through the two methods with which this research study focused on, and secondly it enabled a more appropriate assessment of any potential techniques for situational prevention against current AML efforts.

1.4 Plan of the thesis

The main purpose of this research study was to test the applicability of situational crime prevention against two methods of money laundering undertaken within the UK. Therefore, a direct alignment between this thesis and the first three situational crime prevention methodological steps suggested by Clarke (1997) when undertaking action research was adopted. Clarke (1997) identified these three initial steps as collecting data, analysing conditions and identifying preventive methods. In response, this thesis involved four key stages, described as:

1. Gaining a thorough understanding of the crime script for both methods of money laundering;
2. The identification of situational and environmental factors, along with enablers and facilitators associated with each method;
3. The identification and analysis of current techniques for situational prevention directed towards prevention to recognise the viability of current AML methods, and
4. The identification of possible techniques for situational prevention.

Using these four key stages as a guide, Chapter 2 presents a theoretical explanation and critical assessment of situational crime prevention before leading on to Chapter 3, which describes the scale, processes involved and the known methods used to perform money laundering within the UK. Chapter 4 explains the approach and the methods used to carry out this research project and potential problems associated with research focused on money laundering. In Chapter 5, research data on each of the two methods of money laundering is analysed to provide explanations as to the methods used, the known facilitating factors and the situational factors that exist within the immediate environment surrounding both methods. Chapter 6 identifies from the research carried out, potential situational crime prevention techniques before a final review and overall assessment in Chapter 7, on the applicability of situational...
crime prevention towards the prevention of UK based money laundering through cash intensive businesses and the purchasing of high value portable commodities.
Chapter 2 identifies and discusses the various theoretical perspectives having contributed to the increase in crime reduction initiatives over the last 30 years (Pease, 2002; Gilling, 2007), identifying how modern day preventive strategies have altered the focus from cure to prevention and from offenders to offences (Garland, 2001; Crawford, 2007). Although ‘no one approach to crime prevention or underlying theory of intervention is more superior to another’ (UNODC, 2010, p. 15), crime prevention theories have enabled analysts to explain in detail a process, or sequence of events more clearly. Such theories have removed real world complexities by providing a linguistic tool to organise understanding (Gottschalk, 2010). Capable of identifying why crimes occur, theories have also assisted in identifying deliberate and potential intervention strategies, enabling the prevention and reduction of specific crime types (Tilley, 2005) by altering a situation in some way as to cause potential offenders to be ‘persuaded not to commit a crime’ (The Swedish National Council for Crime Prevention, 2005, p. 20).

The first part of this chapter explores the available literature surrounding theoretical models offered as an explanation of how offenders interact with the settings in which a crime can occur. Following an assessment of these criminological approaches, the chapter then focuses on situational crime prevention and its applicability for addressing organised crimes. Included is an explanation of the 25 techniques of situational prevention and the concerns surrounding situational crime prevention, helping to provide a critical analysis of the available data.

2.1 Environmental Criminology

Environmental criminology is different from standard criminology in that it attempts to identify the how rather than the why crimes occur. Environmental criminologists Brantingham & Brantingham describe environmental criminology as the study of the fourth dimension, ‘the study of where and when crimes occur’ (Hopkins-Burke, 2009, p. 231). Where environmental criminology makes real ground, is in its focus towards understanding the social characteristics of the crime environment and the impact and influence they have as a collective on the offender’s decision-making process (Clarke, 1997). By studying where and when crimes occur, how opportunities vary in space and time (Braga, 2008), and placing emphasis on crime prevention, environmental criminology explains through academic study the role of the environment surrounding the offender and how it is possible to shape their behaviour, focusing on conditions which can be altered to reduce further opportunities for offending (Tilley, 2005). A significant benefit of environmental criminology is that it focuses on the crime rather than the offender, focusing collectively on behaviour tendencies and not the behaviour itself.

Underpinning environmental criminology are three descriptive theories: rational choice theory (Cornish & Clarke, 1986), crime pattern theory (Brantingham & Brantingham, 1993) and routine activity theory (Cohen & Felson, 1979). These theories combine to guide policy makers and practitioners towards ‘what could be expected to produce preventive benefits in unfamiliar surroundings’ (Tilley, 2009, p. 3).
Routine activity theory and rational choice theory increase understanding of the ever-changing environments surrounding all but the simplest of crimes, including variations between locations. These theories focus on clarifying influential elements relating to the actual offence, thus suggesting an offender will typically make an informed decision based upon knowledge obtained through their awareness of space (Brantingham & Brantingham, 1991). Offenders have become recognised as just one element, which along with victims, witnesses and particular environmental factors, influence the likelihood of a crime occurring. Consequently, the influence of environmental factors by themselves, proposes an argument that not all crimes distribute evenly across time or space, instead also occurring at particular places and at precise times (Finney, 2004).

Environmental criminology has provided significant ‘rich’ information about the motives and methods of the offender, following interviews with offenders and the analysis of crime patterns to inform crime-mapping exercises that have become a focal point to the work of the police service over the past 30 years (Hopkins-Burke, 2009). Acknowledged as invaluable in determining counter measures (Clarke, 1997), this work has expanded the scope of understanding and an ability to identify how criminals routine work and leisure pursuits influence the areas they choose to commit crime (Brantingham & Brantingham, 1991). Although environmental criminology makes assumptions about how potential offenders make decisions, it continues to be instrumental in helping to understand opportunities to prevent and reduce crime. The difficulty, however, for environmental criminological theories is that changes in the real environment can occur almost instantaneously because of ‘...new motivations, new opportunities, new methods and new crime types...’ (Tilley, 2009, p. 3), leaving previous understanding out dated.

2.2 Routine activity theory

In 1979, Cohen and Felson introduced routine activity theory with the purpose of removing speculation as to why an offender was motivated to commit a ‘traditional’ crime such as burglary or minor theft following a post war increase in crime (Clarke, 1997). Later on, it occurred people also choose to offend if they were motivated to attack a target, had the right kind of target to attack, and the target lacked a suitable guardian (Cohen & Felson, 1979). Offending could further increase if potential offenders and suitable targets came together more frequently, enabling them to judge the level of guardianship in existence. From the beginning, routine activity theory became recognised as dissimilar from most other criminological theories resulting from its lack of interest in the offender or the speculative reasons why the offender committed a particular crime (Clarke, 1997), focusing instead towards the characteristics of the crime (Clarke, 1995).

Adopted as a ‘macro’ theory, routine activity theory sought to explain how changes in society could openly expand or reduce opportunities for crime, with such opportunities typically decided upon by the supply of a suitable target and the unavailability of a capable guardian (Tilley, 2005). By representing the three elements within a representational ‘crime triangle’ (Figure 2-1) first illustrated by Cohen & Felson (1979), it is possible to understand how the simultaneous convergence of these three elements (a motivated offender, a suitable target, and the absence of capable guardians) in space and time can
facilitate crime. These three elements are instrumental in helping determine when and where particular types of persons might be more likely to fall victim to crime. By extending preventive options to direct attention towards a characteristic of one of the three essential elements, it is possible to deflect a potential offender, which Clarke (1992) recognizes and demonstrates as ‘a distinct technique of situational prevention’ (Clarke, 1997, p. 12).

Building upon the three principles within the crime triangle, Felson (1986) later added ‘people’ – those who have an emotional link to the potential offender, labeling them ‘handlers’, and suggesting an offender is essentially hesitant to commit a crime in their presence. Felson indicated the handler could be a teacher, parent or friend and took his thoughts from Hirschi (1969) who had previously proposed a fourth element for predatory crimes, ‘the intimate handler’, indicating someone who knows the likely offender well-enough to influence or pressure them into not committing the crime.

Accepting people choose to commit crime; Clarke (1992) further enhanced the contribution of routine activity theory by introducing a fifth element, which he referred to as ‘crime facilitators’. Clarke described example facilitators as ‘automobiles, credit cards and weapons comprising the essential tools for particular forms of crime’ (Clarke, 1997, p. 12). Eck (1995) also added to routine activity theory by including three more elements to help understand the crime event and shift the focus of routine activity theory to the macro-level by expanding routine activity into six sub theories titled targets, guardians, offenders, handlers, places, and managers. Eck argued each of the sub theories functioned systematically to form a theory encompassing macro-level implications leaving the handler and manager to represent people who could control the initial inner elements of the original crime triangle (Clarke & Eck, 2007).

Through a combination of the work by Cohen and Felson (1979) and Eck (1995) routine activity theory offers both macro and micro options for reducing crime, particularly acquisitive crime by providing protection and removing the motivation and the target, instead of trying to eliminate or remove motivated offenders. Like many theories, routine activity theory is not without criticism. Prominent discussions suggest routine activity theory should instead focus on ‘a sufficiently likely offender, a suitable enough target and the absence of sufficiently credible guardianship in order for it to overcome the use of dummy cameras and CCTV’ (Tilley, 2009, p. 120).

While similar theories have evolved not necessarily with crime prevention in mind (Tilley, 2009), routine
activity theory continues to provide an objective analysis of spatial and temporal variation in crime patterns by avoiding speculation about the source of the offender’s motivation, and demonstrating changes to routine activities of a potential offender. Routine activity theory is able to account for the complex variation in criminal careers rather than simply explaining why crime happens at some locations and not others (Sherman, 1995, p. 39). For instance, using routine activity theory research to understand drug markets has demonstrated ‘the best drug sales areas are those where both buyer and seller already conduct legitimate routine activities’ (Felson, 2006a, p. 11). However, crimes that take part in a physical environment occupied by both the victim and offender, suggest either routine activities theory is limited to place-based crimes or needs further revision as in the case with cyber stalking and victimisation (Henson & Fisher, 2011).

2.3 Rational Choice Theory

Rational choice theory is one of three prominent crime pattern theories that have become influential in defining the theoretical foundation of situational crime prevention (Clarke & Cornish, 1985, Cornish & Clarke, 1989, Clarke & Cornish, 2000). Originally pioneered by sociologist George Homans, rational choice theory provides the basic structure for exchange theory grounded on assumptions drawn from psychology behavioral studies. During the 1960s and 1970s, Homans (1961) extended the original framework into a more formal model for the prevention of crime, helping to suggest individuals consciously and deliberately choose criminal behaviour of their own free will.

Generally, rational choice theory focuses on the ‘micro-level’ in which emphasis is on explanations of crime at the individual level or at the actual location of the crime, including types of people, individuals and their interpersonal interactions, and the decision-making process of potential offenders (Chiu, Leclerc & Townsley, 2011). While traditional criminology suggests a criminals conditioning along with the environment in which they live, work and socialise drives an individual to commit crime, rational choice theory focuses on the ‘careful thinking and sensible decisions’ (Felson, 1993, p. 1497) made by the criminal. This theory also suggests criminal’s follow an identifiable cost-benefit analysis (Becker, 1968; Clarke, 1997), displaying preferences for easy, rewarding, and safe crimes (Cornish & Clarke, 1987), taking into account risk, effort and potential rewards (Tilley, 2009). Since crime is never a random event and people remain predictable in their habits and behaviours (Hobbs et al., 2005), offenders typically offend on a voluntary basis. In certain circumstances, however, an offender can inadvertently become persuaded into crime because of intelligence, upbringing, peer pressure or vulnerability surrounding a target (Wortley, 2011).

Rational choice theory rationalises the criminals decisions based on a crime-cost benefit analysis. When understood, rational choice theory can deter and prevent a potential offender’s decision-making surrounding a ‘deliberate and purposive’ (Willson & Backhouse, 2006, p. 10) criminal act. By manipulating the crime and altering the cost benefit, the opportunity for committing a crime can become far less attractive. As a crime prevention tool, rational choice theory demonstrates how potential offenders rarely choose targets completely at random, instead demonstrating how careful deliberation
takes place as to whether to commit a particular offence (Ainsworth, 2002). Nevertheless, this decision does not have to necessarily be objectively logical. Rational choices made by the criminal can easily vary from crime to crime. Such rewards in most instances are offender specific, increasing the variance of decision-making scenarios and suggesting further rewards are subjective to the offender’s circumstances. The decisions made by the criminal are, according to Clarke & Cornish (1986), similar to the decisions made by many normal people. Rational choice theory assumes crime is deliberate and purposive and those who commit it do so with intention based on objective assessment of the benefits and risk. Reality, however, is many criminals are likely to be poor processors of information and instead pursue what they perceive as the most satisfying and rewarding criminal act at a particular point in time, signifying how impulses, feelings and emotions can have an influence on human actions. Therefore, to understand how and why people commit crime we must address crime and deviant behaviour by way of the emotional aspect (Frazier & Meisenhelder, 1985). Nevertheless, theorists of rational choice claim ‘that regardless of whether an action is perfectly rational, partly rational, or wholly non-rational, it is always rational from the perspective of the offender’ (Tierney, 2009, p. 13) suggesting the criminal is always right in what they think before or during the commission of a crime.

The importance of rational choice theory as a method for illustrating an offender’s decision-making process in both their involvement and event decisions remains illustrated by many examples, such as residential burglary (Cromwell et al., 1991; Wright, Logie & Decker, 1995), robbery (Walsh, 1986) and shoplifting (Carroll & Weaver, 1986) to name but a few. The evidence provided by rational choice theory studies has also organised information enabling individual studies to create general benefits and assist crime analysis (Clarke, 1997). Still, rational choice theory is not completely free of critical scrutiny. Concurring arguments suggest it represents a separate theory that is too individualistic, and fails to take into account any of the social and environment aspects surrounding the offender because of its focus towards the micro level. Furthermore, to be effective, rational choice theory requires a retrospective approach to crime fighting, a somewhat subjective assessment that rationalises events considered the most recent, while making assumptions on the characteristics of a criminal opportunity.

### 2.4 Crime Script Theory

Crime script theory provides the conceptual tool kit of situational crime prevention (Cornish, 1994; Cornish & Clarke, 2002) by encouraging the capture of complexities surrounding intricate forms of crime (Levi & Maguire, 2004) and by building upon scripts originally developed within cognitive psychology (Cornish, 1994). Through the dismantling of crimes, crime scripts provide understanding of the temporary and permanent opportunity enabling characteristics throughout the entire crime commission. Developed by Derek Cornish, crime commission scripts allow for the arrangement of the known steps taken during the commission of a crime. This ‘script theoretic approach’ (Cornish 1994, p. 160) establishes knowledge about specific procedural aspects and procedural requirements of a crime. By creating functional, spatial and temporal defined events, in sequential order, crime scripts also allow crimes to present evidence identifying potential ‘webs of interconnected criminal events’ (Cornish &
Clarke, 2002, p. 51) and the dependencies of later sequences.

Crime scripts offer a useful methodology for working out ways to reduce crime (Cornish 1994; Cornish & Clarke, 2002). Several templates and processes developed since the initial introduction, now offer ways to clearly understand crime events. An example by Brantingham & Brantingham (1984; 1993) provided a template aimed at studying the journey taken and how offenders identify potential targets. A later method attempting to break down criminal events into a three stage sequence was proposed by Sacco & Kennedy (2008) and included the need to identify precursors, transactions and aftermaths to determine structural factors and a consideration of how the interaction of the two groups (or individuals) leads or does not lead to violence (Sacco & Kennedy, 2008). Script determination on the other hand (Bullock, Clarke & Tilley, 2010) illustrates a slightly distinct model involving three parallel processes that analyse the crime process in relation to more serious crime types. This process identifies interaction between players but increases the focus of the interaction between participants and crimes facilitating parts or segments of the crime under evaluation.

With criminals remaining flexible in the way they undertake criminal activities, crime scripts according to Cornish (1994) remain inapplicable based upon analytical assessments of fragmented information. To overcome this, script analysis has inadvertently and possibly inappropriately assumed ‘the routinisation of criminal acts’ (Bullock, Clarke & Tilley, 2010, p. 173), suggesting while specific characteristics might be evident in individual offences, and overall crime types will depict generalizations and common characteristics. Characteristics and generalizations can focus the implementation of a range of possible intervention points at each step of the crime commission (Leclerc, Wortley & Smallbone, 2011), by identifying participants, equipment, locations and the activities considered necessary.

Crime scripts furthermore provide a useful analytic tool to identify the behavioural routines of offenders. The analytical level of generality of the script is dividable into four levels: meta-script, proto-script, script, and script tracks (Poonamallee, 2009). Drawing upon the routine activity theory initially used as a theoretical framework underpinning situational crime prevention, the script approach determines ‘behavioural routines in the service of rational, purposive, goal-oriented action’ (Cornish, 1994, p 159) and captures the routine yet flexible and responsive nature of criminal decision-making (Brantingham & Brantingham, 1984; Clarke & Cornish, 1985). However, approaching analysis of a crime using crime scripts becomes significantly more difficult when the script relates directly to organised-crimes, since it remains almost impossible to reduce organised crime analytically to one particular point in time and space, because of constraints appropriate to certain roles (Morselli & Roy, 2008). Such ideas have therefore left Cornish & Clarke (2002) virtually alone in suggesting the appropriateness of crime scripts to anything other than low level offending, since the crime script approach also requires identifying both tactical and logistical actions in which individual events should analytically map out any immediate causal preconditions needed before an event can occur. Consequently, intervention in these preconditions can reduce the opportunities for the events to take place by interfering at weak points within the crime commission process (Levi & Maguire, 2004).
2.5 Situational Crime Prevention

Often understood more as a ‘perspective and pragmatic approach to dealing with crime problems, rather than a criminology theory’ (Von Lampe, 2011, p. 147), situational crime prevention has assisted in crime policy and research development. Considered previously as one of the fastest-growing techniques of crime control (O’Malley, 1992), the application of situational crime prevention has been successful across many serious crime types (Ede, 2000) supporting claims situational crime prevention represents the ‘most efficient and cost-effective approach to current crime problems’ (Mayhew et al., 1976; Clarke, 1983, 1992; Brantingham & Brantingham, 1995). Similar to routine activity theory and rational choice theory, situational crime prevention focuses on the crime setting rather than those who commit crime (Ede, 2000, p. 98), reflecting an approach considered pragmatic in changing risks judged most readily manipulable (Levi & Maguire, 2004), using micro rather than ‘expensive macro level socio-political interventions’ (Hayward, 2007, p. 235). Through the identification of highly specific forms of crime (Clarke, 1995) and a ‘compulsory analysis of the circumstances’ (Clarke, 1997, p. 4), situational crime prevention focuses on identifying techniques capable of altering the immediate environment (Shukla & Bartgis, 2010) in one or more ways to facilitate the reduction of opportunities.

A major theoretical assumption of situational crime prevention is the presence of facilitating situational factors capable of determining the level of crime (Tilley, 2012). This assumption, underpinned by the rational choice perspective, distinguishes the decision process criminals undertake both before and during a criminal act (Cornish & Clarke, 1986; Clarke, 1992; Clarke & Felson, 1993; Cornish, 1994). Therefore, the technique which situational crime prevention typically identifies involves the ‘management, design or manipulation of the immediate environment in as systematic and permanent way as possible’ (Geason & Wilson, 1988, p. 5). Furthermore, situational crime prevention assumes individuals take note of the environment around them, altering their behaviour accordingly. Criminals may also intentionally restrict their behaviour where an environment is no longer hospitable (Clarke & Newman, 2007b).

To manipulate the immediate environment in as systematic and permanent way as possible, situational crime prevention requires a detailed understanding of the local conditions associated with various forms of criminal activity (Ainsworth, 2002). Scepticism among criminologists suggests, however, situational crime prevention will never effectively prevent crime, while it ignores the psychological factors relating to upbringing, social background and economic circumstances that underline many types of crime. Although theoretically accurate, focusing on prevention rather than characteristics of a criminal (AIC, 2003), situational crime preventions past successes include many serious crimes as shown in Figure 2-2, despite suggestions it is too focused on street level crime and not crimes occurring in private or labeled sexual assaults (Stanko, 1990).

Situational crime prevention is most effective when applied to ‘highly specific forms of crime’ (Clarke, 1997, p. 2) enabling it to directly confront the facilitating environment. It also overlooks the necessity to identify potential offenders, instead introducing attempts to constrain the potential criminal actions of
everyone, not just potential criminals (Cornish, 1994). Conversely, success is only possible if ‘an on
going permanent process of environmental scanning and risk analysis, reviewing the opportunities... for

Doubts about the intentions behind situational crime prevention continue, suggesting it protects
individuals and agencies rather than helping to reduce crime rates (Clarke, 1997). Designed as a
representation of a pre-emptive crime preventative approach, situational crime prevention requires
sufficient crimes to have occurred to understand appropriate and applicable preventive intervention
points. In addition, Clarke and Newman (2007b) assert ‘one of the serious shortcomings of situational
crime prevention never recognized by its critics is that it depends for its success on getting enough
control over particular environments or situations so they may be changed’ (Clarke; Newman, 2007b, p.
66). With each measure provoking an equal and opposite measure to counter it, Young (1994) concludes
situational crime prevention is therefore unable to prevent crime, suggesting instead that it can only
increase the likelihood of detection.

Figure 2-2: Timeline depicting situational crime prevention studies

With each measure provoking an equal and opposite measure to counter it, Young (1994) concludes
situational crime prevention is therefore unable to prevent crime, suggesting instead that it can only
increase the likelihood of detection.

25
In attempting to influence criminogenic situations and make 'the price of committing offences too high for potential offenders' (The Swedish National Council for Crime Prevention, 2005, p. 24), situational crime prevention has introduced a series of 25 techniques of situational prevention across five main themes (table 2-1). Techniques for intervention alter the opportunity environment surrounding the specific situation and the rational choices potential offenders make. However, not every crime reduction approach is capable of being grounded on situational principles, a mixture of methods targeting the offender while protecting the victim can also be required (Levi & Maguire, 2004).

The boundaries in relation to traditional categories of primary, secondary or tertiary prevention (Pease, 2002) have become somewhat blurred with the addition of crime prevention partners. There are also suggestions indicating situational crime prevention requires significant modification before it can be holistically applied, and how situational crime prevention 'will have a limited lifespan of effectiveness, making it difficult to understand the actual value for money' (Ekblom & Pease, 1995, p. 603). Grabosky (1996) identified criminals can sometimes feel provoked, become frustrated and turn to violence because of the application of opportunity-reducing techniques. Doubts also exist surrounding the appropriateness of situational crime prevention towards crimes involving violence (Trasler, 1986); suggesting situational crime prevention is actually limited when used against expressive crimes (Trasler, 1993; Hayward, 2007).

Displacement remains the most damaging consequence of situational crime prevention (Reppetto, 1976; Smith, 2009), particularly amid those who object to its founding theoretical principles. Considered an unavoidable result from the application of techniques for situational prevention, critics have suggested by preventing the individual from committing a crime, determined people will go elsewhere, alter the way a crime is committed or choose an alternative crime (Clarke, 1992). Empirical studies, however, have found little evidence of actual displacement having occurred (Clarke, 1997). According to Hesseling (1994), most critics tend to base their viewpoints more on theoretical assumptions rather than on the actual research. Of the five forms of displacement initially identified by Reppetto (1976) (temporal,

<table>
<thead>
<tr>
<th>Technique</th>
<th>Increase effort</th>
<th>Increase risk</th>
<th>Reduce rewards</th>
<th>Reduce provocations</th>
<th>Remove excuses</th>
</tr>
</thead>
</table>

Table 2-1: 25 Techniques of situational prevention (Cornish & Clarke, 2003)
tactical, territorial, target, functional) Barr and Pease (1990) later added a 6th category called perpetrator displacement, formed on the assumption offenders are similar to predatory animals (Eck, 1998). Regardless of concerns surrounding displacement, generally it is still untested in respect of serious crimes, such as white-collar crime; the main reasons since unlike street level crimes; alternative crimes and an abundance of victims are not necessarily viable. An elimination of easy opportunities also discourages further criminal activities, with many criminals not required or prepared to maintain a certain level of offending (Clarke, 1997).

The application of situational crime prevention has led to suggestions it also creates a fortress society (Davis, 1990; Clarke, 1995) within which displeasing physical security measures exist in parallel with ‘a big brother society in which everyone is stopped from breaking the law before they can even think about it’ (Newman, 2007, p65). Civil liberties accordingly continue as a harmful consequence through which community segregation and social exclusion promote exclusionary societies (Tilley, 2005), alongside claims of an oppressive use of CCTV cameras. Yet, according to Clarke (2000), a great deal of situational practice has had the opposite effect, instead strengthening community ties and reinforcing social controls, ‘enabling people to keep an eye on the neighborhood around their homes’ (Clarke, 2000, p. 394).

2.6 Situational crime prevention and organised crimes

Organised criminal activities have spread throughout the world’s arenas gaining influence and media attention, causing it to become one of the main issues on political agendas (Nardo, 2008). As a global enterprise in which it is ‘impossible to take on all members of the criminal macro network simultaneously’ (Spapens, 2010, p. 92), situational crime prevention has steadily become modified to meet the needs of governments, policy makers and law enforcement bodies with what appears to be great success. The distinct applicability of situational crime prevention towards organised crimes, supported by criminal justice policy (Hayward, 2007) has drawn upon the rational choice perspective, helping to suggest organised crime ‘...is rational crime par excellence’ (Cornish & Clarke, 2002, p. 41). This approach has led to suggestions situational crime prevention is generally quicker to apply than other traditional investigative methods and has the ability to tackle more than one organised crime group with the same level of resources (Kirby & Penna, 2010). What’s more, situational crime prevention can be considerably less expensive than traditional methods when addressing jurisdictional and boundary related issues.

With crime discouragers providing little effect on organised criminals across various circumstances (Von Lampe, 2011), criticisms of situational crime prevention highlight it is best suited for crimes that collect in either time or space, and are of a high rate (Poyner, 1986). The appropriateness of situational crime prevention against organised crimes nevertheless remains undermined by an inability to ‘reduce analytically, to one particular point in time and space’ (Levi, 2008, p. 390). This has led to the

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The resourcefulness of organised criminal groups has meant the application of situational crime prevention in its original practice has remained somewhat difficult to facilitate, complicated by offenders not simply encountering crime situations, instead seeking out and engineering precise opportunities to circumvent potential obstacles (Ekblom, 2003). With organised crime incorporating 'a diverse and analytically distinct range of actors, activities and harmful consequences' (Edwards & Levi 2008, p. 364), the difficulty presented by systematically applying situational crime prevention to organised crimes

<table>
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<tr>
<th>Table 2-2: Preventative methods aligned to the unlawful influence from organised crime. (Bullock, Clarke &amp; Tilley, 2010).</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Table 2.1 Preventive methods against unlawful influence from organised crime</strong></td>
</tr>
<tr>
<td><strong>Increase the effort</strong></td>
</tr>
<tr>
<td>Introduce target hardening mechanisms</td>
</tr>
<tr>
<td>Support for witnesses and victims through having clear and straightforward reporting procedures and protocols</td>
</tr>
<tr>
<td>Make it more difficult to identify and fight back</td>
</tr>
<tr>
<td><strong>Table 2.2: Preventive methods aligned to organised crime. (Bullock, Clarke &amp; Tilley, 2010).</strong></td>
</tr>
<tr>
<td><strong>Prevent corruption</strong></td>
</tr>
<tr>
<td>Prevent corruption through utilising legal processes to ensure that those who are found guilty are properly punished</td>
</tr>
</tbody>
</table>

introduction of crime scripts which help formulate ‘steps or sub-goals’ (Cornish, 1994, p. 157) allowing for greater understanding surrounding the order in which an organised crime is undertaken.
remains cumbersome, particularly as the type of offenders are different from the offenders involved in low level street crimes (Von Lampe, 2011). With organised crime and non-organised crimes difficult to accurately define and the enterprises surrounding many organised crimes becoming more widespread, the tendency to focus situational prevention towards a series of business transactions and activities has grown. This has assisted in revealing 'situational contingencies' (Von Lampe, 2011, p157) capable of depicting preventative methods (see Table 2-2) against the immense influence from organised crime (Bullock, Clarke & Tilley, 2010) and Motorcycle gangs. What’s more, the application of situational crime prevention against organised crimes remains somewhat tentative because of the complete scope of understanding at the micro level despite offering the best opportunities (Clarke, 1997), when compared to the macro level, where knowledge of organised crime typically exists.

2.7 Summary

The last 30 years have seen major developments in both the theory and practice of crime prevention, none more so than a ‘shift away from interest in offenders, in favour of the circumstances under which crimes of various kinds take place’ (Ekblom & Tilley, 2000, p. 520). Situational crime prevention has developed within a systematic process governed effectively by rational choice and routine activity theories. Building upon these still prominent theories, situational crime prevention now represents a more viable option for crime prevention, having become widely acknowledged as ‘the’ applicable method, capable of preventing a whole range of different crime types, despite criticisms of its preventative authenticity. Situational crime prevention also provides as this chapter has discussed, the actionable part to theories developed within environmental criminology, allowing rational choice and routine activity theories to continue to provide the theoretical understanding of how criminals commit crime.

A recent breakthrough for situational crime prevention has been its apparent applicability for tackling serious crimes, including organised crimes (Bullock, Clarke & Tilley, 2010). The actual appropriateness of situational crime prevention has, however, drawn significant debate based upon the concerns the original situational crime prevention model and underlying 25 techniques of situational prevention have become weaker, implying current efforts are no longer based upon situational crime prevention, but instead on a common adoption of the five specific themed areas of preventative techniques. Remarkably, in light of these criticisms, it seems possible to apply situational crime prevention to organised crimes, again, however, unlike volume crimes, difficulties with understanding fully the process or crime script of each crime type results in the implementation of preventive measures considered generally weaker.

Having identified the theoretical perspectives supporting situational crime prevention and its growth in popularity, the next chapter provides an understanding of money laundering. By identifying the processes behind money laundering, the next chapter also distinguishes ways in which money laundering is undertaken and the link between money laundering and organised crime.

CHAPTER 3: Money laundering

Money laundering remains a symbolism of organised criminal activities. Wright (2005) suggests ‘unchallenged money laundering is bad for domestic and international trade, bad for reputation of the international banking system and bad for effective governments’ (Wright, 2005, p. 68), with social consequences having the ability to increase levels of crime and corruption, thus undermining the rule of law. Research aligned to money laundering has progressed over the past several decades thanks to the link between money laundering and criminal acts carried out by organised criminal groups in addition to the negative consequences forced upon developing economies. Resulting from the clandestine and conceptually elusive nature surrounding organised crime and money laundering (Levi & Reuter, 2006), researchers have, however, still to discover an empirically credible methodology, capable of accurately calculating the amounts of money laundered by criminals across the globe. For that reason alone, uncertainty has undermined the abundance of available figures, instead signifying a coincidence of sufficient scale capable of warranting public policy attention, based upon a figure too imprecise to provide sufficient guidance for policy makers (Levi & Reuter, 2006). The consequences of this uncertainty has forced a revolt from governments and legislative bodies’ intent on justifying the extensive use of legislation, made remarkably easier by the introduction of a correlation between money laundering and the financing of terrorism.

This chapter explores the research surrounding money laundering and the detrimental consequences it can have on society and global economies alike. Various issues surrounding commonly illustrated methods of money laundering are discussed; identifying circumstances considered to form part of the money launderer’s decision-making process. People and professionals accredited with performing or assisting many of the methods of money laundering are also recognised before the final section concludes through an examination of the preventive methods currently in existence to help reduce and prevent money laundering within the UK and globally.

3.1 White collar crime

The sociologist Edwin Sutherland first coined the term white-collar crime in 1939, suggesting that the underlying motive of these crimes was personal financial gain with crimes typically originating within legitimate businesses, non-violent and perpetrated by one individual or several employees. Victims could range from a single business, person or to a group of people resembling customers of a bank. The consequences of white-collar crime can lead to huge financial losses, despite perceptions it represents a victimless crime when compared to violent crimes. Today, white-collar crime remains undefined, despite many attempts to create a single definition (Croall, 1992, 2001; Slapper & Tombs, 1999; Newburn, 2007). Nevertheless, money laundering appears on many lists of white collar crimes, helped significantly by the increased integration of the world’s well-functioning and secretive banking systems.
3.2 Money laundering

Resulting from a wide variety of criminal activities (Elvins, 2003; Abramova, 2007; Council of Europe, 2007) and having cultivated over many centuries (Reuter, 2006), money laundering empowers criminals to spend illicit funds (Levi & Reuter, 2006) while rendering and incentivizing the profitability of crime. In creating a ‘veil of legal cleanliness around the object’ (Leong, 2007a, p. 31), money laundering continues to help legitimise wealth (Rider, 2006) by altering the source and ownership (Rider, 1992) of the criminally derived funds or property⁴ to portray legitimacy (HM Treasury, 2007). Characterised as a secondary offence, successive only to the predicate act, money laundering offers a flexible and dynamic process whereby those who have responsibility for money laundering, actively adapt to the changing conditions. More often than not, money laundering involves the exploitation of products or services, making it difficult to define, describe and prosecute. Method choices are dependent upon a cost-benefit analysis of the money laundering’s perception of the risk of detection (Leong, 2007a), affiliated costs, effectiveness of the elected method and the amount presented. As the demand for money laundering continues, money launderers remain focused on identifying locations where the risks of detection are low, overall typically favouring regions and countries weak or ineffective at implementing and adopting AML legislation and regulations.

<table>
<thead>
<tr>
<th>Cash intensive businesses</th>
<th>Futures markets</th>
<th>Trade based / trading companies</th>
<th>Horse racing</th>
<th>Currency smuggling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign bank accounts</td>
<td>Casino’s / gaming establishments</td>
<td>Labour exploitation</td>
<td>Transfer pricing</td>
<td>Currency exchanges</td>
</tr>
<tr>
<td>Formal money transfer networks</td>
<td>Bank complicity (illegal movement)</td>
<td>Commodity exchange</td>
<td>Mingling / comingling</td>
<td>Wire transfers</td>
</tr>
<tr>
<td>Insurance industry / trusts</td>
<td>Smurfing</td>
<td>Alternative remittance / underground banking</td>
<td>Cuckoo smurfing</td>
<td>Identity fraud / False identification</td>
</tr>
<tr>
<td>Nominee, family members &amp; third parties</td>
<td>Non profit organisations</td>
<td>Securities / guarantees</td>
<td>Offsetting</td>
<td>Real estate</td>
</tr>
<tr>
<td>Capital market investments</td>
<td>Offshore financial centres</td>
<td>Shell companies</td>
<td>Pre paid store value cards</td>
<td>High value portable commodities</td>
</tr>
<tr>
<td>Professional services</td>
<td>Corruption</td>
<td>Loan services</td>
<td>Mobile payment systems</td>
<td>Lotteries</td>
</tr>
</tbody>
</table>

Table 3-1: Money laundering typologies.

Whether simple or not, appraisals on money laundering in the UK confirm money laundering is a significant problem forming a major activity within organised crime in the UK.⁵ While literature depicts many common ways to launder illicit funds, it is difficult to define whether a tool or resource correctly reflects a method of money laundering. Many of the methods and tools commonly symbolic of money

⁴ Under the Proceeds of Crime Act, ‘criminal property’ as defined in s.340 of the Act; as: Money, all forms of property or real estate and things in action and other intangible or incorporeal property
⁵ See UK Home Office research report 65 which presented research findings into the contribution of financial investigation to tackling organised crime. The research studies 60 police cases of which 57% involved money laundering. (Home Office, 2012)
laundering practices include those identified in Table 3-1.

Table 3-2: Global estimates in relation to money laundering.

Global estimates suggest money laundering is the third biggest global industry, with only oil and agriculture generating higher incomes (Baity, 2000). To accurately understand the extent of money laundering, countless studies have sought to verify the financial scope of the global money laundering environment (Schott, 2006; Biagioli, 2008; Walker & Unger, 2009; Zdanowicz, 2009), however, these studies have encountered various challenges, dominated for the most part by inappropriate statistical techniques never formally designed to gather details associated with money laundering.

Table 3-3: UK estimates on the size of money laundering.

Nevertheless, global organisations have opted to provide estimates, despite a lack of methodological rigour (Bartlett, 2002; Flemming, 2009). Levi (2002) has suggested the problem with these and other money laundering estimates is that they have become detrimental ‘facts by repetition’ (Levi, 2002, p. 184) meaning they have become improperly accepted, leaving the scale and actual threat to the global financial system untold (McDonald, 2001; Harvey, 2009). Estimates outlining the scope of money laundering (see Tables 3-2 and 3-3) nonetheless provide sufficient justification for the introduction and necessity of aligned AML policies (Duyne, Groenhuijsen & Schudelaro, 2005).
Money laundering not only acts as a direct threat to the successful functioning of financial systems (FATF, 2012b), it also has the ability to destroy the reputation of global businesses and financial institutions knowingly or unknowingly involved in the laundering of illicit money (Bartlett, 2002). Developing countries in particular provide ideal locations to instigate bribery and corruption capable of facilitating money laundering activities (McDowell & Novis, 2001; Bartlett, 2002; UNODC, 2011; Murray, 2012) and in many cases, the negative costs associated with reputational damage remain widespread, resulting in economic starvation and political instability (Grabosky & Graycar, 1996). Slow economic growth with an ability to distort the reporting of international trade and capital flows in the external sector suggest the destabilisation of growth (Bartlett, 2002) forces legitimate enterprise and foreign investment to seek alternative markets (UNODC, 2011). Legitimate businesses also present suitable targets, not only for organised crime (Beken & van Daele, 2008) but also for money launderer’s intent on exploiting businesses and stripping them of their valuable assets at the expense of shareholders and investors (Grabosky & Graycar, 1996), thus increasing the likelihood of a damping effect on direct foreign investment (FATF, 2012b).

### 3.3 Three stages of money laundering

Economic globalisation has provided new opportunities in which to undertake money laundering, at the same time making it increasingly difficult to interpret and prevent (Arnone & Borlini 2010). Nevertheless, the simplistic model of money laundering depicted throughout law enforcement and government related literature, suggests money laundering splits into a three stage process of placement, layering and integration (Schneider, 2007) as depicted in Figure 3-1. Indicative of the end script of all proceeding crimes, the three stage process remains unsophisticated, however, the methods used to undertake each stage prevents overall successful detection, making it also almost impossible to gather evidence that allows a court to show the origin of the laundered money.

![Figure 3-1: The 3 stage process of money laundering](source)

### Stage 1:

The placement stage represents the first of the three-stage process used to launder illicit funds (Lyman, 2006). 

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6 Source: FINTRAC – Financial Transactions and Reports Analysis of Canada
For the most part, Stage 1 involves the placement of illicit funds into the financial system. This process can take place through many different methods (Richards, 1999) some of which can be undertaken using legitimate business opportunities. This stage also represents the point within the laundering process in which detection is heightened (Leong, 2007b) through direct law enforcement activities or AML regulations.

Stage 2:

The second stage of the money laundering process, known as the layering stage represents the point in which the illicit funds, having entered the legitimate financial system entwine thus increasing the difficulty for detection. The more complex and intricate the layering process undertaken – real or imagined (Rider, 2006), the less likely it will be for law enforcement agencies to trace any suspected funds back to their illicit origins (Lea, 2005). Techniques used to disguise funds can vary, based especially on the circumstances facilitating the method or approach undertaken (Temple, 2002). The proficiency of the launderer responsible will also be of relevance. In spite of the necessity to complicate the evidence trail, the vast quantities of daily financial transactions, including international wire transfers (Joyce, 2005) and overseas deposits continue to improve the perplexities with the process and deliver sufficient anonymity (Leong, 2007b).

Stage 3:

Integration represents the third and final stage of the money laundering process. This stage of the process enables once illicitly identifiable funds to appear as normal earnings, endorsed by a semi plausible explanation. The detection and identification of laundered funds at this stage of the process remains achievable only with the assistance of one or more persons with insider knowledge, and capable of explaining what has occurred. Once illicit money has reached the integration stage, it is largely a straightforward process for the criminal to embark upon making purchases using the now cleansed funds.

3.4 Methods

Summarised lists depicting the many methods used to facilitate money laundering remain plentiful (Unger; den Hertog, 2012), with methods varying (Reuter, 2006) from the most basic (Duyne, Groenhuijsen & Schudelaro, 2005; van Duyne & Levi, 2005) to the highly sophisticated (Merlonghi, 2010). Such lists have become instrumental in predicting how the method chosen is dependent on several factors (Leong, 2007b). Low-level criminals are less likely to use the same methods as sophisticated organised criminal groups, not only due to the practical implications but also because no one method may sufficiently serve both purposes. In the past, attempts to define known processes have been relatively superficial, failing in most part to discuss in detail the ‘actors, financial flows and behaviours involved in carrying out these activities’ (Irwin, Choo & Liu, 2012, p. 86). As current methods remain ‘limited only by the imagination of the criminal enterprise’ (Arnone & Borlini, 2010, p. 236) and many continuing to be facilitated through one or more aspects associated with the Internet.
(Grabosky & Graycar, 1996; Nair & Vaithilingam, 2007), the complexities for those involved in detecting and preventing money laundering (Duyne, Groenhuijsen & Schudelaro, 2005) have become all too common.

Despite efforts to provide clarification on the methods used to launder illicit funds, failure to acknowledge the clandestine environment within which money laundering efforts remain, has led only to the exposure of universal facts. With opportunities increasing outside of the once preferred financial sector (Masciandaro, 1998; Unger; den Hertog, 2012), which coincidently maintains a reputation for providing efficiency in carrying out financial transactions (Nair & Vaithilingam, 2007), the affect of inadequate understanding of current methods of money laundering presents numerous challenges. While regulation and regulatory guidelines remain somewhat successful, the continuing requirement for the money launderer is to simply ‘defeat the changing capacity of financial investigation skills and the burden of proof in any of the jurisdictions along its economic path’ (Levi, 2002, p. 184) while seeking new and devise alternatives.

Of the factors likely to influence money laundering, the most influential remains the predicate crime having generated the illicit funds. Large amounts of physical cash, created through illegal drug sales (Richards, 1999) require a different approach, compared to funds contained within large domination banknotes or disguised in a product. The amount presented will also influence the final chosen method, along with the intentions for the funds once the laundering process is complete. Money for spending on property can require extra legitimacy of ownership stipulated by regulatory requirements; hence, the method selected can focus instead on providing a chain of evidence capable of successfully removing criminal association. The criminal involved will drive these intentions. Large transnational criminal gangs are also likely to have persons assigned to facilitate money laundering efforts, with methods varying to help spread risk. Where the skills of a dedicated money launderer are used, methods may depend upon the wishes of ‘customers’, on the money launderer’s skills, abilities and previous successes and failures. A regular flow of currency can also be an influencing factor, further ensuring longevity of criminal business interests (Levi & Reuter, 2006), removing unwarranted diversification and increases in risk.

The United Kingdom represents a major international center for investment and private banking and one of the largest commercial banking sectors in the world. The U.K. insurance industry, for example, ‘is the largest in Europe and third largest in the world. The U.K. is also one of the largest fund management markets in the world’ (IMF, 2011b, p. 7). Consequently, methods can deliberately incorporate services where financial facilities and business services effectively disguise the original funds owing to a lesser amount of regulatory compliance obligations. Criminals are proficient at identifying vulnerable sectors, regulatory inconsistencies and breakdowns within the regulated sectors. Many exploit money laundering opportunities enabling economic environments to play a significant role, selecting countries because of their developed status, including ‘the degree of customer banking awareness, the extent of technological advancement… and the applicable legislations, laws, and the regulations imposed by the regulatory authorities’ (FATF, 2007, p. 9).
3.5 Participants

The level of participation required from third parties to facilitate money laundering varies according to many of the issues identified. Overall, however, available data remains limited as to who is actually responsible. The inability to determine the levels of participation brings into question the actual role-played by third parties (Bell, 2002) or financial facilitators (Soudijn, 2012). It also remains unanswered as to whether parties are involved in all three stages, despite additional suggestions that indicate ‘laundering structure requires a professional organiser, frequently a fiduciary or a banker, or ideally an attorney, operating from a large financial centre’ (Arnone & Borlini, 2010, p. 237). In addition, with the direct association between organised crime and money laundering and with organised crime groups varying in structure and capabilities, moving ‘in and out of networks depending on the criminal activity’ (HM Govt, 2011, p. 10) and switching between multinational corporations and small cells (Felson, 2006b), the opportunities for identifying third parties remains rather inadequate.

Of course, despite this inevitable confusion, it is still possible to identify several roles responsible for helping to facilitate particular fragments of the many money laundering processes understood to exist. The most prominent of these are the criminal themselves, who although may well be directly responsible for the predicate crime can also be involved in the money laundering process, dependent of course on the scale and scope of the criminal organisation to which they are a member (HM Govt, 2011). In contrast to the UK Annual Threat Assessment of 2010, the number of criminals who ‘specialise as money launderers, providing more sophisticated laundering services to other criminals, is believed to be small, compared to the total number of criminals engaged in money laundering activity’ (SOCA, 2010, p. 10). Specialists such as lawyers (Middleton & Levi 2005; Levi, Nelen & Lankhorst, 2005), accountants and banking personnel play a vital role in facilitating money laundering, primarily because of the powers vested within the functions they undertake. These specialist roles have historically enabled criminals to circumvent regulatory and procedural requirements through the creation of trusts or companies used to disguise illicit money (Levi & Maguire, 2004) thus acting as a crucial ‘gate keeper’.

3.6 Preventive approaches

The diversification of methods used to launder illicit money makes detection significantly more difficult. With no one definition, group or class of people identified as responsible, the chance for universal detection is evaporating. While the logic behind the need to fight money laundering remains plausible, current preventive methods remain inappropriate to sufficiently reduce money laundering, based in part on the cost of implementation (Unger & den Hertog, 2012) and the obligation to prove a defendant knew the funds presented were in fact obtained through crime (Murray, 2012). The increasing scope of methods and the ability of organised crime to provide unprecedented levels of imagination increase the detrimental effects on AML efforts. The rationale behind current AML efforts also concentrate towards preventing the financial system from facilitating the laundering of illicit funds (Levi & Reuter, 2006) while reducing criminal incentives (Levi, 2002).
The issue of how to prevent criminals laundering the proceeds of crime through the financial system (Levi & Reuter, 2006) has resulted in increased adoption of legislative and internationally accepted procedural obligations such as the recommendations laid down by the Financial Action Task Force (FATF).\(^7\) In response, financial institutions are now obliged to identify customers, maintain appropriate records and train staff to identify money laundering within their organisation and report suspicions. The difficulty, which is likely to determine future AML success, remains the associated costs, something that rarely provides direct return on benefits (Harvey, 2009). Despite lacking 'empirical research both on the phenomenon of money laundering and on the controls that deal with it' (Levi & Reuter, 2008, p. 294), money laundering remains challenged from several different preventative perspectives. Conversely, disciplined criminals remain harder to prevent when self protective, entrepreneurial and innovative (Ratcliffe, 2008), suggesting focus on the placement stage; based prominently on suggestions this stage still provides the 'point of highest vulnerability' to the criminal (Levi & Reuter, 2006, p. 311) is most appropriate.

Governments around the world (Duyne, Groenhuijsen & Schudelaro, 2005) have adopted policies and initiatives within the anti money laundering domain focused by nervousness towards preventing the proceeds of crime from entering legitimate financial systems (Arnone & Borlini, 2010). Many of these policies have reinforced administrative and operational AML frameworks, including procedures such as know-your-customer (KYC) and strong internal controls, recognised globally as the ‘fundamental longstanding principles of prudential banking operations, supervision, and regulation’ (Bartlett, 2002, p. iii). Seemingly, the UK is no different, using where appropriate financial measures to deter, disrupt and detect (HM Treasury, 2007), while identifying risks and developing policies through domestic coordination (FATF, 2012a). This effort also includes reactive measures, such as the Proceeds of Crime Act 2002, which introduced cash seizure, cash forfeiture and confiscation orders aimed at depriving individuals of their assets that have derived from criminal activity.\(^8\) Unavoidably, countries exist which remain less stringent on the application of AML legislation, hence an increased pressure ‘on countries identified as ‘weak links’, because of their inability to demonstrate internationally acceptable standards of compliance’ (Van Duyne et al., 2005, p. 44) and weak strategic deficiencies.

Legislation concerning AML has increased over the last decade to encompass many more areas of business (Van Duyne, 2002), demonstrating the persistency for the laundering of illicit money by criminals (Levi & Reuter, 2006). Despite widespread adoption, no single effective and globally implementable legislative approach capable of ensuring a holistic methodology to tackling money laundering yet exists. Current disparities in global AML legislation (IMF, 2011a) stemming from the

\(^7\) The FATF Recommendations are internationally endorsed global standards against money laundering and terrorist financing which form to help increase transparency and enable countries to successfully take action against illicit use of their financial system. Of particular reference to this research study, the present list of FATF recommendations (2012) now include ‘cash couriers’ whom were originally only identified in the 9 special recommendations that supplemented the 40 recommendations published by the FATF in 2003. For more information see [http://www.fatf-gafi.org](http://www.fatf-gafi.org)

\(^8\) See s.294, s.289 and Part 2 of the Proceeds of Crime Act (2002)
1970s global war on drugs (Levi & Reuter, 2006; Aldridge, 2008) continue to encompass many areas to launder illicit funds. Evidently, current AML legislation focuses primarily on tackling already identified gaps, thus providing fewer opportunities for money laundering despite increased delocalisation of financial operations (Arnone & Borlini, 2010). According to Boorman & Ingves (2001) and Reuter & Truman (2005), the effectiveness of AML legislation is, however, only measureable by the capability to reduce both predicate crime rates and opportunities for money laundering. In the UK, enthusiasm for appropriate AML legislation applies to approximately 19,000 organisations (Yeandle et al., 2005) leaving the UK one of the greatest supporters of AML provisions in the European Union (Levi, et al., 2003).

The myriad of regulatory bodies responsible with measuring compliance against definitive regulations and encouraging ‘financial institutions to act effectively’ (Araujo, 2010, p. 71) have remained steadfast benefitting significantly from ‘higher risk perceptions’ (Verhage, 2009, p. 387). Regulations, however, also remain driven by commercial activity (Verhage, 2009) with ‘potential inefficiencies outweighing conceivable benefits’ (Harvey, 2008, p. 191). Masciandaro (1998) ‘views this trade-off between the effectiveness of AML regulation … and the efficiency of the system itself … as impaired by the costs of regulation’ (Harvey, 2008, p. 191). Consequently, a shift has taken place from reducing predicate crimes to compliance with systems and procedures, something recognised as a ‘tick box culture’ (Van Duyne et al., 2005, p. 44). Driven largely by banks interested in preserving reputation (Harvey, 2009), this particular culture has allowed certain sectors to remain unregulated, while stimulating car dealers, real estate agents, auctioneers, casino operators, money transfer agents and jewellers (Leong, 2007) to gain the necessary skills and abilities to detect and deter money laundering, but which may defy practical application (Grabosky, 1996). HMRC reported that in 2011 1,193 businesses operating from 1,977 business premises were currently monitored (HMRC, 2011), despite the supervisory team responsible for ensuring compliance consisting of only 116.99 full time equivalent staff.

Customer due diligence practices have remained since their introduction in the 1980s, helping ensure businesses take practical steps to identify customers, assess the level of risk they present, and introduce appropriate processes to monitor, measure and manage risk (HM Treasury, 2011). To ensure the adherence of regulations, compliance companies across the globe now provide software capable of monitoring customer transactions and alerting authorities when, for example, a customer’s account receives or makes payments to an unknown third party (Lai, 2010). Despite a risk-based approach (de Koker, 2009; Arnone & Borlini, 2010), global interception rates for AML efforts remain lower than anticipated (UNODC, 2011).

Suspicious activity reports strengthen AML efforts by providing law enforcement with details and descriptions concerning possible criminal behavior or illicitly obtained funds from within a business or financial sector. These reports, driven in many instances by fear, encourage applicable sectors to over comply with regulatory obligations (Levi & Reuter, 2006). Consequently, report numbers have increased, not necessarily confirming an increase in money laundering. The procedural tendencies surrounding the reporting of suspicious transactions also suggest submissions can be a reaction to a
notification of interest by a third party (Gold & Levi, 1994), or simply because of a mere defensive reflex to provide a defence for any later charge claiming the facilitation of money laundering. The extensive use of suspicious activity reports (Takats, 2007) and incorrectly completed forms (Gill & Taylor, 2003; Levi & Reuter, 2006) with judgments rather than facts (Fiserv, 2010, p. 1) further endorses these suspicions. Reporting across cash intensive businesses is also inconsistent, demonstrated by the total number of SAR’s received by SOCA (SOCA, 2011) across the regulated sectors, as shown in (Figure 3-2).

Law enforcement agencies around the world play a significant part in helping to prevent money laundering. Representing ‘the point in which organised crime groups and individuals are at their most vulnerable to detection by law enforcement’ (McDonald, 2001), financial investigations can assist prosecution by identifying and freezing assets for confiscation (Leong, 2007b). Difficulties, however, increase with criminals failing to maintain financial accounts and records (Harvey, 2009), but still capable of successfully infiltrating financial institutions (Hart, 2010) and laundering illicit funds with continued effectiveness (Levi & Reuter, 2006). Considered somewhat as an after thought by many, asset recovery provides a further means to inflict harm, yet the odds for ‘getting caught’ may have little collective impact. While effort takes place to reduce serious crime, the volume of recovered assets remains low when compared with total income or plausible profits from crime (Levi & Reuter, 2008). Prolonged money laundering investigations require significant resources, carrying a relatively high risk of failure at the point of conviction. Consequently, the concentration of resources focused towards confiscating the proceeds of crime, in contrast to the direct confronting of money laundering activities continues to cause essential discussion (Murray, 2011) particularly when incarceration fails to noticeably reduce the pool of competent labour (Levi & Reuter, 2006). Furthermore, judicial cooperation remains internationally recognised as unable to respond to the countless developments associated with money laundering and
advances in facilitating technology, forcing intelligence on money laundering to remain fragmented and limited among law enforcement agencies (Leong, 2007b).

### 3.7 Summary

After discussing the three commonly agreed stages within a typical money laundering process, this chapter sought to provide an overview of ‘money laundering’ by identifying some of the likely decisions which money launderers face when deciding upon which particular method to use. With criminals adopting their laundering methods rapidly, using even the slightest opportunity to deviate from existing methods, it is unrealistic to suggest how preventive strategies could feasibly do the same. Current investigative techniques and preventive measures depend on criminals physically having to conduct at least some part of a transaction; however, home banking has led to fewer face-to-face transactions, leaving preventative methods like KYC policies no longer adequate (Richards, 1999).

Money laundering remains by its very nature a clandestine activity situated far outside recorded economic statistics, upheld by disappointing levels of convictions (Sproat, 2009). Research has remained difficult to undertake while the understanding of the criminal fraternities involved has decreased (Van Duyne et al., 2005). Common depictions categorise money laundering as a global problem with both social and economically damaging consequences, yet without money laundering, organised crime would not be able to sustain the same level of momentum. Nevertheless, inaccurate estimates, ‘replicated without question or verification and without the acquisition of some form of statistical accuracy’ (Van Duyne et al., 2005, p. 44) continue to mislead. What remains a mystery is the actual success of the preventative methods already identified. With the applicability of jurisdictional authority causing increased concern, the effectiveness of efforts focused towards AML have become more difficult as ‘traditional physical borders… are rendered obsolete by computers’ (Richards, 1999, p. 84). To be effective in the prevention of money laundering and the prosecution of money launderers, certain skills and knowledge are required which in many cases are only achievable through the adoption of internationally focused and highly coordinated responses.

Having identified the issues surrounding the scale and ability to conduct research into money laundering and organised crime, the next chapter provides an explanation as to the methods used to conduct this particular research study, the reliability and weaknesses of the methods used and the process undertaken to analyse the research data collected.
CHAPTER 4: Methodology

This chapter begins by providing an overview of the research strategy along with a discussion on the theoretical and methodological perspectives related to this study. An explanation of the sources of data identified then follows, along with an explanation as to the methods used for analysing the research and a discussion on the specific issues this particular project needed to consider. Finally, there is a discussion surrounding the ethical issues considered to be vital in criminal justice research.

4.1 Research strategy

From the outset, it was clear this research project required a robust research strategy, capable of improving current understanding of both situational crime prevention and money laundering. The processes finally chosen, influenced by the research environment (Brannen, 2010, p. 173) needed to collect, scrutinise and review findings in line with each research question and the total context (Remenyi et al., 1998). This required overcoming any speculation surrounding the benefits of situational crime prevention and the difficulties associated with research into money laundering and its clandestine environment (Levi & Reuter, 2006). Supported by previous research into situational crime prevention, the strategy needed to convince the reader that the chosen methods were the best possible and capable of testing the hypothesis.

Clearly, the abundance of previous research relating to the subject of ‘situational crime prevention’ had an influence on the decision-making process. In most cases, previous strategies incorporated a form of action research similar to that proposed by Clarke (1997) and Ekblom (2003) enabling initial ‘understanding of the various crime scenes, actors and their resources’ (Levi & Maguire, 2004, p. 457). However, the main difficulty within this research project was the uncertainty surrounding the crime. This had an immediate bearing on the need to understand first the situation surrounding money laundering and current preventive initiatives in the UK, something which Trauth (2001) identified as being able to understand already known facts (Trauth, 2001) before trying to apply something new. Besides recognising the action research methodology within similar studies, it was also felt an alternative approach would unlikely provide superior research findings and suggested any deviation away from the action research perspective would be inappropriate and draw unnecessary criticism.

4.2 Theoretical framework

In combining the various interrelated concepts, theoretical frameworks guide research by determining what measurements and statistical relationships require recognition. Within deductive or theory-testing research, a theoretical framework unites the researcher with existing knowledge, theories or ‘schools of thought’ (Tierney, 2009, p. 42), helping to form the basis for the hypotheses and choice of research methods. This involves testing a general theory or idea before moving through a sequence of steps and ideas to arrive at a specific conclusion. Alternatively, in an inductive approach, theories form following
the gathering of all applicable evidence within a purely quantitative research project (Cresswell, 2003). Creswell (2003) identifies such theories as providing ‘an interrelated set of constructs (or variables) found within propositions, or hypo developing policies and domestic thesis, that specify the relationship amongst variables’ (Cresswell, 2003, p. 120) typically in terms of magnitude or direction, such as an argument, discussion, or a rationale that helps explain or predict a phenomena.

Theoretical frameworks tested during previous research studies have typically revolved around the rational choice perspective, routine activity theory and crime pattern theory. When combined, theoretical understanding of how criminals commit crime enables the researcher to understand the environment before identifying pinch points for the implementation of crime prevention techniques. These assumptions relating to both theory and practice of situational crime prevention (Cornish & Clarke, 2003) have provided individualistic and synchronized perspectives helping to form the basis for situational crime prevention by emphasising ‘criminal involvement is often a function of the existence of a practical or attractive opportunity to commit crime’ (AIC, 2003). Together, these theories provide an insight into an offender’s decision to commit a particular crime (Cullen & Wilcox, 2010).

4.3 Methodological perspective

Research methodologies provide a procedural framework for conducting research (Remenyi et al., 1998). In many cases, research philosophies continue to influence methodologies, determined also by the researcher’s epistemological perspectives and the methods available. Correctly chosen methodologies, however, tend to enable improved gathering of adequate and appropriate evidence about a particular phenomena, offering the most appropriate methods to analyse and provide validity and rationality to the findings. Therefore, choosing a methodology that carefully meets the requirements of the particular theoretical, methodological and practical aspects in the broadest possible terms (Kaplan, 1964) represents good practice.

Past examples of research occupied with testing situational crime prevention have provided many clues as to the most appropriate methodology. In most instances, the action research concept has proved favourable with researchers (Clarke & Eck, 2005), allowing them to work closely with one or more practitioners (Clarke, 1995) to identify problems and validate solutions. Understood to ‘promote a commitment to sustained change’ (William, 2006, p. 11) by understanding the emic perspective (Holloway, 1997), an action research methodology is capable of supporting effective intervention within a criminal act (Baskerville & WoodHarper, 1992; Wuest & Merritt-Gray, 1997). By selecting the action research methodology, this research project, would align to previous situational crime prevention studies in which intervention points deem to be a critical aspect of the analysis.

In 1947, Lewin recognized action research as having three main objectives, describing them as ‘advancing knowledge, improving a situation and improving behavioural science methodology’ (Sommer, 2009, p.

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9 See examples on terrorism (Clarke & Newman, 2007) and organised crimes (Bullock, Clarke & Tilley, 2010)
For Lewin, action research resembled ‘no action without research; no research without action’ (Marrow, 1969, p. 193). Although social scientists have since promoted action research through its ability to enable ‘closer ties between social theory and solving immediate social problems’ (Noaks & Wincup, 2004, p. 16), today, action research can form a cyclical process in which the researcher commits to a rolling programme of research to maintain an effective crime prevention approach. Overall, action research accentuates learning by doing, supported by addressing real life problems, increasing participation and combining theory and practice in pursuit of practical solutions. This approach suggests research can no longer be planned outright at the commencement of a project nor can it be free from alterations even after the researcher has described and justified in detail their aims and objectives. Unsurprisingly, this approach tends to provide sources of discomfort for many positivist researchers (William, 2006) since outcomes are not always predictable (Checkland, 1981; Baskerville & PriesHeje, 1999). Action research therefore supports the interpretivist philosophy, acknowledging the researchers awareness of their presence, researcher bias and the likelihood of their research affecting the situation under investigation (William, 2006). This interpretivist approach also suggests it is impossible for the researcher to remain free from bias and emotional attachment, something which action research encourages by persuading researchers to work closely with one or more practitioners (Clarke, 1995), thus supporting participant input to sustain practical and applicable outcomes.

The action research approach developed by (Clarke, 1997) is now commonly associated with experimental research into situational crime prevention, with the current model presenting five stages (Tilley, 2009), which together, encourage a systematic approach to problem solving. These five stages are:

1. Collection of data about the nature and dimensions of the specific crime problem;
2. Analysis of the situational conditions permitting or facilitating the commission of crimes in question;
3. Systematic study of possible means of blocking opportunities for these particular crimes, including the analysis of costs;
4. Implementation of the most promising, feasible and economic measures;
5. Monitoring the results and dissemination of experience

4.4 Deciding on quantitative or qualitative methods

The applicability of situational crime prevention towards specific crime types using the action research methodology is widely accepted. This primarily deductive process in which theories are presented at the beginning of the research (Creswell, 1994), with a commitment to testing the theory or theories through a set sequence of actions, represents a quantitative approach to research in which the researcher remains objective and value free throughout (Silverman, 2005). The approach is also represented by the theoretical perspective of positivism (Noaks & Wincup, 2004, p. 5) enabling research to be described and measured using methods independent of the researcher (Myers, 1997) drawing where possible on ‘ontological and epistemological realism’ (Kalof, 2008, p. 19). Alternatively, qualitative research adopts
an interpretivist epistemological basis that aims to identify the insider’s view, searching for commonalities which anthropologists and linguists have entitled the ‘emic perspective’ (Holloway, 1997).

Positivism has played a significant role within empirical investigation - ‘particularly those methods which collect and use hard, quantitative data’ (Jupp, 1989, p. 2). Findings also tend to be valid and reliable, free from bias and emotional attachment. Yet at the same time, theoretical positions continue to be widely adopted, based on the type of data capable of collection (Jupp, 1989), suggesting the action research methodology actually lends itself to the use of ‘different techniques for data collection’ (Noaks & Wincup, 2004, p. 16). Furthermore, throughout a quantitative research project, it is typical for the researcher to remain outside the researched arena. This clear division, together with tight procedural regulation in the application of methods, provides sufficiently, ‘an objective view of social phenomena’ (Dunne et al., 2005, p. 42) capable of contradicting the notion of action research in which the researcher actually imbeds themselves within the research environment.

Referring to comparable studies in which action research was employed, a mixed methods approach capturing the strengths of both quantitative and qualitative styles (Creswell, 2003) was considered most appropriate, serving to provide a conclusive set of results despite alternative techniques holding different epistemological assumptions (Brannen, 2010). A decision to use a mixed methods approach helped to overcome complications associated with the position of the researcher who sat outside the research environment. A helplessness to carry out all five stages of action research (Clarke, 1997) along with the specific crime type under evaluation further indicated that the action research approach was appropriate, as it also proved capable of testing the original hypothesis (Brannen, 2010) while helping to advance empirically comparable knowledge. For example, from a quantitative perspective, closed-ended questions in a predetermined approach (Cresswell, 2003) within self-completion questionnaires presented a method for collecting information capable of straightforward analysis. Whereas the clarification of the actual method of money laundering would take a more qualitative approach with a focus on ‘inner experiences, language, cultural meanings or forms of social interaction’ (Silverman, 2005, p. 89) from individuals located close to or ‘inside’ efforts to prevent and detect money laundering (Holloway, 1997). This additional qualitative approach would help to identify more clearly the situational variations of money laundering (Tilley, 2005). While this approach could raise criticisms because of the two distinctive methods used, the distance between the researcher and the research environment would ensure some level of positivist objectiveness.

4.5 Research Questions

Research questions assist in focusing a research project by enabling the researcher to concentrate on the scope of their research and determine the key characteristics of the phenomenon under investigation. Research questions also help to identify the key data and literature to collect. A review of previous studies identified some significant clues, demonstrating how research questions remained imbedded throughout the research and aligned to the methodological approach. With studies into situational crime prevention having previously chosen an action research methodology, establishing research questions aligned with
the first three stages of action research (Clarke, 1997) seemed appropriate. This, however, would demand questions capable of recognising the particular crime phenomenon and the characteristics surrounding it.

With previous research indicating an acceptable methodology, a hypothesis transpired which seemingly represented a deductive approach to research based upon the already established theory of situational crime prevention. My selected directional hypothesis was: ‘if appropriate for tackling other forms of specific crimes, then situational crime prevention can be used to reduce specific methods of money laundering’. Although my hypothesis was overtly capable of identifying the intentions of the research project, by aligning the intentions with the action research methodology and five stages (Tilley, 2009), it was also possible to determine supportive research questions, finally identified as:

1. How is money laundering through cash intensive businesses and the purchasing of high value portable commodities undertaken?
2. What situational and environmental factors exist to facilitate money laundering through cash intensive businesses and the purchasing of high value portable commodities?
3. What tools or resources exist to facilitate money laundering through cash intensive businesses and the purchasing of high value portable commodities?
4. What crime prevention techniques already exist to overcome these factors?
5. How can techniques for situational prevention invigorate or enhance current preventive methods against these two methods?

The selection of question 1 was particularly significant, as it provided me with opportunity to show detailed understanding of both methods of money laundering, necessary as ‘situational measures must be tailored to highly specific categories of crime’ (Clarke, 1997, p. 4) and not just a generic crime problem. Questions 2 to 5 could provide greater understanding of existing facilitating factors surrounding money laundering, thus helping to customise subsequent preventive approaches to correspond with the expectations of situational crime prevention.

4.6 Data resources

Research into the applicability of situational crime prevention using an action research methodology originates from understanding the specific crime aligned to the research. Clarke (1997) proposes that by gaining a thorough understanding, the researcher is then located within a more commanding position to suggest subsequent intervention techniques, while developing ‘considerable knowledge about how the crime in question was committed’ (Cornish, 1994, p. 151). However, the secrecy and lack of details surrounding money laundering and the lack of empirical data relating to the two methods selected for this study increased my initial worries in establishing credible and reliable data. To overcome these worries, my project adopted a three-stage approach to data gathering. The first stage would involve an open source literature review, capable of providing mostly background research data. In the second stage, a questionnaire would identify data more appropriately aligned to each of the two methods of money laundering before a series of interviews would focus towards filling in any missing stages within the
modus operandi or elaborating on any previous case studies. This predetermined approach would provide a comprehensive approach to answering each of the research questions.

**Open source documentation:**

My initial literature review identified various sources providing information associated with money laundering and the methods used, aside from several typologies, some supported by cases studies. Unsurprisingly, the availability of research was limited in respect to the *how* money laundering through cash intensive businesses and the purchasing of high value portable commodities took place. In fact, many of the documents repeated previous research facts and provided very little new research suitable for establishing both understanding of the current money laundering environment or new methods associated with, for example, recent advances in technology. Academic publications were also limited in their ability to provide me with specific research evidence, seemingly caused by research difficulties associated with money laundering and organised crime. Overall, newspaper articles provided me with greatest direct input in relation to the specific methods of money laundering which this study focused on identifying in many cases the modus operandi, which offenders had used to launder illicit funds. Nevertheless, academic publications did provide an excellent resource in terms of situational crime prevention and the underpinning theories, despite several key documents being extremely difficult to review.

**Questionnaires:**

Although the open source literature review provided noteworthy details, a need to focus the enquiry more towards the two specific methods of money laundering became clear. Having already identified questionnaires as suitable for this project, I devised a series of questions considered appropriate for drawing out specific information from the respondents, coinciding with efforts to 'reflect both theoretical thinking and an understanding of data analysis' (De Vaus, 1995, p. 81). Two concerns, however, were initially recognised. Firstly, my questionnaire represented a significant aspect of this research process and needed to be successful, as it would not be appropriate to re-administer part of or the entire questionnaire. Secondly, my questionnaires typically represented a positivist approach to research enquiries since questions tend to be asked in the same format allowing responses to be quantified, therefore, contradicting the actual action research approach of interpretivism. To overcome this, various questions were included to seek out perspectives and the views of the respondents, however the accuracy of these personal perspectives remained difficult for me to verify. Overall, approximately half of the respondents from the usable responses completed the written answers, proving beneficial to the research process. My motivation for using questionnaires was not only to meet the requirements of the action research approach, but also to improve the knowledge and understanding surrounding each method of

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10 See newspaper articles associated with money laundering
1) http://www.bbc.co.uk/news/uk-scotland-18882464
2) http://www.guardian.co.uk/world/2011/jan/05/police-smash-london-drug-gangster-syndicate
money laundering. For these reasons, quantifiable questions were not essential since there was no requirement to count any aspect of determining how both money laundering methods were undertaken and the situational factors allowing and encouraging each method of money laundering to occur (Tilley, 2012). Instead, my approach enriched the creation of the two corresponding crime scripts rather than clarify personal interpretations on the scale of money laundering within the UK. Largely, however, the majority of the written answers received related to cash intensive businesses, possibly due to the particular money laundering process being more obvious and allowing aspects associated with the process to be more appropriately commented on.

Ensuring careful representation and enabling questionnaires to receive a serious response was considered essential not just to encourage recipients to take the time to complete and return my questionnaire, but also forward the questionnaire on to colleagues. With questionnaires, continuing to represent a common and ‘easily understood method of data collection’ (Hibberd, 1990, p. 1; King & Wincup, 2000), an obligation formed for me not to include questions simply because they appeared interesting. This mistake, however, became obvious in several of the earlier drafts until a final approach working back from the desired requirements to create questions capable of providing the necessary answers (Miles & Huberman, 1984) was fully adopted. The difficulty was that a significant amount of the information would come from open-ended questions which presented in itself many challenges and problems for analysis. Combining or aggregating responses, therefore (Hibberd, 1990) allowed the subsequent analysis to remain workable and achievable.

After the completion of my initial draft questionnaire, a small but focused piloting or ‘pretesting’ (De Vaus, 1995, p. 99) exercise commenced with the intention of testing the suitability of the questionnaire for wider dissemination. Eight pilot questionnaires, sent to a mixture of money laundering experts, researchers and colleagues was accompanied by a request to provide honest and critical feedback in relation to the structure of the questions and the layout. This piloting exercise, recommended as good practice by Dunne et al. (2005), also helped me to test for reliability, validity and illustrate details surrounding the later analysis of the data collected (King & Wincup, 2000).

Although not all respondents had significant understanding to help them answer every question, the pilot proved to be extremely worthwhile. Firstly, it established both the quality of the questionnaire, the semantics of the questions and an insight into the type of answers likely. Secondly and potentially more meaningful, it helped me to identify if the questions selected were in fact too broad and unable to seek out data sought to test the applicability of situational crime prevention. Consequently, several questions were acknowledged as too long, requiring excessive attention, so changes were made to encourage responses from people completing the survey for no clear reward.

Within shorter questionnaires, the focusing on clarity and simplicity (De Vaus, 1995) tends to achieve better results; therefore, the challenge to compile an appropriate questionnaire became threefold. Firstly, there was the initial requirement to understand the theoretical aspects surrounding both methods of money laundering. This for me meant questions capable of providing answers to find the routine
activities and rational choice aspects associated with each method of money laundering, at the same time aspects such as the modus operandi and the situational environment. Secondly, there was a need to show equal understanding of both methods of money laundering to prevent unbalanced research and thirdly, the questionnaire needed to be succinct enough to encourage participation (Hibberd, 1990). Consequently, the questionnaire focused towards two equal parts. Two general questions sought to provide a lead in (King & Wincup, 2000) before a description of both methods of money laundering; this was followed by a series of method specific questions. See appendix B.

Through an initial assessment, an appropriateness test of the proposed questions took place to ensure each question provided me with answers which not only assisted in the research enquiry but which were capable of being analysed. From my assessment, a mixture of open-ended questions and checklists capable of establishing behaviour, beliefs, attitudes, attributes (De Vaus, 1995) and ‘the problem definition’ (Hibberd 1990, p. 17) became the most appropriate approach for this particular study. To make my questionnaire as successful as possible, ‘leading, loaded, vague and double barrelled’ (Bryman, 2008, p. 242) questions and those including technical jargon were omitted to encourage responses from the broad range of potential respondents. Closed questions would show me whether the respondent knew sufficient details about the two methods of money laundering. The open-ended questions could then help me extract knowledge through non-predictable lists/conclusions, in other words, free speech capable of making amends from any of the closed questions having inadvertently provided false conclusions after persuading respondents to provide desirable answers.

A covering letter also accompanied my questionnaire (see Appendix A) assisting with introducing the scope of the study and explaining the ethical implications surrounding the research. Since respondents were being asked to complete the questionnaire voluntarily, this meant appealing to, and persuading each respondent that the research was worthwhile not just for meeting the obligations of my doctoral programme but also in respect to the identification of new opportunities capable of preventing money laundering in the UK. An explanation aligned to the obligations associated with the Data Protection Act (1998) was included to outline the name of the organisation conducting the survey and my process for handling the collected research data (Brace, 2004).

Work surrounding the prevention, investigation and detection of money laundering, still represents a secret business environment. Although comparatively large and supported heavily by academia, a list of participants was unobtainable, meaning a random sampling strategy was not possible. Consequently, my inability to identify a suitable ‘sampling frame’ (Bryman, 2008, p. 458) could feasibly influence the credibility and reliability of the final research. Acknowledging the implications from inappropriate sampling of the questionnaire and the possibility of it also yielding incorrect and unsupportable conclusions, my decision was to identify as many participants as possible hoping to receive views from the cross section of AML profession, while reducing the likelihood of a biased or unrepresented sample forming misleading conclusions. Of course, my process proved challenging as in many cases, the individual’s interest and knowledge relating to both methods of money laundering was impaired.
After choosing to sample a broad range of people associated with AML, a snowballing strategy (Lewis-Beck, Bryman & Liao, 2004) was nominated, given my research aimed for the most part to present a cross sectional representation of those people involved in UK AML efforts. For this method to be successful there was a significant level of reliance on initially identified participants to forward the questionnaire onto colleagues and other money laundering experts. While the snowballing strategy to sampling a hidden population can provide positive results, it also remains controlled by the level of resistance from people not interested in establishing a referral process. Overall, 732 questionnaires were disseminated, from which I received 160 replies, only 70 of which were deemed actionable based upon the content. (See Figure 4-1)

![Figure 4-1: Response rate to research questionnaire](image)

While it remained a time consuming process, SurveyMonkey\textsuperscript{11} facilitated my large-scale distribution through a single email process, with the response rate from the various areas initially targeted shown in Figure 4-2. Wednesday afternoon was chosen as it appeared the most appropriate time to send out the questionnaire, as it also represented a halfway point between the Monday morning catch up and the Friday afternoon run down. With my need for ‘higher proportions of questionnaire completion by respondents in the sample’ (Dunne et al., 2005, p. 44), a follow up email was sent thanking early responders and encouraging non-responders to complete the questionnaire.

\textsuperscript{11}SurveyMonkey is a free (or subscribable) service that provides an online survey tool. See: http://www.surveymonkey.com
Interviews:

As expected, my analysis of the questionnaire data highlighted several gaps requiring further clarification. My review of the various approaches to qualitative data collection indicated an almost overwhelming number of options, but it remained certain the best method for determining ‘clarification’ would be through a series of semi-structured interviews. These interviews, although not intended to characterise a triangulation of the research data did allow for clarification by focusing towards specific points within the crime scripts. Interviews could also assist in understanding feasible preventive methods while limiting recommendations from contradicting best practice.

Although triangulation between the questionnaire and interview findings had initially been considered, it was felt interview data could be used more effectively to determine the characteristics which surrounded the methods of money laundering chosen, allowing the assessment to maintain the action research approach which necessitated a detailed understanding of the specific crime type. Furthermore, my data collected through a series of interviews would not necessarily amalgamate with the questionnaire data to produce unmitigated or rounded reality results. Instead, it was more appropriate for the two methods to collaborate and elaborate complete findings.

My selection of a semi-structured approach to interviewing was also considered capable of achieving the aims of this research project, the epistemological approach and analytic strategy, allowing sufficient probing and interviewees to ‘give narratives of incidents and experiences’ (Brannen, 2010, p. 182). Furthermore, allowing a degree of flexibility to allow me to ‘modify the format of the interview based on the responses received’ (Robson, 2002, p. 231) while incorporating responses from previous interviews (Seale, 2004). My semi-structured approach appropriately aligned to a phenomenographical approach to conducting and analysing interview data, making the process of planning the questions an integral part of the research strategy.
Consideration of alternative interview approaches also took place; however, the unstructured interview could easily allow interviewees to go off at tangents, while a fully structured approach created rigidity (Robson, 2002). My access to the interviewees was always going to be difficult. The clandestine environment that protected those involved in AML encouraged the likelihood of missing the ‘correct’ people. The selection of people was therefore as varied as possible (see Figure 4-3), allowing me to encompass all AML business areas. Their selection was, however, focused because of the need to base requests on referrals and direct introductions. Overall, the targeting of the various AML business sectors provided me with a greater scope of details around cash intensive businesses and the purchasing of high value portable commodities, something that had not obviously occurred in the questionnaire. Likewise, several initially identified candidates also chose not to take part, identifying reasons such as:

"Unfortunately I’m not in a position to do such an interview. Sorry not to be of more help"

"Thank you for your message but my knowledge of the research topic is very limited. Since I cannot properly contribute I would prefer not to take part in the telephone interview. I hope you understand"

"Thank you for your email. I am not a money laundering expert but I am more than happy to help you with your research if you need it"

The timing of the requests, the culture of the organisation and the legitimacy and relevance of research to each recipient and their respective organisations further complicated access and commitment to the research study. In total 55 interview requests were disseminated as shown in Figure 4-4, with 11 respondents agreeing to take part.
Forming my interview schedule appeared relatively straightforward helped in part by the gaps identified during the analysis of the questionnaires. As suggested by Kvale (2007) both a thematic and dynamic dimension ideally needed to be included in the interview schedule, capable of producing useful knowledge, promoted by interpersonal relationship between the interviewer and the participants was deemed necessary, to satisfactorily stimulate the experience. This led to my final choice of interview questions aligned diligently to the initial research questions, written in such a way as to encourage the expression of tacit knowledge while adopting an ethnographic approach to discovering what the minds of each interviewee held in relation to each of the two methods of money laundering. Generally, respondents spoke candidly about their thoughts and opinions as opposed to a guarded approach that had been expected and feared, particularly while interviewing by telephone.

In many cases, my questions asked, were direct and did not require lengthy answers despite many interviewees providing detailed explanations. While this approach could potentially have represented a halfhearted attempt at interviewing, my intention from the outset was to gather as much specific detail as possible in relation to the research while protecting the identity of the interviewees and the organisation they represented. The full transcribing of my interviews would be a time consuming and potentially costly undertaking, offering little support to this particular research project. Though transcribing can add benefit to the later understanding and analysis of lengthy interviews. From the length of the interviews undertaken, a full transcription seemed unnecessary because of the access to the interview audio recordings and the association between the questions and answers formed to concentrate on filling the gap left by the questionnaire data. This allowed the interviews to be specific in what they set out to achieve.

From my interviews, six particular themes were visible in respect to the idea of applying situational crime prevention towards money laundering. There also seemed to be in many cases a predetermined perception of AML and situational crime prevention. In respect to AML this was acknowledged as built upon the position they currently held and/or the organisation they represented or the frustrations they held in carrying out money laundering investigations. Regarding situational crime prevention, understanding did exist, but not always identified as specific. The six different opinions in respect to situational crime prevention included comments such as:

![Figure 4-4: Interview request responses](image-url)
1. ‘It’s already in place’ (Interviewee 8)
2. ‘It could be too difficult and costly to implement’ (Interviewee 7)
3. ‘Great – we need to keep trying every possible option’ (Interviewee 1)
4. ‘Difficult as not enough is known about these two methods of money laundering to know where to start’ (Interviewee 2)
5. ‘We need to target the predicate offence first’ (Interviewee 5)
6. ‘I’m not sure if people would understand what is involved’ (Interviewee 4)

To ensure each interviewee understood the reason for their participation and could consent to the interview, an information sheet was included with the initial introductory covering letter (See Appendix C). Not only did this letter align with my ethical obligations, it also assisted me in formalising the relationship between the University of Portsmouth and the interviewee through an additional information sheet for each participant (see Appendix E). Included was an outline of the data protection requirements, intellectual rights and necessary copyright issues (Robson, 2002). The information sheet made it clear that respondents had an opportunity to choose whether they participated. Having agreed to take part, participants were reassured of complete confidentiality and asked to complete a consent form before the interview took place (see Appendix F). Based upon the positive and thoughtful responses received during the piloting of the questionnaire, the same colleague’s and money laundering experts reviewed the questions selected to make up the interview schedule (see Appendix D). Although each person provided critical comments, the collective process proved relatively straightforward, primarily since the questions selected sought to provide clarification of outstanding issues. The questions piloted also represented an informal discussion, based upon a simple but objective approach.

While my sampling of the questionnaires had been concentrated towards a snowballing strategy based on the practical implications associated with identifying people involved in preventing, investigating and detecting money laundering, the strategy used for my interviews seemed far simpler. The intention of my research was to determine the applicability of situational crime prevention against two specific methods of money laundering. Successful completion therefore would require an in-depth understanding of the undertaking associated with each method of money laundering and the situational and environmental factors surrounding each method. This intention then became my focus of the sampling strategy that in the end became more of an intentional selection of participants, capable of providing answers to the questions listed. Any alternative scientific approach to sampling would more likely have meant the majority of the interviews would have provided me with valueless data caused by the detailed nature of the specific methods of money laundering in which the research was focused. This difficulty remained evidenced in the lack of details provided in over half of the questionnaire responses and the limited written supporting evidence detailing the processes used to carry out each of the two methods of money laundering. In the end, it emerged unacceptable to select a random statistical sample of potential interviewees based upon the fact that many may not be able to provide the necessary evidence, in turn wasting time for the researcher.
4.7 Data Analysis

Effective data analysis ensures there is no wasted effort at the collection stage. When carried out during data collection, data analysis helps the revision of future queries allowing for the collection of more appropriate and better quality data (Miles & Huberman, 1984). To ensure this, it is paramount for analysis to become a consideration from the outset, particularly before questionnaires and interview questions develop into the final selected list. Effective planning and preparation at the data gathering stage also helps to remove later problems of what to do with the answers and data obtained (O’Leary, 2004) but more significantly, it assists with the translation of the data into findings, and from findings into conclusions. Of course, for my project, this meant significant deliberation as to how the methods used to provide the answers necessary for an alignment with the underlying theoretical perspectives and action research methodology could shape the data collected.

Given no single approach to analysis is capable of sufficiently convincing everyone that the theory chosen is either right or wrong (Kalof et al., 2008), criticisms were always likely. It was therefore necessary for me to remove any possible researcher bias that could influence the approach through the transfer of natural scientific approaches into social science research, something only noticeable by the methodology and methods selected (Dunne et al., 2005). Analysis of my questionnaire data was therefore determined during the formulation of the questions based upon consideration as to the expected answers. This resulted in either nominal variables in which the typical response or single most common response (mode) became identifiable or an ordinal variable leading to rankings against a justifiable order but not quantified among the categories identified.

While SurveyMonkey provided me with a basic overview, assisting subsequent analysis by creating a series of tables and charts, several questions had insisted on a written response, resulting in a large amount of text. This written text proved significant in that it provided an insight into each method of money laundering. In order for it to then be analysed and for me to begin providing suitable findings, it first needed to be assessed according to its theme or placed to help form a crime script, while describing relational ideas (Richards, 2005), rather than incorrect descriptions of any element identified through the themes presented (Bazeley, 2009). My adoption of a seven-stage process suggested by Dahlgren and Fallsberg (1991, p. 152) assisted the process (Figure 4-5), enabling similarities and differences within the responses to provide me with a viable crime script for each of the two money laundering methods. My interviews were listened to a minimum of three times as per the suggested analysis process. Once after each interview to help understand and make notes and determine key quotes, again after all interviews were complete and again after all the findings had been considered. While this was time consuming the first review helped me adjust and focus the angle taken during interviews despite already having a set list of questions, the second and third reviews assisted greatly in clarifying and identifying further evidence to support my findings.
1. **Familiarisation**: Listening to the interviews at least three times and repeatedly checking transcripts for accuracy.

2. **Condensation**: Reducing transcripts to a short statement representative of the whole interview.

3. **Comparison**: Establishing and comparing which short statements were similar to others and those that differed.

4. **Grouping**: Placing those short statements that were similar together for initial categorisation.

5. **Articulating**: Describing categories with no commonality giving a specific theme for each category.

6. **Labelling**: Allocating a specific description and expression for each symbolised category.

7. **Contrasting**: Comparison of the final categories with regard to similarities and differences based on the individual perceptions and understanding.

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Figure 4-5: A 7-step process to data analysis. (Dahlgren and Fallsberg, 1991, p. 152)

Although computer packages could have assisted my analysis of the qualitative data, the process of setting the parameters for coding the data, presented a subjective and somewhat time-consuming process (Bryman, 2001). In the end, my chosen process involved a process of familiarisation, grouping and labeling of the open-ended questionnaire. Although relatively straightforward as a single process, it became clear that the familiarisation stage had become the most crucial, helping to provide throughout the process, the understanding required to identify themes and ultimately the conclusions from the initial findings. Choosing this method suited my aims of the research, allowing an assessment to determine whether situational crime prevention could be used to prevent money laundering, by separating the data gathered while allowing a sequential list of acts to be formed and analysed in the form of a crime script.

While the analysis of the interviews preceded my analysis of the questionnaires, there was no direct intention to compare the two sets of findings. Instead, the interviews provided support for the findings of the questionnaire and the research questions (Brannen, 2010). Naturally, my two types of data analysis were for the most part complementary of one another, providing me with two alternative insights into the various aspects of the phenomena surrounding each method of money laundering.

### 4.8 Constraints, dilemmas and reliability

Successful action research requires the establishment of credibility, transferability and dependability (Lincoln & Guba, 1985; Dick, 1993; Thorne, 1997). Although action research provides essential validity through a distinctive methodology adopted by the researcher - a process that inevitably provides many opportunities for reflection, the lack of an agreed measure for evaluating action research still represents a hurdle for which many researchers are obliged to overcome (William, 2006). The process of correctly choosing data collection tools, therefore, encourages construct validity, permitting the researcher to correctly evidence what they set out to measure, using statistical or observable methods.
My research project from the outset identified various initial constraints. Not only did my research focus on a clandestine environment and process, but also the information remained largely hidden from public view. Although the focus of the research was towards testing situational crime prevention against two distinct methods of money laundering, further dismay arose because of the protection afforded by organised criminal’s intent on defending their enjoyment of illicitly gained wealth. My constraints meant that while money laundering continued to be extensively documented (Schneider, 2007; He, 2010), numerous issues developed, most of which were associated with the lack of good quality and accurate data, suitable methodologies, crime recording inconsistencies and the practical problems associated with accessibility, ownership, quality and timeliness of appropriate data.

Nevertheless, the most striking dilemma, which this project faced, related to the securing of a valid conclusion, deemed only achievable by securing accurate data during the questionnaires and interviews capable of providing sufficient detail of the two methods of money laundering selected. To achieve this, it was necessary for me to determine valid, reliable and universally appropriate research findings. By identifying both the constraints and dilemmas associated with this research project, additional effort focused on establishing reliability. Reliability could then improve my viability of testing this methodology against not only additional methods of money laundering but also other specific crime types.

4.9 Ethical issues and considerations

Ethical considerations play a major role in the development of a social research project ‘from its design to conclusion’ (Fossey et al., 2002, p. 723). According to Kalof et al. (2008), professional researchers hold a moral obligation to act ethically. Holloway (1997) suggests at each stage of the research design, consideration of any ethical concerns must take place because of the potential impact on the aims of the research and what it is the research questions are seeking to identify. By doing so, the researcher protects all potential research participants from ‘harm and risk, while respecting vulnerable populations’ (Cresswell, 2003, p. 64). Noaks & Wincup (2004) broaden the debate further by suggesting the need to protect participants from harm by arguing, ‘research participants should experience an approach that gives attention to protecting their rights, seeks to achieve the informed consent and respects promises of confidentiality’ (Noaks & Wincup, 2004, p. 43).

Ethical considerations also vary depending on the researcher’s position. Fossey et al. (2002), for example, suggest in quantitative research, it can be far easier to make records anonymous and present findings, which discourage the identification of individuals involved in the research (Bryman, 2008). Whereas, qualitative researchers must constantly consider a variety of ethical issues such as the need to act with sensitivity and diplomacy when exploring the inner feelings and thoughts of all participants, therefore preventing the anonymity of the informant in any subsequent written work. Where the researcher is part of a profession or organisation where conflicting expectations exist, it is essential to address such issues thoroughly (Holloway, 1997).
Crime prevention measures also have the potential to raise ethical issues based upon opportunities for moral critique (Tilley, 2009). Ethical issues surrounding situational crime prevention have typically focused on how it has the potential to create a ‘fortress society’ (Clarke, 1995) as well introducing a ‘big brother’ concept (Clarke, 1997, p. 37), tending therefore to force unnecessary constraint and surveillance across the entire population, usually with the direct support from target hardening methods. The action research methodology also presents several obvious ethical considerations, ranging from close working relationships, the closeness of the researcher to the data and their clear ability to influence the way forward.

Accessibility presented one of the greatest challenges for my research project and coincided with the clandestine nature surrounding money laundering and the preventive and investigative measures used by law enforcement agencies. The adoption of the action research methodology implied I had gained an internal perspective enabling the researcher to conduct worthwhile research alongside those involved, whatever their level of responsibility. However, this ‘internal perspective’ arrangement suggested an ideal opportunity to breach ethical boundaries, based upon the intent of the information gathered. To directly circumvent these issues, the voluntary aspect surrounding participation was highlighted several times, along with an opportunity to withdraw at any point from my research.

Securing the identity of all the participants not only provided an additional ethical obligation but it may have also led to improved participation (Oppenheim, 1992) from across the various professional areas invited to take part. Disseminating my questionnaire through SurveyMonkey provided an ideal platform from which participants could remain anonymous. The approach used, purposefully refrained from seeking details and information surrounding each participant because of the questions chosen, which could otherwise have forced the identification of individual participants (Fossey et al., 2002) from the answers provided. Although an option at the end of the questionnaire enabled participants to add their email address, assurance was provided, that all email addresses would under no circumstances be shared with a third party, instead destroyed when the research was completed. Subsequent interviews carried out to identify and build upon aspects of the two specific methods of money laundering also demanded an approach capable of securing the identity of participants. To address this issue, my questions were highly specific to the method of money laundering and not always directly associated with the personal thoughts and experiences of the individual, thus helping to reduce the likelihood of participant identification (Cresswell, 2003). To ensure anonymity, a numerical code represented each participant, while complete details remained hidden in case of a later audit.

Document security represented another essential part of my research project, not only because of the general obligations when conducting social research but also because of the sensitivity surrounding the prevention of money laundering. Consequently, it became necessary for me to maintain control of all research in a way which abided by the wishes of the participants and prevented inappropriate publicity for the University of Portsmouth should the research data become lost. Security was facilitated by securing data on a password protected computer (Noaks & Wincup, 2004); keeping personal identity
details separate to the actual research findings and maintaining professionalism when discussing the research with colleagues and participants.

4.10 Summary

This chapter disclosed the process surrounding this particular research project into testing the applicability of situational crime prevention against money laundering through cash intensive businesses and the purchasing of high value portable commodities. It covered the challenges, the data gathered and the ethical dilemmas I faced, helping to establish a suitable research methodology and analytical strategy for my research, which inevitably because of the focus towards money laundering proved to be somewhat of a challenge.

Chapter 4 also highlighted some of the conflicting issues in methodological perspectives that surround the expectations associated with action research as it aims to provide credible and non-bias findings, something which my research sought to achieve while using both qualitative and quantitative research methods. My research questions used to guide this study were based upon the guiding principles of action research, therefore helping to also guide the research towards primary data. Although my data sources were restricted by the nature of the research, while money laundering remains a clandestine activity, the snowballing strategy used to disseminate my 732 questionnaires proved to be helpful in targeting the necessary research data. My focused approach to the interviews may have detracted the research study from its positivist principles but nevertheless proved to be essential for many reasons. The ethical obligations across social science research were also discussed in chapter 4 as they represent a significant factor in securing the authenticity of my research data and protecting those who took part. In chapter 5 the research findings that were achieved by following the process described in chapter 4 are presented.
CHAPTER 5: Research Findings

Chapter 3 established how business, legal and financial transactions are able to facilitate money laundering across all three stages of the money laundering process. Within the UK, across the regulated sectors this amounts to an estimated £10 billion per year (HM Treasury, 2007). While theories continue to evolve around the many methods of money laundering available, two methods namely ‘cash intensive businesses’ and ‘the purchasing of high value portable commodities’ were identified as representing methods of money laundering posing a danger to the UK’s economy.\(^{12}\) What follows in Chapter 5 is an insight into each of these two methods of money laundering based upon an analysis of specific research data that also enabled the identification of situational, environmental and theoretical explanations as to why these two methods of money laundering happen. All original data in this research study comes from two sources: questionnaire responses from 70 respondents and 11 interviews with AML and investigative experts. Various open source documentation, however, has also assisted in guiding the project.

5.1 Introduction - CIB and the PHVPC

Cash intensive businesses and the purchasing of high value portable commodities represent two distinct methods of money laundering that are considered to be dependent upon many factors, including the expertise of the money launderer, the location and the predicate crime. A report by the International Monetary Fund (IMF) in 2011 proposed various typological money laundering related headings, indicative of the problems facing the UK (IMF, 2011b). These methods demonstrated the many difficulties associated with preventing money laundering, despite the large-scale and continuing effort by law enforcement and regulators. The methods identified by the IMF (IMF, 2011b) included:

- Cash/value couriering;
- Financial abuse through certain nonfinancial businesses and professions, through money transmission agents (including Hawala and other alternative remittance systems);
- Cash-rich businesses and front companies;
- High value assets and property;

**Cash Intensive Businesses**

‘To launder money, organised criminals often turn to cash rich businesses, like pubs and car washes, competing unfairly against those legitimately running such businesses.’ (HM Govt, 2011)

Money laundered within the UK through cash intensive businesses seizes upon an overt opportunity that widely occurs through common non-descript targets. The total unassuming process behind the

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\(^{12}\) These methods were identified during a piloting of an initial questionnaire which sought to identify those methods of money laundering posing a danger to UK economic stability, profitable for organised criminal groups and least difficult to undertake.
depositing of illicit funds ordinarily involves the abuse of a cash intensive business, a business that is specifically capable of facilitating with ease the introduction of illicit funds into the legitimate financial sector. Exploited businesses may have no legitimate activity, instead existing solely to provide cover for the deposit of illicit cash. As questionnaire and interview responses identified, the ability to exploit cash intensive businesses enables the money laundering process through ability which:

“Disguises the real purpose of transactions and assist criminality” (Questionnaire 144)

“It’s the flexibility it offers” (Interviewee 11)

Once deposited, banks inadvertently facilitate the laundering process - sometimes quicker for customers with accepted credentials (Levi & Reuter 2006). Hence, the process prompts many challenges for investigators seeking to unpick legitimate appearing cash intensive businesses and money laundering functions (Levi, 2002). The following case study demonstrates how this method of money laundering is achievable:

‘At the order of the owners of a garage, a bookkeeper regularly deposits large amounts of money at the local bank. The bank reports this activity to the FIU, and the bookkeeper comes into view as a possible financial facilitator. He turns out to run a small bookkeeping business with no employee other than himself. The garage belongs to two men involved in the wholesale cocaine business. They launder their cocaine proceeds by mixing them in with the revenues of their struggling garage. The bookkeeper made extensive statements, but says he did nothing wrong. He does not consider it his responsibility to notice discrepancies. One of the discrepancies he turned a blind eye to was that the garage would have had to be open 6 days a week and operating at full capacity to even begin to approach the sales volume reported’. (Soudijn, 2012, p. 154)

**Purchase of high value portable commodities**

The purchasing of high value portable commodities as a method through which to launder illicit funds is perhaps centuries old, based upon the historic movement of populations seeking to protect individual wealth and avoid taxes. This method of money laundering represents an ability to transfer wealth (informal value transfer) in addition to facilitating money laundering. The approach used for money laundering can involve high value goods such as gems, gold, diamonds, jewels, artwork, and antiques. Once purchased, commodities are easily transported overseas, helping to meet demand of a particular market in exchange for payment in a form capable of establishing an aura of legitimacy.

**5.2 Research findings - business and commodity selection**

Analysis of money laundering through cash intensive businesses and the purchasing of high value portable commodities has identified the isolation of particular business types and commodities which tend to be favoured by those involved. These businesses and high value portable commodities are an indication as to the scope of these two methods and their ability to utilise existing scenarios that facilitate widespread legitimate businesses opportunities.
Cash Intensive Businesses

Cash intensive businesses are in abundance throughout the UK, despite a shift towards electronic based payment methods such as smart cards and digital cash. Many businesses, however, still actively encourage the use of cash through the customers they target, the services they provide and the desire to reduce overheads. This appropriateness was recognised through the following quotes taken from the questionnaire responses and interviews:

“Cash intensive businesses are certainly flavour of the month in terms of depositing criminal cash into the banking sector. It’s always been flavour of the month as they are just extraordinary difficult businesses to audit” (Interview 2)

“We have seen and there is experience of as you say cash intensive businesses and you will have seen previous research around things like nail bars and that king of thing where you have essentially got a front company or a company, well for two reasons either a company with a direct purpose of money laundering or a business which is subsequently suborned or utilised for that purpose with or without the ultimate beneficiary’s knowing” (Interviewee 9)

“The cash intensive business side is in a sense as a result of the evolutionary pressure and they have had to move to other instruments because of the cash which is sizable under POCA” (Interviewee 11)

Of the cash intensive businesses understood to be most at risk of money laundering, ‘nightclubs’ and ‘restaurants’ were identified as the two most prominent. From Figure 5-1, it is possible to interpret that while these two businesses are advocated as the most prevalent, ‘restaurants’ combined with ‘fast food outlets’ illustrate how the food service industry offers the strongest passage for introducing illicit funds.

While the list provided in the questionnaire was extensive, respondents identified additional cash intensive businesses considered susceptible to facilitating money laundering throughout the UK. Shown in Figure 5-1 these additional businesses have the capability for maintaining high numbers of cash paying customers, not all of who need to physically exist. They include:

- Nail bars/salons
- Public houses/pubs
- Garden centres/florists
- Betting shops/bookmakers
- Hairdressers/barbers
- Petrol stations
- Childcare nurseries
- Jewellers
- Gymnasiums
- Tool hire centres
- Ice cream vans
- Soft play areas
Limiting for a moment this analysis to tanning salons, interviewee 8 identified the following case study to demonstrate how such businesses, not too dissimilar to most other cash intensive businesses can easily facilitate money laundering:

“The thing we look at, at the moment is tanning salons. Tanning salons you would traditionally go in and lie on the thing for 20 minutes, quarter of an hour or however long, but we dealt with one only recently one of these businesses which is vertical tanning booths where its ten pounds for three minutes. So all you need to do there is have ten booths, you’re opening 8 hours a day so you work out how many minutes that is and divide it by ten and then divide by 3 and that’s how much money you can deposit into the banking sector legitimately without having a single customer through the door. So let us look at how we can exploit that further. I go to Lloyds bank and say I have ‘happy tanning studio’ and I have ten tanning booths and I intend to bank this amount of money and they say right, we will enter into a banking arrangement with you. I then go across the road and have the same conversations with HSBC, Nationwide and of course I can open as many accounts as what

Figure 5-1: Most frequently targeted CLBs. (n = 182)
people will let me and they all think they are receiving the genuine proceeds of my business”
(Interviewee 8)

Cash intensive businesses offer a simple way in which to deposit illicit cash into the banking system. This approach to money laundering is commonly depicted as another option through which illicit money can be laundered, however, evidence also indicates that the process coincides with a rational decision making approach. Rational decisions can focus, for example on the suitability of the business; questioning whether the perceived turnover allows for the deposit of illicit funds without causing unnecessary suspicion or whether the turnover in the area where the business is located justifies its existence in spite of economic change. It is also likely to extend to opportunities for criminal ownership or third party control, helping to establish greater protection and increase the distance back to criminally associated origins. Examples identified within questionnaire and interviewee responses include:

“There are too many variables in the scope of cash intensive” (Questionnaire 149)

“If you put a nominee up for the front for these businesses, the true, the bodies if you like, those with a criminal agenda could control the process” (Interviewee 1)

“You don’t need to get your return back in cash, you can get it back in kind, such a through a car hire company when you get to drive around in a Range Rover. If you are stopped its not your car.” (Interviewee 11)

From the research data, no evidence was available to indicate whether businesses are located to meet the needs of the money launderer. In total, 27% of the questionnaire respondents identified that frequency and widespread availability of cash intensive businesses increased susceptibility to money laundering. It would be, however, unreasonable to assume all cash intensive businesses offer the same level of susceptibility, despite their indiscriminate choice of location. In fact, certain locations by default will offer a significantly higher level of concealment, supported by community structure, cultural desires and spending trends. The difficulty is determining such locations and identifiable parameters without first identifying each cash intensive businesses used for money laundering.

Despite inconsistencies on the longevity of cash intensive businesses from the interview data, a motivation to guarantee businesses selected for money laundering which are also capable of facilitating the deposit of illicit cash long-term is indicated by the research evidence used to create the corresponding crime script. Consequently, preventative measures are weakened as these businesses become less recognisable and more reputable within commonly expected practice expectations. Two examples in the questionnaire responses clarified the issues relating to the problems associated with this by suggesting:

“Prevention of Money Laundering through cash intensive businesses is certainly a challenge. The only real way to probably stop it would be to end the use of cash. That having been said, if there is no cash, the criminals will exploit any other systems which may be in use” (Questionnaire 116)
“No business should be cash. Pre-paid, electronic payments at source or invoiced payments encouraged. Regular use of cash intensive outlets must offer clients a pre-paid debit card style of payment” (Questionnaire 130)

Motivation to encompass these opportunities is evident through the businesses identified by this research and the process considered, according to the research data. Supplementary actions considered necessary for ensuring the safe deposit of illicit funds on long-term basis are, however, noticeable suggesting there is significant benefit to be gained from additional preparatory work not only to secure the ability to launder illicit funds but to reduce suspicion. This specific momentum was acknowledged by comments from interviewee 1 and 10, in which they claimed:

“It’s simple, cash intensive businesses are easy to establish and at the moment they can exist forever” (Interviewee 1)

“There are so many of them making the options endless” (Interviewee 10)

The need for cash intensive businesses was also supported by the following questionnaire responses:

“Level 2 and 3 criminals are investing for longer term rewards; they want to appear legit over time” (Questionnaire 27)

“Difficulty is, generally cash intensive business do not need a MLRO only those regulated entities require MLRO. So the opportunity to launder is greater through cash businesses” (Questionnaire 72)

From the research data collected, not all cash intensive businesses are considered appropriate for the goal of facilitating money laundering. Those considered appropriate but less likely to be targeted for the purposes of money laundering are identified in Figure 5-1 and include ’24/7 convenience stores’, ‘market stalls and arcademusement establishments’. Strewn across the UK, availability is not a direct indication as to why they are only occasionally nominated. Furthermore, it is not clear whether these businesses, if used for the purposes of money laundering would otherwise attract untoward attention, nor is it appropriate to imply that these businesses do not represent businesses with insufficient turnover of cash. Judgements made as to the applicability of cash intensive businesses for the purposes of money laundering may unintentionally concentrate on the methods already acknowledged within literature and case studies. The visible separation in Figure 5-1 between those businesses frequently and less frequently targeted, demonstrates that while all of these businesses provide an ability to deposit illicit funds, their applicability for money laundering is dominated by a rational decision making processes that recognises how money launderers ensure the greatest possible success.

Cash intensive businesses hold many clues as to why they are used to launder illicit funds. In Figure 5-2 a number of these clues are shown with ‘remain relatively easy for criminals to own and run’, ‘illicit deposits can easily blend into normal legal transactions’ and ‘front companies remain easy to establish and disband’ being the most prominent. While these claims are relatively straight forward when compared to many of
the cash intensive businesses listed in Figure 5-1 it is evident from the research data that a decision-making process exists behind the scenes to ensure that the correct cash intensive businesses is chosen, why others are dismissed and also why more difficult and long-term businesses are selected.

From the research data available, decisions revolve around what is easy and what is capable of providing the most viable and beneficial result. Although this may not occur in every instance, there is evidence of a willingness to form ‘laundering sustainability’ by identifying businesses that criminals can access and control, thus permitting governance and oversight to reduce the risk of detection. These cash intensive businesses are determined by an ability to guarantee the regular deposit of illicit funds and an ability to support perceptions of legitimacy. In the majority of these businesses, a capable guardian, someone with the ability to monitor, identify and report wrongdoing can remain absent.

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number of Questionnaire Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simply just another opportunity or method in which to commit money laundering</td>
<td>60</td>
</tr>
<tr>
<td>Front companies remain easy to establish and disband</td>
<td>50</td>
</tr>
<tr>
<td>The ease in which businesses can prove legitimacy of all deposited funds</td>
<td>40</td>
</tr>
<tr>
<td>Reduced likelihood of a paper trail assisting any future LEA investigation</td>
<td>30</td>
</tr>
<tr>
<td>Personal identification documents are not typically required</td>
<td>20</td>
</tr>
<tr>
<td>The potential for ‘insider’ assistance</td>
<td>20</td>
</tr>
<tr>
<td>Quick and relatively easy to undertake as a money laundering method</td>
<td>20</td>
</tr>
<tr>
<td>The lack of targeted law enforcement resources capable of dealing with this method of money laundering</td>
<td>20</td>
</tr>
<tr>
<td>An absence of cross departmental cooperation focused towards AML</td>
<td>20</td>
</tr>
<tr>
<td>The lack of obligation by other sectors to tackle this particular money laundering method</td>
<td>20</td>
</tr>
<tr>
<td>Illicit deposits can easily blend into normal legal transactions</td>
<td>60</td>
</tr>
<tr>
<td>The variety of possible locations where suitable businesses can be located</td>
<td>50</td>
</tr>
<tr>
<td>The variety of possible businesses from which to choose from</td>
<td>40</td>
</tr>
<tr>
<td>It remains relatively easy for criminals to own and run suitable businesses</td>
<td>30</td>
</tr>
<tr>
<td>The lack of sufficient regulatory oversight</td>
<td>20</td>
</tr>
</tbody>
</table>

Figure 5-2: Reasons considered why CIB are utilised to launder illicit funds. (n = 472)

While the reasons identified in Figure 5-2 are plausible and supportive of the very nature of money laundering through cash intensive businesses, the businesses selected by respondents in Figure 5-1 do not necessarily match those businesses considered to be, for example easily established - such as nightclubs and restaurants. This indicates that businesses can, however, be rationally selected to sanction a suitable and viable ‘front’ that creates a perfect option for limiting association with criminality and allowing long-term sustainability. It may also indicate links to other areas of criminality such as drug dealing or an
obsession with purchasing existing and established businesses. Where demand remains constant, securing cash intensive businesses appears to present another effective solution for guaranteeing reasonable and regular through flow of (potential) customers with a range of spending habits.

**Purchase of high value portable commodities**

In the UK, there is an acceptance criminal’s move money abroad to reduce unnecessary exposure, fund criminal activities and purchase expensive luxuries (Home Office, 2009). In Figure 5-3, the most susceptible commodities considered appropriate for facilitating the laundering of illicit funds through this method of money laundering are presented. The susceptibility and keenness to conduct money laundering through the purchasing of high value portable commodities is also highlighted in the following interview responses:

“It’s small and easily concealable and can be got rid of” (Interview 3)

“I think it is. One, its portable and two, it’s a tangible asset… and potentially it accrues value depending on the asset. ….They are capable of being subsequently resold for particular markets so there is an opportunity to get an additional return…. They are easy to use as a currency. They are untraceable from a financial services industry point of view… they basically exist in that state wherever they go” (Interviewee 9)

“It’s the flexibility on offer with the commodities which can be chosen” (Interviewee 10)

As shown, four items in particular are considered more appropriate, with each item also holding individual characteristics. These characteristics help to identify why the selection of commodities is also appropriate not just for the purposes of money laundering through the purchasing of high value portable commodities but also in relation to the global financial environment. These characteristics include:

- **Art** – The sale of artwork continues to flourish, with high values and significant prestige attached to certain items.
- **Diamonds** – Continue to provide high value in small measures. Quality is difficult to determine for many and they are easily secreted.
- **Jewellery** – Remains a common sight, more so in some cultures with the actual value difficult to establish.
- **Gold** – The cost of gold is extremely high driven by security and the lack of availability. Gold also provides an option for securing wealth.

Analysis of these four particular commodities identifies several characteristics, which also coincide with opportunities that more appropriately facilitate the needs of the money launderer, suggesting these items represent commodities that are:

- Easily purchased, both legitimately and on the black-market;
- Easily sold, however, certain items can require a specialist market or buyer who knows what they are buying;
• Capable of holding significant monetary value and likely to continue to do so although the price of gold is slipping from a recent extremely high value based upon historical prices;
• Easily transported, however, paintings and wildlife items will by necessity attract more attention, owing to the size and interest by authorities that maintain an inquisitive mind;
• Unlikely to look out of place, although this is dependent on any associated variables;
• Easily managed (despite previously been stolen) through collaborative process in which the buyer and seller of the commodity before any shipment understand the circumstances around the commodity, hence helping to achieve greater complete success therefore benefits this process. Selling of items in the underworld reduces risk, however risk may increase where the identification of the commodity is traceable; and
• Untraceable to the ‘untrained eye’, suggesting they are easy to hide. This is particularly true with respect to gold and diamonds since they are none descript and only traceable with accompanying receipts/paperwork. However, whereas jewellery, watches especially can be identified through serial numbers.

In addition, jewellers were identified by interviewees 3 and 9 as a controlling factor in determining those who facilitate money laundering accidently or knowingly:

“Jewelers are not always corrupt in that they take money to help money laundering they take it because here is a guy who is willing to pay 30,000 pounds for this watch” (Interviewee 3)

“It is the sale ability for the retailer; the retailer is certainly not going to manage to sell as much, this puts a false price on the commodity” (Interviewee 9)

Other commodities such as fine wines, stock/shares, rare wildlife products, casino chips and store value cards are also appropriate according to the research, demonstrating how the list of possible commodities remains extensive, altered only by the capacity of criminals to seek out new and imaginative opportunities to facilitate the laundering of illicit funds. Interviewee 4 summed this ability to identify options in the following quote:

“They [the criminals] inventiveness is based upon sheer cheek” (Interviewee 4)

It is clear from Figure 5-3 that ‘gold’ represents the preferred commodity for money laundering through the purchasing of high value portable commodities. Nevertheless, it is unclear as to whether this result is a perceived response based upon the current value attached to gold.13 Likewise, diamonds can equally hold high value and according to the research findings outlined in Figure 5-3, are frequently targeted for facilitating money laundering.

With an extensive list of high value portable commodities to choose from, the global economy appears to be a powerful driver in the decisions made, assisting in both the popularity and suitability of this

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13 Gold continues to retain its high value. At the time of writing the value per troy ounce was 1,037 GBP. Source http://goldprice.org/gold-price.html
particular method of money laundering and the commodities used. Analysis of the main reasons why this method of money laundering remains prevalent (see Figure 5-4) has indicated that the items selected may in fact remain irrelevant. Nevertheless, the research also identifies significant factors justifying the criminal’s obsession with this method through the following comments:

“There is no control of cash purchasing of high value portable commodities, so it is an absolute vulnerability” (Questionnaire 36)

“More intelligent criminals will invest in low volume high value easily transportable stuff” (Interviewee 10)

Nevertheless, there are also those who consider this method of money laundering to be no different to other methods, claiming instead with reference to the purchasing of high value portable commodities

“There is nothing in particular; it’s just another method for laundering funds” (Interviewee 2)

![Figure 5-3: Frequency of high value portable commodities according to questionnaire responses. (n = 118)](image)

While the survey results identified gold as the most frequently targeted high value portable commodity (Figure 5-3), it appears any available high value portable commodity can be appropriate under the right circumstances. Many of the items identified in Figure 5-3 are widely available throughout the UK, failing to indicate any further preference towards a specific area, approach or commodity.
Evidently, the variety of scores, indicated against options in Figure 5-4, suggest there are very few precise reasons as to why this method of money laundering is chosen. Despite these scores, it is also noticeable that most of the reasons identified are also relevant to many other forms of crime and therefore simply characterise what many criminals may look for when contemplating any criminal act, with or without the presence of an observable rational decision making process. The answers provided in Figure 5-4 supports how there appears to be limited control associated with the purchasing of high value portable commodities, indicating a vulnerable process capable of natural concealment within the legitimate economy. It is therefore possible to hypothesise that the entire list of reasons identified in Figure 5-4...
represents the actual reasons why this method is appropriate for money laundering. From the questionnaires, it is also eminent that this method is sustained because of the following reasons:

“There is a distinct lack of KYC to know the client or where money is actually from” (Questionnaire 67)

“Lack of sufficient KYC (where required) facilitates money laundering” (Questionnaire 149)

Using Figure 5-4 as a basis through which to further consider why criminals may have chosen this particular method of money laundering, it is possible to also appreciate from the research data that:

- This method enables direct control over the whole laundering process, despite several variables existing during transportation and the point of sale. Furthermore, vulnerabilities associated with detection can be reduced when assisted by known and trusted adversaries at both the time of purchase and point of sale;
- There is no clear evidence to suggest a short or long-term approach. Both approaches can easily be facilitated with little effort from the criminal/money launderer;
- Items purchased, tend not to attract too much adverse attention, although there are exceptions. Such as the commodity, location, point of sale, transport routes, and the persons involved;
- This method represents normality in many cases, unless the process encourages attention from the control of authorities through which the items pass.

Indications from the research data, in particular the responses ‘items are willingly accepted overseas in exchange for cash and other goods’ and ‘a significant number of willing purchasers both in the UK and abroad’ suggests many high value portable commodities are capable of been resold overseas. Whether this is through cooperation within a black economy or criminal underworld is not known but what these answers do demonstrate is that the opportunities for resale benefit those involved in money laundering through the purchasing of high value portable commodities indicating it may also be more susceptible to money laundering than previously assessed. From the questionnaire, various comments supported a potentially increased prevalence of this method:

“Clearer understanding of high value portable commodities is required to help understand the actual scope of this method” (Questionnaire 122)

“This is far more prevalent than current estimates suggest” (Questionnaire 135)

Of the factors identified, many are unsophisticated. It is easy to understand from the data how this method of money laundering offers opportunities across various locations, unrestricted by AML restrictions and paper trails. In just about every instance, there are opportunities to disguise the real purpose of a high value portable commodity transaction because not only does purchasing remain
opportunistic, evidence implies this method of money laundering appears detached from control measures which are either negligible or not applicable until a purchase exceeds EUR 15,000.14

5.3 Crime scripts – CIB and the PHVPC

Crime scripts purposefully assist in identifying the rational decision-making process of a criminal aside from extracting crime specific details (Cornish, 1994). Representing a process which may incorporate several scenes (Eblom & Tilley, 2000); crime scripts contribute by identifying points in time that add to the theoretical tool kit of situational crime prevention (Cornish, 1994; Cornish & Clarke, 2002). Having the capacity to also extend analysis opportunities, crime scripts enable the identification of a broader range of possible intervention points (Ekblom 1997), helping to capture ‘something of the routinised quality, yet flexibly responsive to the nature of criminal decision-making’ (Cornish, 1994, p. 151).

With each stage of a crime script presenting opportunities to assess the applicability of techniques for situational prevention, crime scripts, however, must ensure they represent the enactment of the crime according to the steps taken by the criminal (Clarke & Cornish, 2000). Developed as a ‘hypothesized knowledge structure’, in which ‘individuals are guided in routinised, yet inherently flexible goal-oriented behaviour through a sequence of steps or sub-goals’ (Cornish, 1994, p. 157), crime scripts offer opportunities for ‘breaking down a criminal endeavour into functionally, spatially and temporally defined events, which may or may not follow a strict sequential order’ (Levi, 2008, p. 390). However, such analysis is not always possible without the capacity to study crimes having taken place or been attempted. This approach, therefore, signifies a classical reactive methodology rather than a current assessment, something that according to critics of situational crime prevention weakens its practical capabilities.

Distinct from many other forms of crime, money laundering remains a silent act, which makes it difficult to evaluate. Interviewees 1 and 10 suggested this hampered money laundering prevention because:

“We are always playing catch up with the diversification of typologies” (Interviewee 1)

“We claim to have typologies representing the money laundering methods but we only know what we have come across or guessed” (Interviewee 10)

Consequently, money laundering techniques have become far more difficult to interpret and prevent (Arnone & Borlini, 2010), despite the global adoption of a three-stage process of money laundering (Figure 5-5). Opportunities to analytically understand the rational decision-making process of the criminal and their capacities, and opportunities through which to elicit crime specific details (Cornish,

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14 The use of large cash payments has repeatedly proven to be very vulnerable to money laundering and terrorist financing. Therefore, in those Member States that allow cash payments above the established threshold, the 3rd Money Laundering Directive when accepting such cash payments should cover all natural or legal persons trading in goods by way of business. The Directive in any event covers dealers in high-value goods, such as precious stones or metals, or works of art, and auctioneers to the extent that payments to them are made in cash in an amount of EUR 15000 or more.
1994) have also remained controlled. This difficulty is further protracted by the approach criminals take in exploiting intricacies in the ever-developing range of methods through which money laundering can take place.

![Figure 5-5: 3-stage crime script for money laundering.](image)

**Cash intensive businesses**

Since crime scripts represent a historical depiction of the macro events having taken place, it can sometimes be difficult to fully accept the ongoing relevance of the information that comes from establishing them. Nevertheless, a crime script can add value. Identified in Figure 5-6 are the ‘stages’ undertaken during the laundering of illicit funds through cash intensive businesses. While the standard crime script for money laundering inherently encompasses three stages (placement, layering and integration), here the script defined from the research data has five stages. It is necessary, to recognise that these stages are not completely separate (as indicated by the colours) and do not always need to follow the order set out below because of the choices available within the many variations throughout the process. The five stages are described as:

- **Stage 1** represents the identification of a suitable business and optional preparatory work.
- **Stage 2** is the placement stage in which illicit money enters the business.
- **Stage 3** defines extra preparatory work aligned to establishing the business as a long-term option for the depositing of illicit money. This stage is not compulsory.
- **Stage 4** is the layering stage in which the illicit money is concealed by the legitimate deposit of justifiable cash.
- **Stage 5** represents the integration stage when the once illicit money is used to make purchases with what are considered legitimate funds.

From the crime script in Figure 5-6, it is possible to identify several options within stages one and two that introduce ‘actors’ capable of facilitating or enabling a more effective process deemed capable of fending off unwanted enquiries. Nevertheless, actors identified in Stage two may only be necessary where it is decided to utilise a cash intensive business for depositing illicit funds over an extended period of time, rather than a one off event.
Again, it is not possible to identify whether particular locations influence certain stages of the process. While the rational choice perspective (Cornish & Clarke, 1986) typically assists in the identification of situations, money laundering through cash intensive businesses can potentially take place anywhere in the UK. This overt availability of conceivable locations was indicated in the questionnaires and interviews by the following characteristic comments:

“Business may have multiple outlets at opposite ends of the country” (Questionnaire 12)

“The businesses which are targeted are on every high street” (Interviewee 4)

It is possible to also identify how the events identified unfold to guarantee a process capable of accepting continuous injections of illicit cash, improved significantly by establishing outright control or ownership of the cash intensive business at the centre of the laundering process. Although business interactions
remain manageable, were a decision is made to utilise a cash intensive business on a long-term basis the number of interactions between associates and unsuspecting actors can increase, as recognised in Stage 3.

Figure 5-7: Comparative depiction of short and long-term options for money laundering through CIB’s

From the crime script in Figure 5-6, we can begin to identify the criminal decision-making process that coincides with the actions taken. For instance, there are two definitive options open to the money launderer: long-term and short-term. Depending on the decisions made, a series of proceeding choices are likely, most of which according to the crime script represent decisions demonstrating rationality associated with achieving the greatest level of reward from the least amount of effort. Level-headedness is
also more visible here, since money laundering does not typically encompass acts that are spontaneous, random or performed without forethought. Instead, based primarily on the consequences of failure, money laundering is driven by a rational decision making process that enables money laundering to be planned, coordinated and conducted in a logical and systematic way, while utilising rational actors through a cost benefit analysis. Figure 5-7 represents both long and short-term options, depicting how Stage 3 is indicative of actions aimed at securing longevity of the cash intensive businesses for money laundering during only the long-term approach. The short-term approach alternatively meets the expectations of only four key stages.

**Purchase of high value portable commodities**

The crime script for money laundering through the purchasing of high value portable commodities is shown in Figure 5-8 and is illustrative of a far more simplistic process. Various features nevertheless indicate how a specific decision-making process occurs during the laundering of illicit funds. The process also crudely correlates with the commonly depicted three stages of money laundering as shown in Figure 5-5. It is necessary to recognise that these stages are not completely separate (as indicated by the colours) and do not always need to follow the order set out below because of the choices available within the overall process. Nevertheless, for money laundering through the purchasing of high value portable commodities the five stages are described as:

- **Stage 1** represents the identification of a suitable business from which to purchase the high value portable commodity or commodities.
- **Stage 2** defines the placement stage within which the commodity or commodities are purchased using illicit cash.
- **Stage 3** represents further preparatory work that although not necessary in every circumstance can facilitate a more effective process, particularly on occasions involving large items shipped overseas. However, this stage is not compulsory.
- **Stage 4** is the layering stage in which the illicit commodity or commodities sell legitimately, for example a business transaction in which a receipt is provided or the commodity is sold secretly in which there are no records but that still facilitate a legitimate financial transaction capable of impeding suspicion.
- **Stage 5** represents the integration stage when money (which can legitimately be accounted for) is used to make purchases.

From the crime script in Figure 5-8, it is feasible to identify how the laundering of illicit funds through the purchasing of high value commodities represents a sequence of events, which once complete is then terminated. Nevertheless, preparatory work to facilitate the reducing of risk and effort, and the increasing of rewards is likely to facilitate further opportunities if the process needs to be repeated or if a particular commodity or other factor associated with the money launderer are likely to attract unwanted attention or capable of increasing overall risk.
Interactions required to facilitate this method of money laundering are considered reliant upon the actual commodity purchased, the manner in which it is purchased and the processes surrounding any overseas transportation according to the evidence used to create the crime scripts. Nevertheless, opportunities for reducing interpersonal interaction between the buyer and seller can be initiated where a third party is introduced, allowing the third party to make purchases, for example for items over EUR 15,000, sanctioning the ‘real purchaser’ to increase sufficient distance from the purchase, the money laundering process. Two interviewees identified the significance of using a third party in the following comments:

“Clearly using a third party or front man removes risk and distances the actual purchaser from any suspicion” (Interviewee 3)

“There is significant benefit to the criminal if he can distance himself from the money laundering process by using third parties” (Interviewee 8)

This was supported further by a written response within the questionnaire:
Better banking due diligence to overcome the use of third party purchasers is required

(Questionnaire 135)

To ensure understanding as to how the commodity is to be resold, the money launderer is thought to first make a rational decision to ensure the correct commodity is purchased. This decision then forms a purchase to order scenario, in which the environment for selling the commodity dictates the item most suitable for allowing the money laundering process to go ahead.

In the crime script outlined in Figure 5-7, it is difficult to identify any significant behavioural routines or to ascertain what level of significance time can have upon the total process or the decisions made. Any aspect relating to time obligations are likely to originate from necessities associated with the type, quantity and size of items purchased and storage or transportation of the commodity.

5.4 Influential situational and environmental factors

Situational and environmental factors can influence a decision to commit a particular crime (Clarke & Cornish, 1985). As Tilley (2005) suggests ‘crime is in fact the intentional consequence of unintended opportunity’ (Tilley, 2005, p. 266), indicating a need to understand how situational and environmental factors unintentionally facilitate these two methods of money laundering.

Recognised as thought provoking, the details of a crime can provide an essential analytical task capable of describing how events shape their niche within the larger system of activities (Cohen & Felson, 1979). Understanding the local context is therefore vital, since opportunity remains a flexible characteristic of most crime types, including financial crimes (Michel, 2008), whether through a situational aspect of the business, the method of money laundering or factors within the wider environment. Situational factors or those specific to the setting in which the criminal act takes place, therefore representing noticeable clues capable of prompting criminal reactions (Wortley, 1998). In understanding what prompts individuals to perform criminal acts, situational factors can pressure potential offenders to commit criminal acts by weakening emotional arousal to reduce the likelihood of a criminal response (Wortley, 2001). In determining situational factors specifically associated with money laundering, the difficulty arises in that the process of money laundering is not a single event, instead a series of criminogenic events, committed by a diverse range of offenders, stretching across many countries and jurisdictions and reliant upon situational and environmental factors to generate necessary opportunities.

According to the research data, various indirect situational and environmental factors facilitate the laundering of illicit funds in the UK with respect to cash intensive businesses and the purchasing of high value portable commodities. Identifying these factors provides understanding of the underlying characteristics contained within the crime script. Recognising indirect situational and environmental influential factors, however, involves overcoming assumptions as to whether something happened or was instigated when in reality a mistake or a failure on behalf of the person responsible may have been to the true contributing factor.
Cash intensive businesses

The crime script of money laundering through cash intensive businesses (Figure 5-6) illustrates various clues as to the situational factors allowing this particular process to successfully take place in the UK. The most striking situational factor is of course the use of cash as a method of payment, likely to retain more significance among certain types of people in certain areas of the country, right down to particular districts.

The type of business used to launder illicit funds also remains indicative to the success of laundering illicit funds through cash intensive businesses and representing another principal situational factor. In attracting customers who routinely use cash to make purchases, cash intensive businesses can hide among other similar businesses (both in terms of location and the business type), allowing them to retain some semblance of legitimacy within a particular sector. Any motivation for secrecy can involve choosing a business that conducts unregulated activities or remains small enough to bypass audit requirements, appearing 'low risk' to authorities and of minimal interest to HMRC. Businesses providing an obvious high turnover of customers nevertheless remain the focus of this method of money laundering, making it difficult to form any sort of pattern detailing turnover without intense scrutiny over an extended period.

This difficulty was verified by two interviewee comments:

“**There are just too many obstacles to monitoring every cash intensive business, first and foremost is staff, no police force can or is willing to commit to surveillance of a business based upon suspicion**” (Interviewee 3)

“**Only the banking sector can monitor cash businesses electronically, no one else has the people to do it**” (Interviewee 8)

“**There is a volume of transactions…. [Institutions name] has over 13 million accounts because of its large retail business so there is a trade off in preventative action and the trade off with customer expectations**” (Interviewee 9)

Businesses capable of endorsing variations in the pricing of commodities or reporting higher prices during seasonal periods can be used excessively to launder illicit funds, assisted by the use of criminal contacts, networks or sourcing companies - real or bogus according to the overall research data. Criminally run businesses indicate another situational factor, this time specific to Stage 3 of the crime script (Figure 5-6). The management style used within the business can influence the depositing of illicit funds, with discreetly run businesses reducing the need to coerce owner(s), control key employees or require complicity of certain, if not all employees.

The research data also shows that the falsifying of receipts or the providing of false invoices presents another situational factor which can happen while abiding with legitimate expectations including the payment of taxes and national insurance contributions. These actions may necessitate the skills and services of a dishonest professional, such as an accountant aware of the process behind the façade, and capable of facilitating the movement of funds. In contrast, businesses can undertake an uncooperative
approach that includes having accounts not certified, limited record keeping, little or no audit trail, or having a series of records difficult to follow with an incompatible ‘cash intake to receipts out’ ratio. These situational factors, together with a lack of dedicated compliance officers and the absence of customer identification requirements for cash purchases of goods and services enable secrecy about businesses turnover.

Environmental factors associated with the wider setting immediate to the laundering of illicit funds through cash intensive businesses remain persuasive and supportive according to the research data. While it is difficult to identify every single factor capable of determining the decisions made by a criminal, it is possible, using the crime script, to identify several generic environmental factors that enable money laundering through cash intensive businesses. Co-conspirators and business counterparts, for example, willing to accept payments in cash and prepared to provide necessary receipts and invoices represent not only environmental factors but also the wider importance of competent enablers and transnational networks, alliances and projects (Castells, 1998). Business practices associated with certain business types, particularly those not inspected by regulators offer additional environmental opportunities, not necessarily associated with money laundering but capable of inadvertently arousing unwarranted suspicion.

The legitimate global banking sector provides a broad and symbolic prominence on the situation surrounding the laundering of illicit funds through cash intensive businesses. Banks and other financial institutions are for example, keen to accept new customers, while preserving existing relationships. The interaction between cash intensive businesses and the legitimate banking system indicates a preference by money launderers towards the purchasing of businesses with an established banking profile or one requiring only slight variations rather than re-submission of company documents according to the questionnaire responses. For example:

“If they can obtain a business easily it makes life far easier. Some groups will target established businesses for this reason” (Questionnaire 63)

Countless environments also exist in which the laundering of illicit funds becomes easier through the utilising of cash intensive businesses. These settings can center on big city locations, busy urban areas and high crime areas in which cash remains the most appropriate payment method. Low socio economic areas can play a contributing factor in creating an environment that not only facilitates the commission of the predicate crime but also the laundering of the illicit funds. Significant scope exists as to where the process can take place, in many cases also indicating how normal practices can present an unintentional situational factor that indirectly assists in facilitating the deposit of illicit funds. Encouraged involvement15, for example can furthermore lead to a business owner or prominent staff member overlooking entries of sale or overseeing internal controls over the movement of cash to facilitate the laundering process.

15 Involvement can be encouraged by financial difficulties, bribery, lapses in professional and private judgement and blackmail.
Again, the variety of cash intensive businesses available indicate another situational factor capable of encouraging this method of money laundering, making it equally difficult to identify the most susceptible types of business. Small businesses that fail to draw unintended attention can exist within short-term business rentals, sustained by local authorities or political interference towards successful business enterprise. In addition, poor local authority controls and the ability to use casual labour among communities willing to pay cash for ‘bargain’ increases the endless number of cash intensive businesses susceptible to money laundering.

The global economy represents an indirect environmental factor capable of facilitating money laundering through cash intensive businesses. As the financial crisis across Europe continues to influence large groups of people, greed associated with customers and suppliers, and corrupt officials increases the combined scope for this method of money laundering as indicated by interviewee 8:

“The UK and Europe are in financial chaos and we have seen how crime has grown through the problems in Italy with corruption in the building and construction sectors”

(Interviewee 8)

Publicity surrounding the endorsement of cash discounts, an easiness of illegal street activities including the sale of counterfeit products indirectly increases the opportunities for cash intensive businesses to become a target for money launderers.

**Purchase of high value portable commodities**

A range of factors represent situational influences capable of manipulating a decision to commit money laundering through the purchasing of high value portable commodities. The most critical is the commodity. Although many commodities are available, those holding the greatest value are superficially the most sought after according to the research. Commodities offering clear legitimatised ownership possibilities are also recognised as a preference. Of course, some smaller items can by their very nature hold the greatest value, but in contrast art work and antiques and the on going obsession with rare wildlife products suggests items are chosen for their resale value and the opportunities that exist amongst both legitimate markets and black markets.

Legitimate sellers of the items listed in Figure 5-3 exist throughout the UK, allowing in principle criminals to spread the risk caused by untoward suspicions. Many of these businesses have processes and procedures that by their very nature enable purchases to revolve around a simple process that does not necessitate the keeping of records to which high value portable commodities are sold. The ability to still purchase high value portable commodities using cash further safeguards anonymity.

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16 For more details on the illegal wildlife trade, see [http://www.wwf.org.uk/what_we_do/safeguarding_the_natural_world/wildlife/illegal_wildlife_trade/](http://www.wwf.org.uk/what_we_do/safeguarding_the_natural_world/wildlife/illegal_wildlife_trade/)

Commodities by their very nature holding the highest value also remain in many cases the simplest to disguise. The convenience of using ‘mules’ can lead to the selection of particular commodities, however, a lack of inspection capabilities and requests relating to proof of purchase present situational factors which enable easy passage to overseas markets according to suggestions within several interviews. The capacity to transfer goods and the ease in which transportation can be arranged is accomplished by poor understanding of susceptible routes of passage, the methods and techniques used.

While locations play a key factor, so too can the absence of strong policing and law enforcement resources alongside inadequate AML expertise and aligned priorities. The lack of understanding about particular methods of money laundering is stifled by law enforcement agencies lacking in the necessary skills and knowledge to tackle money laundering effectively. Factors are further drawn-out by inappropriate or a total absence of confiscation and forfeiture measures proficient at denouncing money laundering and ensuring appropriate penalties.

In many cases, it can be difficult to separate the indirect situational and environmental factors from the direct factors that facilitate money laundering through the purchasing of high value portable commodities since many factors also facilitate other crime types. Nevertheless, it is understood that stolen high value portable commodities are also capable of being used to launder illicit funds, assisted by a lack of untrained staff knowledgeable to the practices and procedures associated with money laundering. Many high value commodities also remain easily transported across international borders, assisted indirectly by the large number of people and vehicles passing through border controls.

5.5 Reducing risk and effort, while increasing rewards

The decisions a criminal makes before committing an offence are never perfect (Clarke, 1999). In terms of money laundering, however, the choices made are likely to be based upon a rational assessment of various related factors. Whereas offenders involved in street level crimes may act irrationally, the risks associated with money laundering are significantly greater because of the losses attributed to failure. Through a rational decision making process, money launderers can seek to reduce risk and effort and increase potential rewards by adopting a reversal of the 25 techniques of situational prevention (Cornish & Clarke, 2003). Consequently, any influencing or altering of a money launderer’s perception of risk, reward, effort, excuses and provocation can be considered more difficult than for other types of crime because of the rational decision making process that takes place to ensure success.

Although motivation is not necessarily an essential condition for a crime to occur, opportunity plays a significant part in a person’s decision to commit crime (Clarke, 1997) along with the characteristics surrounding vulnerability of the potential target (Farrell et al., 1995). No doubt, both criminals and money launderers choose certain business types, commodities and timescales to carry out money laundering as established by the results in Figures 5-1 and 5-3. This raises the question: why do money launderers choose these particular elements? Likewise, how do money launderers behave to take advantage of the opportunities presented before and during the commission of the crime? Using the
crime scripts in Figure 5-6 and 5-8 which illustrate the macro models of money laundering, it is possible to identify certain aspects associated with each process that effectively embrace opportunities for the money launderer to reduce risk and effort while increasing opportunities to accomplish greater rewards.

5.5.1 Reducing risk

Risk can be defined as ‘an uncertain event or set of events which, should they occur, will have an effect on the achievement of objectives’ (Office of Government Commerce, 2007, p. 1) leaving the scope for successfully reducing risk across any type of crime an enormous undertaking. While criminals consider the risks, seeking where possible easier opportunities (Ekblom, 1997; Felson & Clarke, 1998; Gill, 2000), inside money laundering this can equate not just to the selection of a method, but also across the various stages within each process.

The current approach to AML in the UK is risk based\textsuperscript{17} and coincides with what appears to be the same process for the money launderer. In most cases, there is evidence to suggest that many of the actions undertaken in the crime scripts for the two methods at the centre of this study help to reduce risk of failure caused through detection by law enforcement. If the money launderer can successfully reduce risk in all areas across their business, which can include staying away from high-risk businesses and commodities they too can discretely influence the ineffectiveness of current AML approaches. This approach equates to a risk versus risk approach in which the money launderer seeks to reduce risk associated with risk-based AML practices. On balance, for the money launderer knowing where the guards are presents a point halfway into the castle.

\textbf{Cash intensive businesses}

Using the crime script in Figure 5-6, the research evidence suggests there are two separate approaches to managing money laundering through cash intensive businesses. The first process depicts an approach that sees those involved conforming to regulations and business practice, thus maintaining sufficient compliance to reduce the risk of detection. The second approach infers an intention to do everything reasonable and possible to distance the money launderer and the business from the actual event and hence detach liability.

In the first scenario, following the process through as the crime script unfolds into Stage 2; the money launderer can decide to acquire an existing business to lessen the chance of drawing unnecessary attention. The benefit from this is that an existing business is likely to have undergone previous inspections or having formed credible financial accounts. Once a cash intensive business is acquired, a business manager can be introduced to run the business and facilitate the deposit of illicit funds, either knowingly or otherwise. The business may then continue or commence submitting accounts to UK companies’ house, paying taxes to maintain the appearance of a working business, while removing the likelihood of penalties and offering an opportunity to gradually increase the recorded sales figures and the

\textsuperscript{17} For more details on the risk based approach to AML see http://www.fsa.gov.uk/about/what/financial_crime/money_laundering/approach
depositing of illicit funds. Funds from the business then credit associated and endorsed business accounts. Credibility from the previous owner (if the business is acquired) can be sufficient to prevent systems within the bank from identifying ‘red flags’. To reduce the risk, deposits will remain steady with only small payments into one account at any one time, helping to remain under banking thresholds. The approach to reducing risk by the criminal is correspondingly identified by the following interview comment and illustration:

“To make the process effective you ideally need someone on the inside to suppress the reporting regime” (Interviewee 1)

“In one example the bank took no notice of one individual paying prepared deposit envelopes into different accounts for 25 to 30 minutes... that should have raised alarms with the bank” (Interviewee 1)

Continuing compliance checks pose substantial risk to illegal activities by identifying irregularities within the business, as opposed to those in the same sector according to the current methods identified in the questionnaire. Submitting tax returns, maintaining accounts and engaging with the HMRC can overcome risks associated with compliance responsibilities. Furthermore, avoiding suspiciously high business performance in a mundane business sector and making the business appear compliant provides additional risk reducing opportunities. This effort, particularly at the early stages of the laundering process and the establishment of a viable business to launder illicit cash, indicates the more effort carried out at the preparatory stage the more chance there is to remain below the AML radar.

Alternatively, in the second scenario where a money launderer decides to distance themselves from the money laundering process, there is a tendency to utilise short-term business opportunities that reduce risk based upon the existence of a ‘honeymoon’ period when profits are initially high but fall as requirements about owning or running a viable business become more intense. The approach taken to utilise short-term facilities also reduces suspicion with, for example, HMRC and interest from within the banking sector. To ensure risks associated with detection by law enforcement authorities are controlled; the adoption of counter surveillance tactics, accompanied by a process involving the payment of cash into various branches of the same financial institution can become routine practice. False or temporary address details for premises and false identification documents further distance the criminal, particularly if reinforced by the use of pay as you go mobile phone numbers are also indicated by the questionnaire responses as being effective risk reduction processes.

**Purchase of high value portable commodities**

Unlike money laundering through cash intensive businesses, there is no requirement for criminals to purchase or gain significant control over a business to allow the laundering of illicit funds to take place. However, while not necessary, it is still an option that supports long-term opportunities for money laundering not just through the purchase of high valuable commodities sold by the business but also through the depositing of illicit cash, since jewellers also signify a cash intensive business in which
documents can represent excessively valued commodities. Where control is unachievable as a business process through which to launder illicit funds, it is essential according to the research for an innocuous seller willing to sell one or more items without suspicion. However, where a purchase is sensitive and likely to cause heightened suspicion; an intermediary or buyer can be engaged to make a purchase and remove risks associated with identifying links back to the predicate offence.

Small purchases or purchases not exceeding the EUR 15,000 reporting threshold can together reduce the risks associated with items that would otherwise draw untoward attention. Purchases supported by false documentation and the use of false delivery addresses; further reduce risk by increasing the distance between the purchaser and the predicate crime. While this effort is not always necessary, the crime script for this particular method of money laundering (Figure 5-8) identifies when such practices are undertaken how it reduces risk across the entire laundering process, helping to also limit any possible weaknesses within the crime commission process.

Documentation supportive of the initial purchase reduces risk associated with transportation overseas and limit inquiries by border officials according to responses within the questionnaire. Holiday flights and unusual smugglers (elderly and the young), alongside dedicated mules utilising weaker exit/entry points (for example, Luton rather than Heathrow Airport), according to the research questionnaire responses also assist. The voluntary payment of duty or local taxes provides additional supportive documentation, easing suspicions of smuggling and facilitating resale.

5.5.2 Reducing effort

For the laundering of illicit funds through a cash intensive business or the purchasing of high value portable commodities, reducing effort ensures the cleansing of illicit funds takes place with minimal effort. In many instances, noticeable link exists between reducing the effort and reducing the risks associated with these methods of money laundering, although it is difficult to say which takes precedent as each aspect adds considerable benefit to ensuring success.

Cash intensive businesses

The effort required from a money launderer is significantly reduced when using business functions at a superficial level, in addition to discretion in terms of publicity and regulatory obligations. Forming a business on a short-term basis from temporary premises and at a time when such a venture would not cause suspicion, can assist in reducing the need to meet formal obligations routinely associated with the cash intensive business that are likely to be robust, time consuming and capable of identifying irregularities.

Interaction with the financial sector and regulatory bodies provide many opportunities for the identification of suspicious activities as suggested during the research interviews. Hence, paying in cash through night safes, cash deposit facilities and utilising cash collection and depositing companies not only reduces effort but also limits the interaction with banking staff, thus reducing risk. Utilising the skills and expertise of an accountant or other proficient ‘enabler’ can reduce the effort required to maintain records
and accounts, helping to also stabilize the adoption of false accounts and front companies, again reducing risk to the entire money laundering process. This is indicated by the following example presented by interviewee 3:

“If I want to deposit money into the banking sector without going to the bank all I need to do is call Securicor or one of the other cash collection businesses who will come and collect my money and deposit it into my account without any disclosures being made”
(Interviewee 3)

**Purchase of high value portable commodities**

The purchasing of high value portable commodities is, in itself, not a difficult process to undertake. The obvious simplicity surrounding the process as is shown in the crime script in Figure 5-8 reveals very few options capable of reducing the effort required to undertake money laundering. The willingness to reduce effort tends to be associated with the latter stages of the process, likely to only occur if there is a need to reduce the risk of detection because of, for example, the commodity, law enforcement activities or the location of the high value portable commodities about to be transported overseas.

Within the crime script, the earlier stages seem relatively easy to undertake with opportunities to purchase items existing throughout the UK. The process used also allows for careful consideration at the earlier stages to benefit those later on. The purchasing of small concealable commodities, for example, supports less problematic transportation but demonstrates how effort is sometimes required at certain stages in order to reduce overall effort. Items purchased legitimately through the open market or via a reputable agent can assist subsequent sales without the need for bogus supporting documentation. This reduces effort but not necessarily the reward according to the research findings.

5.5.3 **Increasing reward**

Opportunities enabling criminals the chance to spend once illicit derived funds (Levi & Reuter, 2006) while deflecting untoward attention by creating a ‘veil of legal cleanliness around the object’ (Leong, 2007a, p. 31) remains the basic premise for money laundering. The diversification across methods of money laundering such as through cash intensive businesses and the purchasing of high value portable commodities demonstrates the significant effort associated with increasing the rewards available. Establishing a cash intensive business and cultivating it to facilitate a constant stream of illicit cash or the sale of high value portable commodities is representational of the effort, which money launderers will go to, to ensure the rewards remain possible.

**Cash intensive businesses**

Cash intensive businesses propose various opportunities from which the rewards for laundering illicit funds can be increased and sufficiently sustained. From the data, the most appropriate of these actions relates to the type of business at the centre of the money laundering operation. Businesses commonly recognised as cash intensive (see Figure 5-1) are likely to remain cash intensive for some time to come
owing in part to the clientele and the items offered for sale. Once established, additional business premises can be utilised, allowing for an increase in customers (real or not) to proportionally increase laundering opportunities, spread risk and effort and increase rewards.

The contexts in which items and services are purchased by cash intensive businesses provide legitimacy, offering further opportunities through which to guarantee available rewards associated with money laundering. Overpriced items and those that never appear are examples of how rewards can increase, not just for the money launderer but also conspirators. By ensuring documentation is correct, suspicion within accountancy practices can also diminish. However, such an approach must naturally align to revenues within industries to reduce suspicion sufficiently and prevent detection. Careful business practices, which can include the gradual increase in turnover of the business at the centre of the laundering process, while maintaining consistency in terms of business growth (at the same time allowing for seasonal/economic fluctuations) ensures cash intensive business perform in similar context to legitimate businesses. Inventing profiles and falsifying customer numbers according to the research supports the depositing of illicit funds through individual businesses by enabling a business to appear more successful, allowing illicit cash to be increased and deposited into a bank under the premise of business takings. Overall, however, this approach to money laundering demonstrates a rational method focused towards securing long-term sustainable cash intensive businesses suitable for money laundering and therefore the actions taken to increase rewards correspond directly with the efforts to reduce risk and effort at the same time proving to be beneficial long-term.

**Purchase of high value portable commodities**

According to this study, the laundering of illicit funds through the purchase of high value portable commodities presents fewer opportunities to increase the aggregate rewards. Analysis of the data received and the corresponding crime script (see Figure 5-2) identifies how certain aspects appear to relate to decisions and actions that coincide with a determination to increase the rewards available. The crime script for money laundering through the purchasing of high value portable commodities identifies how potential rewards are increased if a business or approach is established as a long-term venture, ascertaining credibility capable of reducing associated risks and the effort required. This approach is likely to involve the coercion and/or co-operation of business owners to assist in facilitating continuing purchases of commodities either favoured by the criminals or represent those with greater prospects for resale. The commodity chosen, however, also offers the single best assurance for guaranteeing the maximum feasible reward from the entire process. Rational consideration of the items available and corresponding resale opportunities indicate that in most instances, items holding the greatest value are small and easily concealed and sold globally to willing buyers. Desirable items, likewise, increase potential rewards where resale overseas can take place in significantly less complicated or restrictive environments.
5.6 Tools and resources

Either specific to the crime or general in terms of their appearance and availability, research over the last 30 years has recognised many essential ‘crime facilitators’ (Clarke, 1992). Identifying these tools, resources or ‘crime facilitators’ as described by Clarke (1992) along with unwitting, careless or deliberate crime promoters (Ekblom & Tilley, 2000) can assist in the later identification of techniques for situational prevention.

Cash intensive businesses

In Figure 5-9 a number of facilitating tools or resources recognised as appropriate for undertaking money laundering through cash intensive businesses are listed. These facilitators, which comprise of both tools and resources, ensure a persuasive money laundering process takes place, helping in many cases to lessen risks associated with detection and the total level of effort required. However, this study identified confusion between the tools and resources considered necessary and the process undertaken as shown in the corresponding crime script (Figure 5-6). In Figure 5-9, for example, it is implied, based upon the high number of responses, both ‘currency/cash smugglers’ and ‘nominees/trusts/family members/third parties/mules’ are critical in carrying out the process. However, the corresponding crime script does not indicate where these two resources are necessary. When the list in Figure 5-9 is aligned to the crime script as a formal systematic process, as shown in Table 5-1, it is possible to confirm this particular mismatch. Furthermore, similar disparity also exists between the scores for ‘remittance services’ and ‘corruption or bribery – general’ when placed against the crime script, again as shown in Table 5-2. Dissimilarity as to the actual tools or resources required for money laundering through cash intensive businesses indicates ambiguity in a small collection of the results present within the research. Generally the connection between those resources which are considered suitable are appropriately represented in the hypothetical depiction in Table 5-1 and demonstrates at what point in the crime script they are considered most applicable. The association of these resources to the crime script is further evidenced by comments taken from two interviews that determined:

“They are very easy to set up or purchase and remain low capital businesses” (Interviewee 2)

“They need accountants and solicitors, and for them [the criminal] it is done in an insidious way to help manage continuous money laundering” (Interviewee 3)

Another interesting finding from the research data relates to the response assigned to ‘professional services – accountancy’. Essentially, this figure seems relatively low, demonstrating a split between businesses utilised for long-term money laundering opportunities requiring the skills and expertise of an account and conflicting business ventures encompassing short term seasonal ventures facilitating small or one off deposits of illicit funds. In Figure 5-9, ‘fake invoices’ and ‘business owner involvement’ are recognised as the most prominent tools or resources required for money laundering carried out through cash intensive businesses. These scores correspond exactly with this method of money laundering, as identified in
Figure 5-9 and Table 5-1. These two factors also correspond throughout the research data and indicate a preference for utilising money laundering through cash intensive businesses as a long-term venture.

While the list in Table 5-1 appears extensive based upon the points discussed, the research process undertaken supports the identification of two additional tools or resources. Although the frequency of these additional suggestions remained lower than the average identified in Figure 5-9, collectively they demonstrate how money launderers actively ensure all promising opportunities are sought, thus safeguarding the success of the various money laundering processes that support this particular method of money laundering. The two additional tools and resources identified were:

- Proper payment of due taxes and corrupt business owners.

![Figure 5-9: Tools or resources commonly used to launder illicit funds through CIB. (n = 439)](image-url)
Although tools and resources maybe necessary, the difficulty in showing which tools or resources are essential at what stage of the process is complicated by, the fact money laundering is not a single activity. Instead, individual money laundering processes form part of a larger, more complex clandestine process aligned to the predicate offence(s). Table 5-1 represents from the research data collected, the point in which tools or resources coincide with a particular sub stage within the final process established for money laundering through cash intensive businesses. While this is a hypothetical assessment, generated in conjunction with the crime script, the evidence collected shows some disparity between the requirements for tools or resources and a clear reliance upon multi stage facilitators, such as ‘fake invoices’ and ‘business owner involvement’ linked directly to the cash intensive businesses.

A significant opportunity for adopting many of these tools and resources is available when securing long-term approaches to money laundering and represented in Figure 5-6 by the concentration within the second and third stages of the crime script. The use of professional enablers as a tool or resource is also noticeable in this method by the following interviewee’s comments:

“Accounts know the business sector, they will have several window cleaners and they will know what an average window cleaner earns” (Interviewee 1)

“…Compliant bank who doesn’t ask too many questions after client on boarding” (Interviewee 2)

“…So I wouldn’t be a bit surprised if those small nail bars or what ever they are that [organised crime] managed are cash intensive businesses ultimately are either all report upwards in their network to a certain controller or they are facilitating elements of their laundering which are linked back to the ultimate crime gang. So there are a whole infrastructure I think of people who are not only looking at finding out if you can get lawyers on side, company introducers, secretariats and the logistical support to support an expanding criminal enterprise. You know they will have accountants and lawyers who manage all of this logistical structure for them” (Interviewee 9)

While several concentrations of the tools and resources are depicted in Table 5-1, what is clear is that at each of the five key stages of this method of money laundering (namely ‘identify business’, ‘insert illicit cash’, ‘deposit cash bank/building society’ and ‘purchase asset/spend’), very few tools or resources are required. This suggests this method of money laundering is in fact a simple process when represented as a scripted systematic process. However, in light of the preventative measures currently in place, Table 5-1 may not necessarily reflect the actual effort taken by the money launderer, something recognised by the expansion of the money laundering process into sub processes, particularly in Stages 1 and 3 which incorporate practices that specifically ensure long-term viability. Seemingly, Stages 1 and 3 also represent where many of the tools and resources are concentrated and therefore ‘one off attempts’ to deposit illicit
cash will not automatically necessitate tools or resources if the needs of the money launderer are otherwise achievable.

What is interesting from the hypothetical appraisal in Table 5-1 is the similarity between the tools or resources and the need or obligation to ensure the reduction of risk. For example, ‘business owner involvement’ can assist in ensuring cash intensive businesses are prepared to receive illicit funds, ensuring compatibility with the regulated sector and reducing the number of people who may become suspicious or nervous and may react in a way that jeopardises the money laundering process taking place. This is similar for ‘fake invoices’ and ‘intimidation or extortion’.
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<th>Stage</th>
<th>Theft</th>
<th>Fraud</th>
<th>Identity Fraud</th>
<th>Professional Services - Other</th>
<th>Corruption Or Bribery - General</th>
<th>Professional Services - Banking</th>
<th>Offshore Financial Centres / Shell Companies</th>
<th>Professional Services - Legal</th>
<th>Professional Services - Accountancy</th>
<th>Nominations / Trusts / Family Members / Third Parties / Mules</th>
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Table 5-1: Alignment of tools or resources against the CIB crime script

Reducing effort can be achieved, according to the research data through ‘business owner involvement’ helping to ensure cash intensive businesses perform in the most effective way to sanction the deposit of illicit funds. Many tools and resources also exist which lay outside the formal money laundering process but which safeguard the protection of the rewards. For example, ‘offshore financial centres/shell companies’,...
‘professional services – accountancy’ and ‘basic banking services’ all identified as necessary in Figure 5-9 and critical to creating a wall of secrecy surrounding the laundered funds making them less inaccessible to law enforcement or asset recovery orders. Nevertheless, the research data implies several inconsistencies when aligned to the crime script for money laundering through cash intensive businesses. For example:

- The score for ‘currency/cash smugglers’ is higher than would be anticipated for money laundering through restaurants and nightclubs, as illicit funds would normally be deposited into business accounts, leaving little need to smuggle cash to a final destination.
- Responses indicating the need for ‘smurfs/depositors’ to facilitate money laundering through restaurants and nightclubs and ‘nominees, trusts, family members, third parties and mules’ in relation to restaurants are recognised as too high. Again, money from a cash intensive business is normally paid into one or more corresponding business accounts. Although there may be several the need for ‘faceless’ deposits into a known business account would not normally be necessary.
- The relevance of ‘offshore financial centres/shell companies’ is again inappropriate when matched with restaurants and nightclubs. Neither of these businesses would directly require such a resource to successfully facilitate money laundering. While participants of the money laundering process may deem them necessary at a later stage, there is no direct indication as to why they would be specifically necessary for money laundering through restaurants and nightclubs.

**Purchase of high value portable commodities**

Five scores in particular stand out among the full table of results (Figure 5-10) indicating the particular tools and resources most appropriate for enabling the laundering of illicit funds using high value portable commodities. The highest of these - ‘unsuspecting or voluntary participants’; relates directly to the high street seller of legitimate items having no obvious suspicion of the purchaser’s intentions. This result extends also to sellers of stolen items.

Although forming a potential contradictory statement, the score against ‘unsuspecting or voluntary participants’ does, however, provide clarification of the existing opportunities to source high value portable commodities. Linking this tool or resource with the third highest score, namely ‘owner of the business used’ it is possible to identify the significance associated with sourcing high value portable commodities not only to enable this method of money laundering to go ahead but also to assist in preventing detection by law enforcement.

Needless to say, several of the tools and resources identified as a prerequisite for facilitating money laundering through the purchasing of high value portable commodities do not seem applicable when compared to the corresponding crime script as identified in Figure 5-8. For example, it is unclear where exactly ‘currency/cash smugglers’ can fit into this method of money laundering when applying it against the systematic process represented through the crime script. This is, however, not a dismissal of the
requirement for smuggling per se, as in many instances, smuggling or concealment of high value portable commodities may be required to facilitate transportation overseas.

Table 5-2 provides a hypothetical assessment of the tools or resources required at which particular stage(s) of the process associated with money laundering through the purchasing of high value portable commodities. Of the five main stages of money laundering which are considered to take place, the three main tools or resources identified in Figure 5-10, ‘unsuspecting or voluntary participants’, ‘owner of the business used’ and ‘fake invoices’ are appropriate for facilitating the money laundering process. Overall, the necessity for fake invoices proved a repetitive argument in the written responses of the questionnaires, with two interviewees suggesting:
“If you can prove you own the commodity it reduces the risk and you can do this either through legit paperwork or a false invoice” (Interviewee 3)

“That's always that middle person in the sales transaction, the handler who is really the money launderer” (Interviewee 3)

“Getting hold of an invoice for the commodities makes life a lot easier when questioned. No one will know in most cases if papers are false or not” (Interviewee 6)

Why this is particularly interesting is because it reveals a need to overcome existing AML methods, reduce risk and increase the total rewards. Though several concentrations of tools and resources are noticeable in Table 5-2, one of the most prominent is the opportunity or requirement for ‘intimidation/extortion’. Identified as appropriate for facilitating the money laundering process across three stages when aligned to the corresponding crime script (Figure 5-8), it is difficult to initially realise why ‘intimidation/extortion’ would safeguard success, unless the money launderer is seeking to utilise rare and extremely high value portable commodities that would otherwise be unavailable or liable for raising suspicion.

Despite the association between the crime script and the tools or resources identified, the simplicity surrounding this particular method of money laundering suggests many of the tools or resources nominated are likely to depend upon several initial but specific factors. These include the money launderer’s level of experience, their cooperation with others and the intensity of preventative techniques already in place. The need for particular tools and resources is also considered to be dependent upon the amount of cash needing to be laundered, since intense processes involving large amounts of value or high-risk portable commodities are liable to necessitate more support from tools or resources capable of reducing risk, reducing effort and increasing rewards.

The significance of the corrupt jeweller was strengthened in the following interview comment and example:

“I've experienced a lot of corrupt jewelers, watch dealers, they make it happen - they are part of the cycle... the chances of a corrupt jeweler getting caught must be 10,000 to 1 in my opinion” (Interviewee 3)

“He [corrupt jeweler case example] would have a stolen Rolex watch worth 50 thousand pound on sale in a shop in Miami within 48 hours of its loss, the same again in Geneva, Marbella or any other any of those places where there are people with money who will buy such things, possibly with cash” (Interviewee 4)
Table 5-2: Hypothetical alignment of tools or resources against the PHVPC crime script

The actual necessities for many of these tools or resources when aligned to this method of money laundering remain undetermined. In terms of reducing risk, the most appropriate tools or resources are 'unsuspecting or voluntary participants', 'false invoices' and 'identity fraud/false identification' which when combined can assist in the purchase of a high value portable commodity. This approach therefore identifies a strong rational decision making process, especially when viewed as a simplistic step-by-step process through which to launder illicit funds and ensure later queries about the 'placement' of the illicit funds into the legitimate economy are easily circumvented through plausible explanations.
From the data available, no one particular tool or resource exists to enable or assist the repatriation of funds following the sale of a high value portable commodity overseas. Although ‘store value cards’ offer an ideal option to move value without attracting unwanted attention, respondents indicated otherwise. This was also the case for ‘cashiers cheques/bank drafts’, ‘traveller’s cheques’ and ‘mobile payment services’, thus suggesting funds are not formally repatriated or items are not sent overseas, suggesting markets for resale may exist within the UK. Nevertheless, high value portable commodities sent overseas for resale purposes may be linked to other business transactions, both legal and illegal such as the purchase of items on behalf of a third party for shipment to the UK.

5.7 Influence from organised crime

It is feasible to suggest there is no actual necessity in understanding the level to which organised crime are involved in money laundering, as situational crime prevention focuses only on changing the situational and environmental factors surrounding the particular offence. Of course, this is correct, nevertheless in terms of money laundering, gaining an understanding of the level of influence ascertained by organised crime can provide further clarity of the wider environment and situational factors helping to sustain these two specific methods. This understanding not only increases the scope for the application of techniques for situational prevention, it also assists in identifying the overall scope of organised crime.

Organised crime relies heavily on money laundering to facilitate the cleansing of illicit funds generated through predicate crimes. With an invested interest in money laundering, the capacity for reducing risk and effort, and increasing rewards is formed primarily on a rational decision making process that is verified by the way in which each money laundering process is deliberate and purposeful. Seemingly, where organised crime is best placed to assist is in the planning and structure stages, whether formally or informally, supported by an ability to influence others (Korsell et al. 2007), thus confirming a level of organisation that classifies organised crime, organised. The complex operating environment typically occupied by the organised criminal provides evidence which implies groups are involved in simultaneous crimes, either similar or at opposite ends of the crime scale. Likewise, the involvement of organised crime can quite easily provide various degrees of completion to a single process, depending on their abilities, structure and statue across a criminal environment.

Cash intensive businesses

The scores in Figure 5-11 provide an indication of the level at which organised criminal groups are able to pressure, control or influence the laundering of illicit funds through cash intensive businesses. These results emphasise the opportunities, which cash intensive businesses inadvertently provide to facilitate money laundering and how the process in existence can be controlled and influenced in some way to safeguard the best possible results. This indication, from the research, of reliance by organised crime on cash intensive businesses, suggests cash intensive businesses are, in their current state, extremely
vulnerable to criminal abuse and capable of causing additional harm to local economies through the undercutting of legitimate businesses.

![Graph showing the extent of organised crime's ability to pressure, control, or influence laundering of illicit funds through CIBs.](image)

**Figure 5-11:** The extent to which organised crime is able to pressure, control or influence the laundering of illicit funds through CIB’s. *(n = 70)*

From the research data discussed so far in relation to this method of money laundering, it is possible to indicate that perhaps this method is far more prevalent than what is generally accepted. To understand the influence organised crime holds over cash intensive businesses, it is necessary to focus the analysis on the process undertaken to deposit illicit funds into the legitimate financial sector under the disguise of a cash intensive business. Firstly, why are these businesses so popular? As we have already seen, cash intensive businesses provide many opportunities throughout the UK, criminals can easily control or own a cash intensive business, many of which may already be suitable of facilitating long-term deposits. Organised criminals are also capable of carrying out activities through a series of local activities that can link together to ensure the best possible outcome for illicit money to be deposited into the chosen cash intensive business. From the research data, cash businesses typically offer quick and easy opportunities, within the wider largely unregulated environment and through which communities they are appearing to serve can essentially support their sustainability.

**Purchase of high value portable commodities**

The results shown in Figure 5-12 illustrate how respondents perceived the ability of organised criminal groups to pressure, control and influence the process associated with laundering illicit funds through the purchasing of high value portable commodities. As illustrated, the level of influence organised crime appears to have over the purchase of high value portable commodities is significant. Although two scores are equal, the reason for this been perhaps the actual money laundering process undertaken, which although not requiring organised crime to facilitate it, can benefit from ‘pressure, control and influence’ which organised crime is considered capable of exerting to ensure success. Such a large response to ‘no answer’ and ‘unknown’ demonstrates again a lack of detailed knowledge and understanding in this area of money laundering as was indicated throughout the research study.
Figure 5-12: The extent to which organised crime is able to pressure, control or influence the laundering of illicit funds through the PHVPC. \((n = 70)\)

The crime script depicting the purchasing of high value portable commodities demonstrates various activities linking together to facilitate a more effective process to ensure the process of money laundering remains feasible. The various actions that support this process come from within both legal and illegal environments, assisted by influence from organised crime. Such influences can include increasing pressure and bribing shipping, customs and border officials to permit safe and uninterrupted transportation of the items purchased. Where organised crime may be particularly capable of controlling the process is during the sale of the high value portable commodities, particularly overseas in jurisdictions offering black market environments. The full extent is, however, impossible to determine because of the difficulties associated with research into organised crime activities and behaviours.

### 5.8 Similarities between CIB and the PHVPC

Money laundering through each of the two methods discussed in this chapter are successful because of the various exploitable and accessible opportunities that exist to facilitate money laundering according to the research data. While these situational factors described can be appropriate to money laundering and other forms of crime, their presence and lack of control suggests they may not have yet been identified as linked to the facilitation of money laundering, despite the obvious link within each of the corresponding crime scripts. Attempts to tackle many of these factors, however, would have significant bearing upon a large segment of the population, hence a possible unwillingness to implement measures against the identified situational factors despite possible previous recognition.

Clearly, offenders involved or associated with each method of money laundering exercise a degree of control over a location, either by owning or controlling the business in which illicit money is deposited or by moving commodities to facilitate resale. This assessment therefore creates a situational feature in favour of activities capable of best establishing the ‘routines of offenders, victims, guardians, handlers, or managers’ (Sherman, 1995, p. 40). Deceptively, however, there appears to be very little skill involved in facilitating each method of money laundering. Interestingly, but not unsurprising, long-term options
require more effort as shown by the number of possible sub processes in Stage 3 of each corresponding crime script.

Reducing the risk of detection appears to be evident at all phases of the process. It is clear, using the crime script as a direct reference, money launderers do not overtly jeopardise their actions based upon poor or inaccurate decision-making. Although opportunities for making rash decisions do happen, particularly when the risk of detection is increased sufficiently to alter the perceptions held by the money launderer, a money launderer is, according to the research unlikely to willingly endanger the illicit funds at any stage of the money laundering process without good cause. The problem, therefore for law enforcement in detecting money laundering through these methods is significantly increased. Decisions by money launderers to remove unnecessary involvement from unrelated third parties is also noted where the intention is to invest in a long-term money laundering process. Several instances within each process also assist in identifying an ambition and ability by the money launderer to cultivate new options in which these methods of money laundering fit perfectly within the surrounding policies, procedures, the environment and perceptions of those who can be inclined to identify malpractice. Of the actions undertaken to reduce effort, many transpire as similar to those associated with reducing risk, suggesting the process is made as simple as possible, not only to reduce the effort required but equally to reduce risk of detection or unwanted attention.

What is also interesting from the research data collected is that both methods of money laundering appear easy to facilitate. The general activities involved in both methods aimed at reducing effort are, however, not necessarily always specific to money laundering. This suggests these methods overlap somewhat with other methods of money laundering and crime types, assisted by criminal activities helping to form a web or interconnecting structure of illicit business relationships and networks. Companies, for example involved in supplying services and goods to cash intensive businesses or assisting with the storage and transportation of high value portable commodities would most certainly help reduce effort, but additionally reduce risk and increase rewards for those parties involved. Developing additional and illicit businesses through which to facilitate either method of money laundering builds a self-contained ‘criminal methodology’ in which the finer details can easily diminish, ensuring compliance with paperwork and regulatory requirements. There is strong indication from the data collected that both methods of money laundering require and benefit from the capabilities offered by particular tools or resources, either widely available or capable of being purchased. It is also clear across both methods of money laundering that there is a willingness to safeguard the availability of ‘false invoices’, indicating how they assist significantly in ensuring clearer legitimacy while also helping to overestimate or under value items purchased, transported and then sold.

The level of influence organised crime is capable of exerting is dependent upon various factors despite the clear indication it is possible throughout various stages within both methods of money laundering. How the exertion of influence of organised crime occurs, is unclear, in spite of clues some of which are noticeably limited as to where it is likely to take place based on a functional assessment. What is clear is
that the intention of 'pressure, control and influence' which is exerted as and when necessary is typically and rightfully focused towards 'reducing risk', 'reducing effort' and 'increasing rewards'. Therefore, measures implemented to prevent money laundering through these two particular methods must take into account the ability of organised crime to 'pressure, control and influence' all of the identified variables, which seemingly exist across the individual stages.

5.9 Summary

Drawing out meaning from the research data collected, Chapter 5 presented the findings in a structured approach to align to both the action research approach and the research questions. Drawing from every possible aspect of the data collected, the findings sought to ensure no data was wasted in establishing the viability of situational crime prevention towards UK based money laundering. From these findings, it is possible to show that the activities that take place to commit money laundering are not accidental. Instead, the practices money launderers engage in are rational, seeking to take advantage of susceptible opportunities in which existing AML controls are weak or non-existent. Actions also draw upon and align with the severity surrounding money laundering and the need for it to be effective to permit, through any means the cleansing of illicit funds. Chapter 5 also demonstrated how there seems to be little evidence the money launderer is not equally situated between bounded rationality and deep-seated insurmountable circumstances nor does the money launderer make quick and dirty decisions based upon limited information.

By identifying the process undertaken, through the establishing of corresponding crime scripts, in addition to determining the rationale behind the selection of cash intensive businesses and high value portable commodities, the next Chapter seeks to document the facilitating circumstances allowing money laundering to continue through these two specific methods. Through an alignment of the 25 techniques for situational prevention, corresponding situational preventative techniques are suggested along with their appropriateness in the corresponding crime script.
The continuous need for the ‘identification, manipulation and control of situational factors associated with offending’ across all crime types (Cornish & Clarke, 2003, p. 79) has encouraged research into the use of situational crime prevention, despite criticisms of its appropriateness for tackling crimes without a strong opportunistic element (Trasler, 1986). After changing to address new forms of crime and technological advancements (Clarke, 1997), situational crime prevention is now at the centre of many crime prevention strategies.

As described in Chapter 1, the purpose of this study is to identify whether a systematic application of situational crime prevention could invigorate or enhance current UK money laundering preventive methods with particular focus to money laundering through cash intensive businesses and the purchasing of high value portable commodities. An analysis of each method of money laundering then took place in Chapter 5 to present an in-depth understanding and corresponding crime scripts, facilitators and the rational decisions thought to take place to facilitate each method. Chapter 6 supplements the research data presented in Chapter 5 by identifying techniques for situational prevention through a fixed manipulation of the situational and environmental factors surrounding each of the two methods of money laundering. In doing so, the discussion throughout Chapter 6 aims to also answer the question most critics of this research will undoubtedly ask: ‘isn’t situational crime prevention already being used to fight money laundering?’ Of course, to answer this question, caution is required when determining whether current methods in place in the UK fit into the situational crime prevention template or have instead been adopted to meet the expectations of situational crime prevention while failing to implement situational preventative measures.

6.1 Theoretical considerations

As described in Chapter 3, theories unpinning situational crime prevention should be considered before applying techniques for situational prevention to any form of crime, no matter how simple the crime commission process, thus helping to guide observations from the general to the particular (De Vaus, 1995) and making any application directly applicable. A difficulty in the past when considering a situational crime prevention approach has been the tendency to ignore the phenomenological differences between the way crimes are committed, which has resulted in preventative measures inadequately tailored to offences and offenders, rendering ‘criminological theory unproductive in terms of the preventative measures it generates’ (McLaughlin et al., 2009, p. 358).

Any effective application of situational crime prevention will of course always vary according to the crime commission process identified, typically leading to the creation of highly specific responses in terms of the context identified (Kirby & Penna, 2010) through the ‘management, design or manipulation of the immediate environment in a systematic and permanent way’ (UNODC, 2010, p. 88). The question here
is whether theories can match the various ways in which money laundering is committed, as an inappropriate application of theory, or failure to account sufficiently for situational variations, can be detrimental to real world efforts (Braithwaite, 1993; Grabosky, 1996). With no single approach or underlying theory of intervention inherently superior to another, despite most having corresponding advantages and disadvantages it is necessary when applying situational crime prevention to balance the reliance of the underpinning theories, the expectations of the preventative methods available and the characteristics surrounding the crime at the centre of any research.

Situational prevention has frequently been criticised for focusing overwhelmingly on opportunistic crime and implementing corresponding target-hardening techniques while failing to tackle the social and economic causes of crime. Consequently, new developments in situational prevention focus on the use of regulations, such as the enforcement of local by-laws, encouraging businesses and local residents to change and regulate their own behaviours (UNODC, 2010). With methods appearing rational, at least to the offender, it is possible to alter rationale conclusions to make the crime less justified through the implementation of techniques for situational prevention, helping to further ensure prevention rather than simply the introduction of another deterrent (Bennett, 1986; Hopkins-Burke, 2009). Since crimes frequently occur because of a series of decisions, commencing with the decision to offend, the location, the time, ending with the choice of target, and if beliefs about the different decisions made and their correspondence to particular crime types are correct, the implications for practitioners focused towards crime prevention are significant based upon when and where to intervene (Hopkins-Burke, 2009).

With a substantial amount of literature supporting common sense observations, the opportunities for introducing techniques for situational prevention remain plausible, both theoretically and practically. Described by Brantingham and Faust (1976) as primary prevention, intuitive action focuses situational crime prevention towards the ‘modification of criminogenic conditions in the physical and social environment at large’ (Laycock & Tilley, 1995, p. 536). Modifying the environment through stimulus control (Martin & Pear, 1992) remains an active part of situational crime prevention, inspiring the reduction in offending by reducing opportunities or increasing the chances of detection. A tendency, however, to ‘oversimplify the crime commission process’ (Cornish, 1994, p. 155) or a failure to adhere to the principles of action research can hinder opportunities to ascertain a detailed understanding of the crime problem and thus identify appropriate points for intervention. The applicability of situational crime prevention towards money laundering is recognised in the following interview quote:

“I think it [SCP] is something that will actually come, because if you look at all the other provisions for measuring out crime, it has been seen to work. If you look at motor vehicle crime and domestic burglaries, put measures in place and it goes down and the policing of the regulated sectors are one of those measures which will be a step in the right direction”
(Interviewee 3)
With the applicability of routine activity theory questionable within money laundering, limited by the lack of formal routines, rational choice theory is capable of providing a conceptual framework capable of more appropriately examining crime from an offenders’ perspective (Cornish & Clarke, 1986; 2008). To give an adequate account of a decision to commit an offence, the immediate motives and intentions, perception of criminal opportunities and the assessment of the risks need identifying (Clarke, 1983). Despite rational choice theory acknowledging not all decisions are because of a criminal’s ability to weigh up the consequences and alternatives, rational choice theory does suggest that for a choice to be ‘rational’ the individual concerned must have at least thought about the current perception of the associated risks and gains involved (Cromwell, et al., 1991).

6.2 Practical considerations

The practicalities associated with the application of situational crime prevention are relentless as the motivation for money laundering remains steadfast with opportunities for money laundering remaining plentiful. For money laundering, the indescribable processes surrounding each available method (Levi & Reuter, 2006) indicate how money laundering is still capable of blending into everyday life, far easier than what law enforcement would wish for, while also capable of moving further underground making the already clandestine activities even more difficult to monitor. With concerns about the applicability of situational crime prevention towards violent crimes that are less likely to cluster in time or space (Heal & Laycock, 1986; Gabor, 1990) the implications for situational crime prevention towards money laundering raises many uncertainties, based on an inability to identify exactly when or where money laundering is liable to occur. Therefore, the level of planning and preparation preceding the commission of each method of money laundering, despite varying between the two methods highlighted in the study, suggests opportunity-reducing strategies need to be focused on the criminal acts taking place.

The practicalities associated with applying situational crime prevention extend across two stages. The first is the identification and understanding of the theories underpinning situational crime prevention. An understanding of these theories facilitates the knowledge necessary to begin dissecting and analysing the specific crime type. The second stage facilitates the creation of a representational crime script helping to enhance knowledge of the threats, thus enabling the targeting of the right activities with the right tools. While it is possible to partially understand the practical issues associated with the application of situational crime prevention, understanding of the avoidance behaviour many criminals engage in can be extremely difficult. Fostered through ingenuity and adaptability, money laundering can be difficult to identify and understand, making it impossible to introduce appropriate and successful preventative measures. The requirement to then match each measure to a specific crime might not be a true reflection on the specialties and skills of the offenders involved. Instead, specific crimes might depend only upon particular circumstance’s existing in the environment surrounding the particular crime. With the gradual decentralised nature of many criminal processes, the level of effort required to block these opportunities needs to be understood, through analysis of the situational and environmental factors and tools or
resources. However, two interviewees identified the consequences of implanting preventative measures towards tackling money laundering:

“Each measure provokes an equal and opposite measure to counter it and so that’s why we have had, let’s look at asset recovery. We started with the Drug Trafficking Offences Act 1986, Criminal Justice Act 88, Criminal Justice Act 93, Drug Trafficking Act 1994, PoCA 1995, PoCA 2002 - a succession of changing legislation to react to changes from the other side of the house. We are always trying to keep up” (Interviewee 1)

“Situational crime prevention along with all prevention around money laundering has to watch out it doesn’t fall into this trap where you end up with activity suited to prevent which simply displaces, and so if you are not alive to where displacement will end up you may well end up, you may well count a success with some evolutionary pressure on the criminals and they are simply doing it better, working smarter” (Interviewee 11)

The identification of tools or resources can seek to support the application of situational crime prevention by understanding the roles played and the level of reliance criminals place upon them during the commission of a crime. Although this reliance can vary in so many ways during different money laundering processes, the tendency for certain tools or resources to remain necessary is supported by the actual necessity for illicit funds to be cleaned in what appears to be a long-term adoption of processes capable of securing a continuous capability. Removal of these tools or resources would therefore reduce the opportunities to undertake money laundering immediately and for the future, and depending on the circumstances surrounding the method; increase risk, reduce rewards and increase effort. Nevertheless, as has already been identified through the increase in alternative methods of money laundering, the removal of tools or resources that help to facilitate a particular method can encourage alternative methods. Similar to tools or resources, those involved in money laundering are replaceable, not only from an actionable focus but also from a preventative aspect as increases in AML responsibilities continues to develop as represented in the following comment:

“In response to situational crime prevention towards money laundering, I think there is an option, it’s worth raising the awareness of the public… …when they move on they may make a mistake and get caught” (Interviewee 5)

The principal burden of reducing money laundering presently falls upon the public sector with the UK Government having introduced an approach aiming to deter, detect and disrupt money laundering by increasing risk, through for example, stripping criminals of their assets, liberty and financial lifestyle along with reducing the rewards through financial measures (HM Treasury, 2007). While the ability of the police to reduce money laundering is limited, it is worth acknowledging that the police ‘are neither responsible for crime levels, nor do they in most cases have the competency to take remedial action’ (Laycock & Tilley, 1995, p. 540). With crime prevention not simply to be a matter for the police, instead considered to involve all appropriate parties together, the practicalities associated with
cooperation are vast and ultimately require competency to act at both the local and national levels. Evidence has helped to indicate the benefits associated with crime prevention through private sector involvement (Tilley, 2012) and an acceptance by the UK Government to reduce where possible the administrative burden for the public and businesses (HM Treasury, 2007). Consequently, cross-sector involvement must take place to ensure the application of situational crime prevention is achieved and a formal holistic approach to tackling money laundering then exists.

Understanding of the consequences of applying situational crime prevention, no matter how extensive the application remains essential. The application of situational crime prevention is seen in many cases as ‘unduly expensive, paternalistic, or intrusive in societies attaching a high value of freedom in general to the free markets with minimal state interference’ (Tilley, 2012). The scope for introducing less noticeable techniques for potential offenders ‘less likely to provoke counterproductive reactions’ (Cornish & Clarke, 2003, p. 51) is still available, despite the demand for rigorous interventions against crime. This demand, observable within the wider environment through closed-circuit television cameras and crime control legislation characterises situational crime prevention strategies, somewhat at the detriment of freedom (Hopkins-Burke, 2007).

With the idea criminals and in particular money launderers are capable of existing in all walks of life, acting entirely innocently, the application of techniques for situational prevention assists in introducing what is termed the ‘fortress society’ (Davis, 1990; Clarke, 1995), in which everyone is held accountable for crimes most do not commit. This leads to the honest customer becoming the mistrusted (Gill, 2003). Through the need to remain a global economic hub, the UK is faced with balancing the needs of legitimate businesses with controlling money laundering, thus preventing a detrimental effect on legitimate activity. This approach encompasses many difficulties associated with implying ethnocentric assumptions leading to ill perceived judgements towards certain cultures.

6.3 Crime triangles: money laundering, CIB and the PHVPC

The ‘crime triangle’, introduced alongside routine activity theory, suggests before a crime can be committed there must be 1) a motivated offender 2) a suitable and vulnerable target 3) and the absence of a capable guardian (Clarke & Eck, 2007). While there has been ample debate about the appropriateness of the crime triangle, questions as to what constitutes a potential offender, a vulnerable potential target or a capable guardian still appears to be unresolved by theorists and researchers. Despite this uncertainty, it remains appropriate to presume handlers; guardians and managers all have an ability to ‘interfere with criminal behaviour, however inadvertently’ (Felson, 1995, p. 55). Eck (1995) added to routine activity theory and the crime triangle to include three additional elements, seeking to provide further understanding of the crime event and shifting the focus of routine activity theory to the macro-level by expanding routine activity into six sub theories titled targets, guardians, offenders, handlers, places, and managers. Eck (1995) also argued each of the sub theories functioned systematically to form a theory that had macro-level implications leaving the handler and manager to represent people who could
control the initial inner elements of the original crime triangle.

Figure 6-1: The crime triangle as adapted from Clarke & Eck (2007)

The crime triangle, as shown in Figure 6-1 provides understanding of traditional crimes, primarily predatory crimes through which it was originally aligned. When applied to specific crime, evidence indicates the three original labels: 1) motivated offender 2) suitable and vulnerable target 3) absence of a capable guardian are not wholly appropriate because the characteristics which must convene in time and space for the crime to occur are somewhat different. For example, for fraud, ‘pressure’ ‘opportunity’ ‘rationalisation’ (Dittenhofer, 1995) represents appropriate replacements when aligning the principles of the crime triangle. This alternative crime triangle assists in identifying two key issues. The first is the original crime triangle that represents a generalist approach to crime, and secondly even while there are alternatives available, these might not always be exact.

Money laundering – ‘crime triangle’

Money laundering is different from many other crimes. This is because it can exist both as a single process for a one off transaction or as a series of processes consisting of hundreds or even thousands of transactions. Acknowledging the individuality of money laundering over many traditional crimes, it is possible to determine that for money laundering to occur there must be 1) a motivated offender 2) a facilitator/money launderer and 3) a place or a process capable of facilitating the laundering of the illicit funds. This is demonstrated in Figure 6-2.

Figure 6-2: Crime triangle: money laundering

In the case of the crime triangle for money laundering, the offender represents the criminal who is also...
likely to be the provider of the illicit cash typically obtained through a predicate crime. How critical or influential the motivated offender, or readied offender (Cornish & Clarke, 2003), remains determined by the fact money laundering holds the success to all predicate crimes, as without it the illicit funds are not spendable. Although desperation might drive decisions according to the research data, it is unlikely irrational decisions will be a frequent occurrence during processes to facilitate money laundering. The difficulty here, however, as Felson (1986) suggests, is that offenders can have few handlers. In organised crime, this is more likely to be the case, resulting from the supposition surrounding secrecy and the common characteristic of self appointed superiority. With most activities clandestine in nature and encompassing a high regard for trust, opportunities to utilise those capable of acting as the manager are reduced significantly.

It seems in the case of money laundering, there are two (unless illicit funds are self-laundered) separate types of offender. Besides the provider of the illicit funds, a second person, ‘the facilitator/money launderer’ acts as the person responsible for carrying out the money laundering process. Typically, this would involve receiving the illicit funds and entering them into one of the many processes known to be capable of facilitating the cleansing of illicit cash. The opportunities for the ‘facilitator/money launderer’ to have an intimate handler capable of preventing interaction with the ‘criminal’ and the ‘place/process’ will vary according to the money laundering process undertaken. If the ‘facilitator/money launderer’ is a solicitor, their colleagues could be capable of taking on the role of intimate handler, however the difficulty with this and many other scenarios, is ‘money launderers/facilitators’ might not be aware they are facilitating the laundering of the illicit funds.

The ‘place/process’ focuses two distinct parts identifiable as the third and final stage of the money laundering process according to the money laundering crime triangle shown in Figure 6-2. Although Eck and Weisburd (1995) define place to be ‘a very small area’ (Eck & Weisburd, 1995, p. 1) reserved for a narrow range of functions, frequently controlled by a single owner and detached from the surrounding area, within money laundering, determining the place where each stage in the money laundering process occurs is problematic. With the processes capable of taking many different forms, it can be difficult to therefore show exactly where any of the many processes, which combine to facilitate money laundering specifically, took place.

**Cash intensive businesses – ‘crime triangle’**

Money laundering takes the form of many methods and therefore it is necessary to understand whether the crime triangle is still the same for the two methods of money laundering identified in this study. As we have seen with the additional fraud example identified above by Dittenhofer (1995), crime specific ‘crime triangles’ provide significantly more details about the three aspects which must come together in time and space to allow a particular crime to happen. In terms of defining the offender during the process

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18 In some cases, however, small amounts may be self laundered by making purchases not likely to attract unwanted attention.
surrounding money laundering through cash intensive businesses, a typical description would include a person having provided the illicit funds through their involvement in the predicate offence before handing it over to the facilitator who in turn is responsible for depositing the illicit funds into the cash intensive business. It is therefore somewhat difficult to show the likelihood of a handler, again someone capable of stopping a facilitator intent on committing money laundering. A bank employee entrusted with overseeing the deposit of business funds, however, may represent a guardian. Nevertheless, it is not always possible to know for sure whether a guardian is capable or not, until illicit funds have been identified or suspected.

Figure 6-3: Crime triangle: money laundering through CIB

The relevance of ‘business’, as shown in Figure 6-3 is indicative of the very nature/process of this approach to money laundering. Without the existence of a ‘business’, this method of money laundering would not exist. In realistic terms, this method demonstrates an option criminals have identified in which the actual location of such businesses is irrelevant because of the geographical spread throughout the UK.

Purchasing of high value portable commodities – ‘crime triangle’

Similar to the crime triangle in Figures 6-2 and 6-3 the ‘offender’ remains the provider of the illicit funds for money laundering through the purchasing of high value portable commodities. The facilitator remains the person who carries out the specific method of money laundering, in this case through the purchasing of high value portable commodities. The difference here as demonstrated by Figure 6-4, is that a facilitator might not actually commit money laundering. For example, the seller of a high value portable commodity to a member of the public facilitates the process, distinct from the scenario where a person sells stolen items in exchange for illicit cash knowing they will be sold overseas to provide funds representing legitimate income.
Although somewhat similar to the crime triangle in Figure 6-3 when describing the ‘offender’ and ‘facilitator’, the process of laundering illicit funds through the purchasing of high value portable commodities becomes individualised by the use of commodities. Through the availability of high value portable commodities and the opportunities to remove the purchaser and seller from any suspicions associated with money laundering because of the limited restrictions currently in place, the less likely it is that an offender will encounter a suitable guardian.

To summarise, the defining of specific crime triangles for money laundering and the two specific methods identified indicates what three elements to each process must simultaneously converge, however, not always necessarily in time and space. By extending preventive options to direct attention towards a characteristic of one of the three essential elements, it is considered possible to deflect a potential offender, which Clarke (1992) has widely recognised and demonstrated as ‘a distinct technique of situational prevention’ (Clarke, 1997, p. 12). Since situational crime prevention requires the ‘management, design or manipulation of the immediate environment in as systematic and permanent way as possible’ (Hough et al., 1980), at least one side of the triangle needs to be permanently removed to ensure complete success, despite the crime triangle for money laundering not technically existing in time and space.

### 6.4 Applying situational preventative techniques

Situational prevention is essentially a method of dealing with existing crime specific problems (Cornish & Clarke, 1987, 1989) from which sufficient details and understanding enable familiarity of the crime commission process. The approach used, allows for a targeted implementation of the five categories of opportunity reducing techniques that focus on preventing crime during its commission. Ideally, the application of techniques for situational prevention towards money laundering should also focus, where possible, at the earliest opportunity during the commission of a crime.

Various AML techniques and agreements are already in existence to reduce money laundering within the UK and internationally. However, to allow techniques for situational prevention to be successful against the two methods of money laundering identified in this research study, recognising the balance between

Figure 6-4: Crime triangle: money laundering through the PHVPC
regulation/controls and freedom to pursue business at a street level is probably already satisfactory according to several responses within the research data. Furthermore, as is the case with AML, ‘traditional approaches already regulate the offending of mundane and provoked offenders as much as can be expected’ (Cornish & Clarke, 2003, p. 88). Nevertheless, AML legislation is clearly no longer depictive of a satisfactory deterrent based upon the figures indicating the extent of money laundering in the UK (See Table 3-3).

The difficulty in applying situational crime prevention is that although the corresponding crime scripts provide a common depiction of the process, the variables that coincide with all aspects of the aggregate process remain extensive both in terms of scope and in terms of numbers. For situational crime prevention to be effective, it must be applicable to as many stages of the money laundering process without becoming too generic, while equally managing the ‘diversity of criminal offending’ (Lee, 2010, p. 263). In terms of money laundering through the purchasing of high value portable commodities the adoption is made all the more difficult because of the perceptions identified in two questionnaire responses:

“With regards to preventative methods there is nothing in place so it is hard to know where to start” (Questionnaire 36)

“Clearer understanding of high value portable commodities is required to help understand the actual scope of this method” (Questionnaire 122)

What follows are various recommendations against each of the 25 techniques of situational crime prevention (Cornish & Clarke, 2003). While many of the recommendations identified simply reverse the environmental and situational conditions, others require the adoption of new technologies or changes in regulation, government policy and agency/organisational procedures.

6.4.1 Increasing the effort

All crime requires a certain level of effort to be exerted by an offender. Although the effort required might be proportionate to the severity of the crime undertaken, effort might also increase to overcome existing preventative initiatives and strategies. Situational crime prevention assumes that people commit crime because it is easy for them to do so and therefore the importance of target hardening, controlling access to facilities, utilising screen exits, deflecting offenders, and controlling tools/weapons is required to decrease crime (Brantingham; Brantingham, & Taylor, 2005). Interviewee 11 summarised the benefits from increasing benefit through the following comment:

“The more time it takes … the less time they are out doing other stuff” (Interviewee 11)

Existing preventative measures – increasing the effort
Many practices exist that directly or indirectly increase the effort required to perform money laundering through cash intensive businesses. These include the formal process for opening bank accounts - both business and personal accounts, while at the same time ensuring compliance with regulations that provide governance to all areas of possible abuse by criminal’s intent on utilising the financial sector, not just for money laundering. Regulation also provides many issues, including the following identified during interviews with interviewees 1 and 7:

“There are 27 separate bodies who regulate the regulated sector. However, I would like to see the regulators regulate… a regulator without teeth may as well not be there” (Interviewee 1)

“In precious metals there ought to be a better system of regulation, the AML sector is crying out for that” (Interviewee 7)

Furthermore, financial institutions undertake transaction monitoring and reporting against a risk-based approach. Despite these measures, processes aim not to stifle innovation or disadvantage UK based business, thus leaving a gap between willingness to implement successful control measures and effective control.

Practices also extend informally towards increasing the effort required to carry out money laundering through the purchasing of high value portable commodities. Businesses offering temporary storage facilities undertake customer due diligence to ensure facilities are less appealing for criminal purposes. The transportation of items overseas are made more difficult by border controls, the necessity for documentation detailing specific transportation details and in certain cases the need to behave by the requirements of the business premises and obligations placed upon them by the seller. While it is possible to identify that these techniques are not specific to the prevention of money laundering through the two methods identified in this study, they do offer some form of indirect impact and build upon the five key areas associated with increasing effort.

6.4.1.1 Target hardening

Target hardening relates to increasing the effort required to access or gain control of the target associated with a particular crime, such as a person, object, service, system or information (Ekblom & Tilley, 2000). In terms of the two methods of money laundering identified, for money laundering through cash intensive businesses, targets noticeably include the cash intensive business and for money laundering through the purchasing of high value portable commodities, the high value portable commodity.

a. Cash intensive businesses

The difficulty associated with target hardening in respect to money laundering through cash intensive businesses, is demonstrated by how cash intensive businesses remain commonplace throughout the UK and therefore not necessarily suitable for adopting manageable target hardening techniques. While determining the location of a crime with the purpose of assisting the introduction of correct preventative
measures is essential (Eck & Weisburd, 1995), difficulties with doing so, as indicated by the research data show how many businesses remain appropriate at offering opportunities to deposit illicit funds. Therefore, the single most appropriate option available in respect to this particular technique is to close all cash intensive businesses, thus providing a decisive measure at Stage 1 of the crime script while also removing any possibilities for the depositing of cash. Despite this somewhat unrealistic approach to adopting an immediate cashless society, Table 6-4 identifies other possible measures.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing reliance on cash as a method of payment.</td>
<td>Encourage cash intensive businesses to reduce the amount of cash they receive and pressure customers to use alternative payment options.</td>
<td>2</td>
</tr>
<tr>
<td>Lack of intelligence and data sharing.</td>
<td>Increase intelligence on the types of businesses used to launder illicit funds. Share red flag indicators between law enforcement agencies and the financial sector.</td>
<td>1</td>
</tr>
<tr>
<td>Inadequate cooperation between law enforcement and guardians.</td>
<td>Ensure information is shared between law enforcement, HMRC and the banking sector to encourage the identification of customers involved in money laundering and the cash intensive businesses most open to abuse.</td>
<td>1,2</td>
</tr>
<tr>
<td>Inconsistent implementation of regulations across all cash intensive businesses.</td>
<td>Improve the implementation of regulatory controls through careful targeting of businesses with potential longevity of remaining cash intensive and therefore more likely targets for money laundering.</td>
<td>1</td>
</tr>
<tr>
<td>Cash remains a recurrent form of payment for goods and services.</td>
<td>Restrict cash promotions by increasing associated cost and regulatory controls of businesses that maintain higher than average cash payment options. Alternative payment options would therefore provide greater benefits from audits.</td>
<td>1,2</td>
</tr>
</tbody>
</table>

Table 6-1: Target hardening – CIB

b. **Purchasing of high value portable commodities**

Countless businesses throughout the UK offer for sale to the public high value portable commodities. With many different commodities capable of facilitating this method of money laundering, the option of hardening the target is almost impossible. While removing the commodity would influence the ability to carry out this method of money laundering, it is possible other options listed against the 25 techniques for situational prevention are more appropriate for assisting with the identifying and introducing of preventative techniques. Nevertheless, Table 6-2 identifies additional preventative methods aligned to target hardening.
<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplistic purchasing methods.</td>
<td>Make the process of purchasing commodities more formal and include documented and mandatory reporting obligations enforceable by regulation.</td>
<td>2</td>
</tr>
<tr>
<td>Inconsistent implementation of regulations across the suppliers of high value portable commodities.</td>
<td>Improve the implementation of regulatory controls through careful targeting of businesses that supply those commodities considered to facilitate money laundering.</td>
<td>1,2</td>
</tr>
</tbody>
</table>

Table 6-2: Target hardening – PHVPC

6.4.1.2 Controlling access to facilities

Such facilities associated with money laundering can include the business premises, warehouses, or safety deposit boxes. Controlling access can therefore assist in increasing the effort required for undertaking money laundering, potentially helping to make it less appealing.

a. **Cash intensive businesses**

Cash intensive businesses provide the necessary facility through which to launder illicit funds. The actual facility, however, might be one of a long list of suitable business types that are easily accessible. Purchased businesses, brand new businesses and those run directly by a criminal or through a third party decreases the option for administrating control over a cash intensive business. For newly started businesses, it is necessary, as indicated in the crime script to ensure the business appears legitimate and not recognised as simply a disguise for money laundering, otherwise the applicability for long-term success of a corresponding money laundering enterprise is significantly reduced. Therefore, false identification and the abuse of professional services are likely to help manage the circumvention of a facilities control measures. Table 6-3 identifies additional situational crime prevention options aligned to controlling access to facilities.
### Facilitating circumstance

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease in which businesses can be registered.</td>
<td>Increase the level of scrutiny at Companies’ House to ensure all possible checks take place to verify legitimacy of business registration or re-registration. Introduce appropriate network analysis.</td>
<td>1,3</td>
</tr>
<tr>
<td>Ease in which businesses can become targets for money laundering.</td>
<td>Increase the level of scrutiny within the banking sector to reduce opportunities for the targeting of businesses because of an ability to allow the depositing of illicit cash into the legitimate financial sector.</td>
<td>1,2,3</td>
</tr>
<tr>
<td>Ease in which business accounts can be opened at one or more banks.</td>
<td>Ensure the opening of business accounts incorporate sufficient checks to reduce anonymity links to and abuse by criminals.</td>
<td>1</td>
</tr>
<tr>
<td>Ease in which ‘quick bank deposit schemes machines’ can act as a placement vehicle.</td>
<td>Improve the reporting and analysis of ‘quick bank deposit’ schemes, which facilitate the anonymous depositing of illicit cash.</td>
<td>4</td>
</tr>
<tr>
<td>Ease in which ‘reverse cash machines’ can act as a placement vehicle.</td>
<td>Improve the reporting and analysis of ‘reverse cash machines’, which facilitate the anonymous depositing of illicit cash.</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 6-3: Controlling access to facilities – CIB

#### b. Purchasing of high value portable commodities

Numerous facilities exist within the commission of money laundering through the purchasing of high value portable commodities. Firstly, business start up is the initial likely point of intervention for introducing techniques for situational prevention as it provides an ideal opportunity for ensuring long-term access to high value portable commodities. False identification and professional services are likely to be key to this process if opportunities exist in which to increase the distance between the criminal and the money laundering process. Once the purchase of a commodity is complete, storage may be required before shipment overseas or resale within the UK. Storage facilities present yet another opportunity for introducing techniques for situational prevention. Intervention techniques to improve prevention can help to assist compliance with rules and regulations associated with that particular business. Table 6-4 identifies additional situational crime prevention options that may be appropriate.

### Facilitating circumstance

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unawareness of potential threats.</td>
<td>Increase awareness within facilities such as storage, safe deposit boxes and warehouse space available for storing high value portable commodities used in the commission of money laundering.</td>
<td>3</td>
</tr>
<tr>
<td>Unawareness of potential threats.</td>
<td>Increase vigilance when accepting new customers.</td>
<td>2</td>
</tr>
<tr>
<td>Vulnerability of business properties to abuse by criminals.</td>
<td>Improve the monitoring and accesses to properties linked to the sale of high value portable commodities and introduce an effective and appropriate reporting system for reporting suspicions.</td>
<td>2</td>
</tr>
<tr>
<td>Ease in which goods transported using fake documentation.</td>
<td>Increase intelligence gathering and improve the sharing of information to ensure detection of fake documentation before shipment of high value portable commodities take place.</td>
<td>1,2</td>
</tr>
<tr>
<td>Evolving typologies and modus operandi.</td>
<td>Ensure suspicions are acted upon and intelligence is checked against a central database that is also maintained.</td>
<td>1,2,4</td>
</tr>
</tbody>
</table>
6.4.1.3 Screening of exits

The screening of exits was originally intended to prevent the target, such as items of stolen clothing or an offender from leaving a place where a crime was being committed. Examples of exit screening have since evolved to include; needing a ticket for exiting a car park or ensuring possession of all documents necessary to meet export obligations. The screening of exits plays a significant role in preventing money laundering, particularly in terms of the purchasing of high value portable commodities, susceptible to transportation overseas for resale purposes.

a. Cash intensive businesses

The crime script for money laundering through cash intensive businesses does not indicate any distinct options based upon the original understanding of the technique in which implementing screen exists delivers any sort of preventative technique. Screening of exits could, however, be associated with identifying the depositing and subsequent removal of funds from business accounts that can take place on a regular basis, thus providing red flag indicators for money laundering. Below, Table 6-5 identifies other alternative techniques for situational prevention, which aligns to the screening of exits.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to illicit funds deposited within the legitimate financial system.</td>
<td>Encourage the widespread use of analysis to identify deposits and withdrawals of funds from cash intensive business associated accounts.</td>
<td>4,5</td>
</tr>
<tr>
<td>Disguise of payments actually made to criminally associated businesses, depicting removal and control of laundered funds.</td>
<td>Improve the identification and analysis of payments to businesses outside normal/common business activities.</td>
<td>3,4,5</td>
</tr>
</tbody>
</table>

Table 6-5: Screening of exits – CIB

b. Purchasing of high value portable commodities

One option available in the purchasing of high value portable commodities for money laundering is the transportation of the commodity overseas for resale. This transportation process requires transfer through formal border controls designed to prevent the passage of illicit commodities, or at least those recognised as illicit. The difficulty remains that many of the commodities selected in this method of money laundering remain commonplace, concealable and difficult to identify. However, according to the research data, in particular comments made during interviews, the difficulties with screening exits in terms of this money laundering process relates to the fact:

"Most people don’t know what a good watch or a bad watch is, do they? So you can go

19 The need to move a high value portable commodity overseas for the purpose of resale is not deemed necessary in every instance where a high value portable commodity is used for money laundering.
“You can take that purchased item overseas and we are not even talking about the corrupt border official here because we don’t need em” (Interviewee 6)

Table 6-6 lists additional techniques for situational prevention related to this method of money laundering, with a focus on the screening of exits.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of overseas shipment routes and methods.</td>
<td>Require export documentation for high value portable commodities. Those of significantly high value providing the best return on effort should ideally be addressed first.</td>
<td>3</td>
</tr>
<tr>
<td>Lack of knowledge in relation to the movement of high value portable commodities.</td>
<td>Intelligence gathering on travel and items to identify any match between what leaves the UK and what returns.</td>
<td>3</td>
</tr>
<tr>
<td>Lack of understanding of methods used to transport high value portable commodities.</td>
<td>Increase awareness of known money laundering modus operandi and share the information with law enforcement partners.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Lack of understanding of methods used to transport high value portable commodities.</td>
<td>Increase the level of investigative training to raise the total number of successful prosecutions associated with money laundering carried out through the purchasing of high value portable commodities.</td>
<td>2,3,4</td>
</tr>
<tr>
<td>Lack of understanding of methods used to transport high value portable commodities.</td>
<td>Increase border controls to escalate the likelihood of detection, particularly at ports and container depots.</td>
<td>3,4</td>
</tr>
</tbody>
</table>

Table 6-6: Screening of exists – PHVPC

6.4.1.4 Deflecting offenders

The technique of deflecting offenders appears to be a mainstream activity throughout the UK. As described in the Table of 25 situational preventative techniques (Cornish & Clarke, 2003) examples of successful implementation include street closures and the dispersing of pubs. Many similar techniques have been adopted in towns and cities throughout the UK as a preventative technique aimed at reducing, as a minimum, anti social behaviour, assaults and criminal damage.

a. Cash intensive businesses

Although money laundering through cash intensive businesses is not always associated with a physical undertaking, several opportunities through which to deflect potential offenders still exist. For example, deflection during money laundering though cash intensive businesses can be achieved by reducing the opportunities for criminals to gain access to suitable cash intensive businesses by increasing the necessary checks and due diligence carried out by ‘Companies House’ when business ownership is changed or a new business is started. Deflecting offenders away could also force offenders to consider the risk associated with such behaviour to be too high. Table 6-7 identifies additional techniques aligned with
Deflecting offenders.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease in which businesses can be registered.</td>
<td>Increase the level of scrutiny at Companies’ House to ensure all possible checks take place to verify legitimacy of business registration or re-registration. Introduce appropriate network analysis.</td>
<td>1,2</td>
</tr>
<tr>
<td>Potential abuse of reverse cash machines and quick deposit schemes to aid the deposit of illicit cash.</td>
<td>Reduce the opportunity to deposit cash into the legitimate financial sector by decreasing anonymity.</td>
<td>2,3,4</td>
</tr>
<tr>
<td>Continuing opportunity to deposit cash if business is deemed largely cash intensive.</td>
<td>Adopt policies within the banking sector that encourages only a set percentage of funds to be cash, forcing other types of payments options to be used more frequently.</td>
<td>2</td>
</tr>
<tr>
<td>Lack of understanding about the location of cash intensive businesses used to launder illicit funds.</td>
<td>Identify (as an intelligence analysis tool) offender and cash intensive business convergence settings.</td>
<td>1,2</td>
</tr>
</tbody>
</table>

Table 6-7: Deflecting offenders – CIB

b. **Purchasing of high value portable commodities**

Difficultly remains as to the processes required to formally identify distinctions between offenders purchasing high value portable commodities for the purposes of money laundering and legitimate purchasers. Deflection of an offender in the case of money laundering through the purchasing of high value portable commodities is potentially most applicable before the purchase of an item is complete. In Italy for example, the EUR 15,000 tolerance for the voluntary reporting of suspicions acts has been reduced to EUR 1,000 for cash purchases making it necessary for purchasers. In Table 6-8, additional techniques for situational prevention are identified.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease in which purchases of high value portable commodities can be made using cash where suspicion is also reduced.</td>
<td>Reduce the amount of spendable cash without the compulsory recording of identification document details of the purchaser.</td>
<td>2</td>
</tr>
<tr>
<td>Lack of intelligence gathering in relation to this method of money laundering.</td>
<td>Encourage further coverage of SAR’s reporting across businesses that sell high value portable commodities.</td>
<td>2</td>
</tr>
<tr>
<td>Ability to purchase expensive portable commodities without having to provide identification.</td>
<td>Enforce a limit on cash only purchases.</td>
<td>2</td>
</tr>
</tbody>
</table>
6.4.1.5 Controlling tools/weapons

Identified in many cases as being specific to a particular form of crime, various weapons described as tools or resources can enable the commission of more than one type of crime and at more than one point in the actual crime commission or process. Such examples include: false identification and fake invoices. Despite these examples, there is continuous difficulty in many instances with determining the specific point of use of a tool or weapon because of the different methods used by criminals committing the same offence. By controlling ‘dis-inhibitors’ (Soudijn, 2012), the ability to commit a crime reduces, however, although the level of reduction is likely to be dependent upon the inhibitors appropriateness and reliance to that particular crime or aspect within the crime process. Both false identification and fake invoices were identified in the research questionnaires as a tool or resource for assisting in money laundering.

a. Cash intensive businesses

The main tool/weapon used to carry out money laundering through cash intensive businesses is the cash intensive business as it offers an ideal opportunity to deposit illicit cash into the regulated financial sector. Once deposited, it then becomes more difficult to trace. Increased due diligence associated the registering or the changing of ownership of a cash intensive business, can reduce the likelihood of businesses becoming adopted for the purposes of money laundering. This approach can coincide with target hardening and controlling access to facilities, as in both cases the cash intensive businesses exist both as a target and as a facility. Table 6-9 identifies specific techniques for situational prevention associated with controlling tools/weapons aligned to this method of money laundering.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited business management requirements.</td>
<td>Reduce the ease in which businesses can be started, owned and run by increasing checks to ensure cash intensive businesses are not chosen solely for abuse by criminals.</td>
<td>1,2</td>
</tr>
<tr>
<td>Inadequate formal surveillance to monitor business trends.</td>
<td>Increase intelligence gathering and the sharing of measures to identify business trends across similar sectors.</td>
<td>1,2,3</td>
</tr>
<tr>
<td>Vulnerability and a lack of understanding in relation to criminal trends.</td>
<td>Share business trends among law enforcement, HMRC and the banking sector to assist in the identification of criminal practices.</td>
<td>1,2,3</td>
</tr>
<tr>
<td>Ability to run a business without keeping formal accounts.</td>
<td>Make accounts/records compulsory for all businesses. Apply stronger company law requirements and insist on business records even for short-term seasonal businesses.</td>
<td>1,5</td>
</tr>
<tr>
<td>Availability of professional enablers.</td>
<td>Improve training and reporting within professional sectors to discourage participation by professionals in money laundering. Improve understanding of the consequences.</td>
<td>1,2,3,4,5</td>
</tr>
</tbody>
</table>

Table 6-9: Controlling tools/weapons – CIB

b. Purchasing of high value portable commodities
Money laundering through the purchasing of high value portable commodities includes different key tools/weapons that help to facilitate the process at one or more stages of the crime. These include the use of fake invoices that assist in providing legitimacy to the possession of a commodity. Table 6-10 identifies additional techniques for situational prevention appropriate for controlling tools and weapons during money laundering through the purchasing of high value portable commodities.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of false identification.</td>
<td>Ensure any proof of purchase is authenticated in the most appropriate manner possible.</td>
<td>2,3,4</td>
</tr>
<tr>
<td>Widespread availability of fraudulent documentation.</td>
<td>Adopt a policy to ensure only documentation least susceptible to fraud is acceptable.</td>
<td>2,3,4</td>
</tr>
<tr>
<td>Availability of overseas shipment routes and methods.</td>
<td>Require proof of purchase for the transportation of high value portable commodities across international borders. Similar to that associated with cash. Failure to comply would result in confiscation.</td>
<td>3,4</td>
</tr>
<tr>
<td>Lack of understanding of the abuse by criminals of high value portable commodities within certain sectors.</td>
<td>Increase training provided by the gold and diamond sector to ensure familiarisation.</td>
<td>1,2,3</td>
</tr>
<tr>
<td>Lack of understanding of the abuse by criminals of high value portable commodities.</td>
<td>Improve understanding of what constitutes a high value portable commodity and how it can be used to facilitate money laundering.</td>
<td>1,2,3,4,5</td>
</tr>
</tbody>
</table>

Table 6-10: Controlling tools/weapons – PHVPC

6.4.2 Increasing risk

Increasing the level of risk associated with the process to commit a crime is a natural preventative measure common throughout various crime prevention strategies. When effectively implemented, potential offenders are thought to be less likely to commit a criminal act. However, because ‘the expectations held by different individuals will depend on their position with respect to the crime process’ (Cameron, 1989, p. 33) the application of perceived risk needs to be sufficiently high to prevent even the most determined and capable offender. Within situational crime prevention, many of the ways to increase the risks of criminal activity include; extending guardianship, assisting natural surveillance, reducing anonymity, utilizing place managers, and strengthening formal surveillance.

Existing preventative measures – increasing the risk:

Existing preventative measures aimed at reducing opportunities for money laundering through cash intensive businesses extend across a number of areas, similar to those also focusing on increasing the effort. Although auditing of compliance with money laundering regulations presents many difficulties, the ability to track individuals, corporate bodies and their economic relations, represents a significant advantage for those involved in the prevention of money laundering through the maintaining of surveillance across many aspects of the financial sector. Training provided to banking staff also has
increased risk, not only during the opening of accounts in which the customer’s identity must be verified at the initial placement stage but also during a continuous process aligned to the effective implementation of AML obligations and on going monitoring or due diligence. The reporting of suspicious transactions has also increased the risks associated with the depositing of illicit cash into the banking sector allowing a financial institution to report to the national FIU suspicions on funds suspected as being the proceeds of a criminal activity. Nevertheless, risk is, accordingly to the research data not always sufficiently increased because still:

“Current risks don’t decentivise the nature of the crime” (Interview 2)

Money laundering through the purchasing of high value portable commodities is also routinely riskier because of existing measures in place to increase direct risk on the activities that enable this method of money laundering. Despite the lack of controls on the purchasing of high value portable commodities, customer due diligence and subsequent record-keeping requirements have increased risks for designated non-financial businesses and professions (DNFBPs). This includes dealers in precious metals and dealers in precious stones – when engaging in cash transactions with a customer equal to or above the applicable designated threshold of EUR 15,000. The enforcement of these regulatory requirements lies with HMRC through a risk-based methodology, however, interviewees 1 and 3 clearly identified difficulties in terms of the performance of HMRC and overall regulation:

“We worked out it would take HMRC 17 years to visit businesses just in my region because of staffing levels. The regulators don’t regulate the HVD environment at all, they [HMRC] have a system in place, but in practice it doesn’t work” (Interviewee 1)

“What happens, unfortunately, is regulation diversifies money laundering if you pull the plug on one it will spread and pop up in two three or four more areas, a bit like weeds really” (Interviewee 3)

Professionals, such as lawyers, tax consultants, accountants and other advisors provide a vital role in relation to many different methods of money laundering. Risks associated with participation are secured through professional integrity and membership of governing bodies. These measures are strengthened by increased levels of risk that originate in the UK from current asset recovery procedures which include; criminal confiscation, civil confiscation, tax and cash forfeiture that collectively collude to ‘take the cash out of crime’ and increase the risk of losing illicitly gained wealth.

6.4.2.1 Extending guardianship

A guardian is someone with the ability to monitor, identify and report wrongdoing (Cohen & Felson, 1979). If recognised, guardians can purposefully monitor activities within a particular cash intensive business, at the point of sale of a high value portable commodity, or during professional services in line with literature formed on the crime triangle (Cornish & Clarke, 2003). Where guardianship is extended, the level of risk associated with detection can increase, making the commission of the crime less viable when compared to the benefits when analysed through a cost benefit ratio.
a. Cash intensive businesses

Guardianship already exists across the whole crime commission process according to the crime script for money laundering through cash intensive businesses (Figure 5-6). For guardianship to be effective as a technique in the prevention of money laundering through cash intensive businesses, guardians must be identified wherever appropriate and at all stages of the crime process to ensure risk is sufficiently increased. Ideally, the more capable guardians, the more effective the overall approach to prevention, as identified by the following comment taken from the questionnaire and two further quotes taken from an interview:

“In the case of the small business, just banker vigilance and better attention to SARs reporting” (Questionnaire 85)

“The KYC process is a one off action, people and things change” (Interviewee 2)

“High street banks retail banks are pretty much clued into KYC and how to deal with it” (Interviewee 2)

Table 6-11 identifies potential techniques for situational prevention aimed at extending guardianship.
<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business owner involvement.</td>
<td>Increase the level of responsibility for closer inspections of regulatory compliance for cash intensive business owners to identify money-laundering suspicions.</td>
<td>2,3,4</td>
</tr>
<tr>
<td>Lack of details surrounding business practices and sectors.</td>
<td>Educate bank staff as to the appropriate levels of cash takings for certain types of business and ensure the monitoring of accounts linked to cash intensive businesses are thoroughly validated.</td>
<td>2,4</td>
</tr>
<tr>
<td>Evolving typologies and modus operandi.</td>
<td>Improve training of intelligence collection operatives in indicators of suspicions associated with money laundering through cash intensive businesses.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Ease in which offshore accounts can be utilised.</td>
<td>Stricter documentation on foreign account details</td>
<td>4,5</td>
</tr>
<tr>
<td>Lack of regulatory control across certain business sectors.</td>
<td>Regular cash intensive business inspections and closer monitoring of business activities.</td>
<td>1,3</td>
</tr>
<tr>
<td>Lack of uniform knowledge throughout law enforcement.</td>
<td>Improve law enforcement knowledge on business practices and vulnerabilities.</td>
<td>1,3</td>
</tr>
<tr>
<td>Limited awareness of the ability for cash intensive businesses to facilitate money laundering.</td>
<td>Increase public awareness of red flag indicators associated with money laundering through cash intensive businesses to ensure non-associated businesses refrain from becoming unwitting enablers.</td>
<td>1,2,3</td>
</tr>
<tr>
<td>Limited formal guardianship within the banking sector of cash intensive businesses.</td>
<td>Increase banking due diligence in respect to transactions associated with cash intensive businesses.</td>
<td>2,4,5</td>
</tr>
<tr>
<td>Overall understanding within the professional services – legal, accountancy, other law.</td>
<td>Ensure regulatory compliance of all professionals involved in the administration of cash intensive businesses and increase the understanding, through training of potential consequences.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Ability to circumvent banking sector cash deposit checks.</td>
<td>Bring all ‘cash in transit’ providers into the reported sector to ensure guardianship and SAR’s reporting.</td>
<td>2</td>
</tr>
<tr>
<td>Limited knowledge across the financial sector on typologies and money laundering practices.</td>
<td>Improved sharing of (timely) information and intelligence to improve AML efforts and broaden understanding.</td>
<td>1,2,3,4,5</td>
</tr>
</tbody>
</table>

Table 6-11: Extending guardianship – CIB

b. **Purchasing of high value portable commodities**

Guardianship in terms of money laundering carried out through the purchasing of high value portable commodities exists throughout the entire crime commission process, as per the crime script identified in Figure 5-8. While it is easy to identify guardianship, the extent in which guardians can act is limited by their willingness and ability to know what to look for and report accordingly. The situational preventative techniques identified in Table 6-12 supports the extension of guardianship throughout this particular money laundering process by identifying additional techniques for situational prevention.
<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evolving typologies and modus operandi.</td>
<td>Reduce banking secrecy policies to enable sharing of intelligence capable of detecting the changing methods used to undertake money laundering.</td>
<td>1,4,5</td>
</tr>
<tr>
<td>Use of fake invoices to demonstrate apparent legitimate purchase of high value portable commodity.</td>
<td>Improve understanding to ensure documentation provided as evidence of a legitimate purchase is genuine.</td>
<td>2,3,4</td>
</tr>
<tr>
<td>Use of fake invoices to demonstrate legal right to transport high value portable commodity overseas.</td>
<td>Improve understanding to ensure documentation provided as evidence of legitimate purchase is genuine.</td>
<td>2,3,4</td>
</tr>
<tr>
<td>Limitless opportunities to transport high value portable commodities overseas.</td>
<td>Improve training and understanding for customs/shipping and transportation providers to enable them to identify suspicious practices.</td>
<td>3</td>
</tr>
<tr>
<td>Acceptance of foreign cash transfers.</td>
<td>Improve intelligence gathering to identify repatriation of funds (identifying locations, names, amounts, timings) and share information with law enforcement agencies.</td>
<td>4,5</td>
</tr>
<tr>
<td>Lack of understanding as to how funds are repatriated.</td>
<td>Improve knowledge on the use of, for example: pre-paid cards, and money orders as methods for the repatriation of funds.</td>
<td>4,5</td>
</tr>
<tr>
<td>Limited private sector responsibility for crime prevention.</td>
<td>Increase the perceived economic interests of companies to begin introducing crime prevention measures.</td>
<td>1,2</td>
</tr>
<tr>
<td>Limited knowledge across the financial sector on typologies and money laundering practices.</td>
<td>Ensure regulatory compliance of all professionals involved in the administration of cash intensive businesses and increase the understanding, through training of all potential consequences.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Limited SAR's from high value portable commodities sector.</td>
<td>Increase the reporting of SAR's from high value dealers.</td>
<td>1,2</td>
</tr>
<tr>
<td>Limited prosecutions for guardians who fail in their duty to protect from money laundering.</td>
<td>Impose penalties for gatekeepers who fail to execute their functions/responsibilities in the correct manner.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Limited knowledge across the financial sector on typologies and money laundering practices.</td>
<td>Improved sharing of (timely) information and intelligence to improve AML efforts and broaden understanding.</td>
<td>1,2,3,4,5</td>
</tr>
</tbody>
</table>

Table 6-12: Extending guardianship – PHVPC

6.4.2.2 Assisting natural surveillance

Natural surveillance is recognised as including such measures as street lighting and defensible space design. These measures are of course typical to the crime types from which situational crime prevention was initially based upon. For money laundering, natural surveillance is difficult to identify, as processes used to launder illicit funds are invariably clandestine to help in protecting the process, illicit funds, people involved and opportunities for identifying the predicate offence.

a. Cash intensive businesses
Cash intensive businesses remain commonplace throughout the UK and are open to natural surveillance opportunities. Options for surveillance can increase when the money laundering process lengthens or becomes over complicated, including the introduction of other areas of professional business, such as the banking sector. Furthermore, the use of criminal associates can reduce opportunities for natural surveillance by closing down the possible options that would otherwise exist in a legitimate cash intensive business. Table 6-13 identifies several options for introducing techniques for situational prevention that may still be appropriate.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited awareness throughout known capable guardians.</td>
<td>Ensure those who are identified as capable guardians within the money laundering process apply natural surveillance techniques.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Poor culture surrounding the identification of money laundering activities.</td>
<td>Introduce incentives within the financial sector to reveal laundering activities.</td>
<td>4,5</td>
</tr>
<tr>
<td>General availability of cash intensive businesses for money laundering.</td>
<td>Ensure business owners and business communities/collective organisations are fully aware of the possibilities of money laundering and know how to report any suspicions.</td>
<td>1,2</td>
</tr>
<tr>
<td>Limited customer interaction within the financial sector.</td>
<td>Improve understanding within the banking sector (frontline/public facing/cashier staff) concerning the possible opportunities available for money laundering.</td>
<td>2,5</td>
</tr>
<tr>
<td>Limited awareness of money laundering and the practices used by organised criminals.</td>
<td>Improve the publics understanding of money laundering.</td>
<td>1,2,4,5</td>
</tr>
<tr>
<td>Limited knowledge across all professional sectors on the problem of money laundering.</td>
<td>Accountants and other professionals play the role of guardian and therefore need to be fully aware of ‘red flag’ indicators.</td>
<td>1,5</td>
</tr>
<tr>
<td>Limited opportunities for whistleblowing.</td>
<td>Increase confidential reporting hotlines and encourage reporting by members of the public.</td>
<td>1,2,4,5</td>
</tr>
</tbody>
</table>

Table 6-13: Assisting natural surveillance – CIB

b. Purchasing of high value portable commodities

It is difficult to understand exactly how natural surveillance is achievable to a level capable of improving the prevention of money laundering through the purchasing of high value portable commodities. With existing measures generally corresponding more towards crimes such as burglary, street robbery and theft of motor vehicles, the appropriateness of such a measure towards money laundering is potentially inadequate. Natural surveillance in this instance would ultimately lead to generalist suspicions and stereotyping since this method of money laundering is quite capable of blending into everyday society.

For example, according to interviewee 6, natural surveillance can be deflected because:

“If you get stopped with 10,000 in cash, certainly in the UK you are going to get it taken off you, but if you get stopped with a small amount of cash I’m not sure, unless you are in the situation where they just think you have stolen it, they are more likely to let you go”
Nevertheless, several options for introducing techniques for situational prevention are, however, suggested in Table 6-14.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited awareness throughout known capable guardians.</td>
<td>Ensure those who are identified as capable guardians within the money laundering process apply natural surveillance techniques.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Limited opportunities for whistleblowing.</td>
<td>Increase reporting hotlines and encourage reporting by members of the public.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Limited international awareness of the problem and consequences for UK organised crime and TOC.</td>
<td>Increase awareness of money laundering through the purchasing of high value portable commodities with international law enforcement partner agencies.</td>
<td>4,5</td>
</tr>
<tr>
<td>Availability of various transportation options.</td>
<td>Improve understanding within the transportation sectors to enable capable guardians to identify suspicious activities.</td>
<td>3</td>
</tr>
<tr>
<td>Availability of various storage facilities.</td>
<td>Improve understanding within the business and personal storage sector to enable capable guardians to identify suspicious activities.</td>
<td>2,3,4</td>
</tr>
<tr>
<td>Limited international awareness of how the foreign banking sector can support money-laundering activities.</td>
<td>Encourage the identification within foreign banking sectors of the repatriation process of criminal funds.</td>
<td>4,5</td>
</tr>
<tr>
<td>The recording of tax/import duty payments.</td>
<td>Introduce procedures capable of identifying (traits and links) within details recorded during the payment of import and export taxes.</td>
<td>3</td>
</tr>
<tr>
<td>Limited awareness of money laundering and the practices used by organised criminals.</td>
<td>Improve the publics understanding of money laundering.</td>
<td>1,2,4,5</td>
</tr>
</tbody>
</table>

Table 6-14: Assisting natural surveillance – PHVPC

6.4.2.3 Reducing anonymity

Concealment during the commission of a crime can provide and allow criminals the ability to maintain control over their activities and decrease the risk of detection (Felson, 2006a). Under the techniques for situational prevention, the reducing of anonymity can occur by adopting the need for formal identification and representational clothing, such as school uniforms.

a. Cash intensive businesses

Cash intensive businesses remain located throughout the UK with little or no regulatory controls to prevent money laundering, making it extremely difficult to enforce requirements that seek to reduce anonymity. Consequently, according to the research criminals have identified the lack of namelessness and adopted cash intensive businesses to deposit illicit cash, encouraged further by the fact personal details are not necessarily retained, sales records can be misrepresented. Nevertheless, Table 6-15 identifies several additional options for introducing techniques for situational prevention.
**Facilitating circumstance** | **Corresponding situational preventative technique** | **Stage**
--- | --- | ---
On-going use of false identification. | Introduce a compulsory national identity card. | 1,2,3,4,5
Continuous use of front companies/purchasers of businesses. | Improve the analysis of documentary evidence provided when businesses are first registered or sold. Ensure this information matches that recorded by the regulated sector. | 1
The frequent use of false invoicing. | Increase the level of analysis of businesses practices and company cohesion to reduce opportunities for false invoicing. | 1,2,3
Lack of business records/evidence of turnover and profits. | Introduce compulsory record keeping across all business sectors, including short-term seasonal businesses. | 1,2,3,4,5
Availability of business banking. | Adopt a procedure to ensure business accounts are not held in fictitious names. | 1
Inappropriate assessments based on past account records. | Remove the acceptance of satisfactory account histories as a method of ensuring continued legitimacy of a businesses activities. | 1,3
Withdrawals from business accounts. | Improve the monitoring of payments made from businesses accounts to ensure they meet standard businesses practices. | 3
Business closure details. | Ensure records of all businesses terminated are cross-referenced with new businesses. | 1,5
The ability to use nominees. | Identify the true role a nominee is playing in the process and raise suspicions through a SAR. | 1,2,3
High level if inaccuracy between perceived susceptibility. | Identify the susceptibility of business sectors based upon continuous monitoring and intelligence sharing. | 1,2

Table 6-15: Reducing anonymity – CIB

**b. Purchasing of high value portable commodities**

Anonymity predicts why the purchasing of high value portable commodities as a method of money laundering remains easily achievable. For purchases of high value portable commodities, recognised documentation proving personal identification details is not always necessary, allowing anyone to make any number of anonymous purchases. To overcome anonymity, various techniques for situational prevention do exist, as identified in Table 6-16.
<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restrained cooperation.</td>
<td>Increase the sharing of data across different business sectors to help identify abuse of anonymity.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Banking records anonymity.</td>
<td>Prohibit financial institutions from keeping anonymous accounts or accounts in fictitious names.</td>
<td>5</td>
</tr>
<tr>
<td>Frequency in which high value portable commodities can be purchased without formal identification being presented.</td>
<td>Require acceptable personal identification documents to be presented for purchases exceeding EUR 1,000 to improve CDD.</td>
<td>2</td>
</tr>
<tr>
<td>International shipment of high value portable commodities.</td>
<td>Enforce more checks on the shipment of goods overseas, using intelligence to help target particular consignments.</td>
<td>3</td>
</tr>
<tr>
<td>High level of inaccuracy between perceived susceptibility.</td>
<td>Recognise the actual susceptibility of particular high value portable commodities to help identify criminal markets.</td>
<td>1,2</td>
</tr>
<tr>
<td>Short falls in reporting across high value portable commodities sellers.</td>
<td>Require businesses selling high value portable commodities to complete SAR’s as and when required.</td>
<td>1,2</td>
</tr>
</tbody>
</table>

Table 6-16: Reducing anonymity – PHVPC

6.4.2.4 Utilising place managers

Place managers control the location or place where a crime occurs or is likely to occur. Forming one side of the crime triangle, along with a motivated offender and the absence of a capable guardian, place managers have the responsibility for protecting a location. In terms of the suggested techniques for situational prevention identified in the table by Cornish & Clarke (2003), such measures can include CCTV for buses, two clerks in convenience stores and the rewarding of vigilance.

a. Cash intensive businesses

Despite the existence of place managers throughout all of the UK’s cash intensive businesses, the number of opportunities for the depositing of illicit funds through cash intensive businesses remains significant, primarily because of the direct involvement of a money launderer within the business or through the use of threats and intimidation, as identified in Table 5-1. With the increased necessity to involve place managers in the prevention of money laundering through cash intensive businesses the following situational preventative techniques are identified in Table 6-17. To support these suggestions the following comment was identified in the interview with interviewee 1:

“*The gatekeepers in the banking sector have other priorities in my view... The banking sector has turned from a service industry to a sale industry where it is now sell sell sell in which an element of the wage is contingent to sales. There needs to be a shift instead towards getting their own house in order first*” (Interviewee 1)
### Facilitating circumstance

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variations in the level of understanding about money laundering.</td>
<td>Increase the level of training for bank staff in relation to money laundering and in particular money laundering through cash intensive businesses.</td>
<td>2,4,5</td>
</tr>
<tr>
<td>Consistent lack of responsibility to react to money laundering suspicions across various business sectors.</td>
<td>Raise responsibility for interfering despite having no legal authority or fear of repercussion.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Limited opportunities to raise concerns in relation to suspicious activities within the various business sectors.</td>
<td>Provide appropriate resources and opportunities for place managers to report suspicious activities.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Limited awareness of money laundering and the practices used by organised criminals.</td>
<td>Ensure banking staff are sufficiently trained to identify and report suspicious activities in relation to this particular method of money laundering which may be disguised by an existing and legitimate appearing banking profile.</td>
<td>2,4,5</td>
</tr>
<tr>
<td>Self-regulation through professional bodies.</td>
<td>Reassess self-regulation rules to improve greater stringency.</td>
<td>1,2</td>
</tr>
</tbody>
</table>

Table 6-17: Utilising place managers – CIB

### Purchasing of high value portable commodities

The crime script for money laundering through the purchasing of high value portable commodities suggests there are many place managers at various stages in the crime commission process capable of assisting in the prevention of this particular method of money laundering. Table 6-18 identifies how place managers can help to influence the success of the identified facilitating circumstances.

### Facilitating circumstance

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of understanding in relation to high value portable commodities and the association with money laundering.</td>
<td>Increase the level of training for customs staff to enable the identifying of attempts to transport illicitly purchased high value portable commodities overseas.</td>
<td>3</td>
</tr>
<tr>
<td>Availability of various storage facilities.</td>
<td>Improve understanding of staff employed at storage facilities to reduce the abuse of storage facilities as holding points for high value portable commodities.</td>
<td>3</td>
</tr>
<tr>
<td>Ability to effectively comply with all HMRC and tax requirements.</td>
<td>Increase the level of training for HMRC staff to enable the timely identification of the transportation of high value portable commodities overseas.</td>
<td>3</td>
</tr>
</tbody>
</table>

Table 6-18: Utilising place managers – PHVPC

### 6.4.2.5 Strengthening formal surveillance

While formal surveillance refers to measures such as red light cameras, burglar alarms and security guards, there are still several opportunities in relation to the processes surrounding money laundering, mainly because of the variety and scope of services and products, tools and resources involved. Although not necessarily physical in stature, formal surveillance opportunities such as AML obligations help to limit
opportunities. In most cases, however, AML monitoring will remain only as effective as the weakest link.

a. **Cash intensive businesses**

Formal surveillance in terms of cash intensive businesses is easily identified, particularly because of the formal measures which exist within the banking and regulatory sectors, not only to prevent money laundering. The scope for increasing the benefit from existing formal surveillance measures and the introduction of additional actions is likely to be achievable with less effort. Despite this, interviewee 3 identified how although formal surveillance was currently in place to limit the deposit of illicit funds into the banking sector:

"*Unless MLRO’s receive reports from the frontline they are never going to be able to report it, no matter how good their training*" (Interviewee 3)

Table 6-19 identifies potential supplementary formal surveillance measures.
Facilitating circumstance | Corresponding situational preventative technique | Stage
--- | --- | ---
Limited scrutiny across activities that facilitate money laundering. | Increase the involvement of the banking sector in the prevention of money laundering by improving active cooperation. | 2,4
Insufficient linkage between businesses and money laundering. | Improve KYC within Companies House to ensure red flag indicators are spotted concerning new and existing businesses. | 1,3
Lack of information and intelligence sharing across all sectors. | Alter the top down approach to information sharing, thus improving effectiveness and appropriateness. | 1,2,3,4,5
Banking customers are not traceable across/throughout the banking sector. | Adopt a database for new banking customers which checks against data held across the financial sector. A system similar to the HUNTER database used by banks to query customers in relation to fraud. Encourage input into the new database from law enforcement. | 1,2,4
Lack of analytical capabilities across law enforcement. | Assist surveillance by ensuring sufficient resources capable of fully analysing suspicious transaction reports. | 2,4
Limited scope for inspecting businesses capable of facilitating money laundering. | Increase audits and VAT inspections. | 1,2,4
Limited scope for identifying red flags. | Introduce and share watch lists to enable clearer identification of vulnerable sectors and assist investigations. | 1
Limited analysis of additional factors. | Analyse, for example, electric, gas and water usage against particular business types. | 1,3
Discrepancies in SAR's reporting. | Improve attention to SAR's reporting, built upon training and constructive feedback to all sectors to also encourage reporting and improve standards. | 1,2,4,5
Unknown business behaviour/trends/characteristics and limited scope for surveillance. | Ensure sufficient resources are available to conduct covert surveillance when justified by appropriate suspicions. | 1,3
Awareness of money laundering by staff involved in high risk businesses. | Ensure businesses receive sufficient training to enable staff employed in high-risk business sectors to identify red flags, report suspicions and understand the consequences of beaching AML policies and procedures. | 1,2,4

Table 6-19: Strengthening formal surveillance – CIB

**b. Purchasing of high value portable commodities**

According to the research data determining the process for money laundering through the purchasing of high value portable commodities, the strengthening of formal surveillance is more likely understood when compared to the accompanying crime script. While various techniques for situational prevention are already in place with the UK’s approach to AML, the scope to allow for the focusing towards the prevention of money laundering through the purchasing of high value portable commodities is limited because of the variety, simplicity and clandestine approach to the purchasing of high value portable commodities that currently takes place. Nevertheless, Table 6-20 identifies several possible additions.
<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited scope for identifying red flags.</td>
<td>Introduce and share watch lists to enable clearer identification of vulnerable sectors and aid investigations.</td>
<td>1</td>
</tr>
<tr>
<td>Lack of information and intelligence sharing across all sectors.</td>
<td>Alter the top down approach to information sharing, which is ineffective and not appropriate.</td>
<td>1, 2, 3, 4, 5</td>
</tr>
<tr>
<td>Unknown business behaviour/trends/characteristics and limited scope for surveillance.</td>
<td>Ensure sufficient resources are available to conduct covert surveillance when justified by appropriate suspicion.</td>
<td>1, 3</td>
</tr>
<tr>
<td>Money laundering interacts with and takes place within legitimate businesses.</td>
<td>Introduce public-private partnerships to improve knowledge and strengthen commitments to AML policies and procedures.</td>
<td>1, 2, 3, 4, 5</td>
</tr>
<tr>
<td>Availability of various storage facilities.</td>
<td>Improve understanding of staff to reduce the abuse of storage facilities as holding points for high value portable commodities used in the process of money laundering.</td>
<td>3</td>
</tr>
<tr>
<td>Awareness of money laundering by staff involved in selling high value portable commodities.</td>
<td>Ensure businesses receive sufficient training to enable staff employed in the sale of high value portable commodities to identify red flags, report suspicions and understand the consequences of breaching AML policies and procedures.</td>
<td>1, 2</td>
</tr>
</tbody>
</table>

Table 6-20: Strengthening formal surveillance - PHVPC

6.4.3 Reducing the rewards

Rewards are the final benefit of an action - ‘the ultimate prize’. Potential offenders are therefore less likely to commit a crime in which the rewards are less than the effort required to undertake the particular crime (Brantingham, Brantingham & Taylor, 2005). Examples of reducing the rewards of a criminal activity within situational crime prevention include concealing targets, removing targets, identifying property, disrupting markets, and denying the benefits of committing the crime.

Existing preventative measures - reducing the rewards:

The overlap between the five groups that separate the 25 techniques for situational crime prevention model (Cornish & Clarke, 2003) is significantly more relevant when understanding current preventative measures aligned to reducing rewards. Overlap between reward reduction, increasing the effort and increasing risk is evidenced by the significant reliance within the AML sector on the PoCA (2002). The PoCA (2002) was designed and is still widely used to deprive criminals of any benefit they might gain from criminal assets, as prison sentences or sanctions can sometimes be classified as an occupational hazard. Whereas the loss of assets can have far a deeper initial and long-term impact. According to the UK Government, POCA (2002) has strengthened the UK’s anti-money laundering controls and ‘made it much harder for criminals to launder their proceeds’ (Home Office, 2006, p. 39) while seeking to reduce the capital available for organised crime to finance continuing activities. Interviewee 3 and 9 implied the difficulties aligned to this approach by implying:

“You are never going to stop the rewards because the laundering of funds is a necessity of the
activity, for me it’s about how we tackle it” (Interviewee 3)

“In terms of reducing rewards, well I cannot on the top of my head think of anything that will stop anyone, there will always be cash there will always be commodities and there will always be personal gain to obtain. People will morph to the next thing that, you know will realise cash for them” (Interviewee 9)

6.4.3.1 Concealing targets

Concealment is achievable through a variety of methods, depending upon the target. For example, in the 25 techniques for situational prevention (Cornish & Clarke, 2003), concealment becomes realised through the adoption of off street parking, gender-neutral phone directories and unmarked bullion trucks. This approach is most effective where crime seeks to identify separate targets. In money laundering, however, the target equally remains difficult to illustrate alongside the numerous problems associated with finding places where money laundering may take place.

a. **Cash intensive businesses**

There is little evidence from the crime script for cash intensive businesses (Figure 5-6) to demonstrate how the concealment of cash intensive businesses could effectively reduce money laundering. With cash intensive businesses a necessity for many communities and likely to continue well into the future, concealment is expected to remain a distant ambition. Nevertheless, options still exist which do not relate to concealing all cash intensive businesses, just those likely to be utilised for the facilitating the deposit of illicit funds or the concealment of opportunities within cash intensive businesses. Table 6-21 identifies one possible technique for situational prevention aligned to money laundering through cash intensive businesses that facilitate in concealing targets.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variety of cash intensive businesses available through which to launder criminally derived cash.</td>
<td>Increase (random) inspections, regulations and pressure to ensure cash intensive business conform, thus reducing the opportunities for criminals to identify susceptible cash intensive businesses through which to launder illicit fund.</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 6-21: Concealing of targets – CIB

b. **Purchasing of high value portable commodities**

The ‘target’ during the commission of money laundering through the purchasing of high value portable commodities is difficult to conceal since an extensive variety of businesses legitimately sell high value portable commodities within the UK. While it is almost impossible to conceal in the literal sense, Table 6-22 outlines an additional technique for situational prevention that could be considered appropriate.
Table 6-22: Concealing of targets – PHVPC

### 6.4.3.2 Removing targets

Removing targets can help to prevent crime by reducing the opportunities available. However, particular targets are removable more easily than others are. According to the 25 techniques for situational prevention (Cornish & Clarke, 2003), the removing of targets has previously been achievable through the removal of car stereos and the implementation of prepaid cards for public pay phones.

#### a. Cash intensive businesses

The removal of the main target for money laundering taking place through cash intensive businesses is unrealistic. Similar to concealment, it is also impossible to remove, using the literal sense of ‘removal’ all cash intensive businesses or specifically those considered most appropriate (see Figure 5-1). The main reason being the limited knowledge which exists to identify businesses most likely to assist money laundering and the fact those businesses which are identified as facilitating money laundering do not necessarily indicate all similar businesses are also appropriate and/or susceptible. Where removal of a target is possible, as in the susceptibility of cash intensive businesses, helping to reduce opportunities that would otherwise allow the business to facilitate money laundering. Table 6-23 identifies a number of preventative options.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited information and intelligence sharing to enable cash intensive businesses to be more easily identified.</td>
<td>Improve/introduce a reliable intelligence flow back from Egmont Group to the UK FIU and SAR authors.</td>
<td>1,2,4,5</td>
</tr>
<tr>
<td>High number of susceptible cash intensive businesses.</td>
<td>Identification by the financial sector of cash intensive businesses posing the greatest risk of being used for the purposes of money laundering.</td>
<td>1,2</td>
</tr>
<tr>
<td>High number of susceptible cash intensive businesses.</td>
<td>Increase tailored monitoring of account activity.</td>
<td>2,4,5</td>
</tr>
<tr>
<td>High number of susceptible cash intensive businesses.</td>
<td>Create industry standards/benchmark to compare vital ratios of cash intensive business activities.</td>
<td>2,3,4</td>
</tr>
<tr>
<td>Support from fictitious businesses and service providers.</td>
<td>Increase tailored monitoring to help identify fictitious service providers.</td>
<td>3</td>
</tr>
</tbody>
</table>

Table 6-23: Removing targets – CIB

#### b. Purchasing of high value portable commodities
The target within the process of money laundering through the purchasing of high value portable commodities is the high value portable commodity. While it is not possible to remove such commodities entirely because of the variety and numbers in circulation, it is possible to complicate the process of achieving control of certain high value portable commodities, thus theoretically removing access without a degree of compliance that aligns to preventative action. Overall, removing targets is a continuous process, built mainly upon the need to identify current targets. In terms of identifying targets within money laundering through the purchasing of high value portable commodities interviewee 5 highlighted such complications:

“Historically I suppose property and cars were a favourite, but now that is getting more difficult and more regulated, diamonds and gold and... certainly I look at some of the better villains I have arrested and they have all owned one or two Rolex’s” (Interviewee 5)

Nevertheless, Table 6-24 identifies such possibilities.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The variety of business opportunities through which to purchase high value portable commodities.</td>
<td>Reduce the cash purchase threshold to EUR 1,000 and introduce compliance of all businesses offering for sale high value portable commodities to reduce the likelihood of identifying a willing seller prepared to meet the requirements of the money launderer.</td>
<td>2</td>
</tr>
<tr>
<td>Authentication of legal ownership</td>
<td>Requirement for goods values over EUR 1,000 which pass through UK border controls to have accompanying verified paperwork detailing as a minimum the point of purchase, value and any identification numbers.</td>
<td>3</td>
</tr>
<tr>
<td>High number of susceptible high value portable commodities sellers.</td>
<td>Closer regulation of all sellers of high value portable commodities and a pressure for high value dealers to ensure compliance with money laundering regulations.</td>
<td>2</td>
</tr>
</tbody>
</table>

Table 6-24: Removing targets – PHVPC

6.4.3.3 Identifying property

Property marking has become one of the easiest ways to identify property, helping the return of property to a rightful owner after having been stolen. Examples of property marking include vehicle licensing and parts marking.

a. Cash intensive businesses

It is difficult to identify property associated with money laundering through cash intensive businesses as the crime commission represents a process rather than the removal of a particular item or commodity. Despite this, a number of options are identified in Table 6-25.
### Table 6-25: Identifying property – CIB

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The frequent use of false invoicing.</td>
<td>Introduce a system of nationally appointed invoices for goods and services over a certain value/annual (or similar) accumulation period capable of verifying legitimate business transactions.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Ghost companies.</td>
<td>Increase/tailor monitoring to help identify fictitious service providers.</td>
<td>3</td>
</tr>
</tbody>
</table>

b. **Purchasing of high value portable commodities**

For high value portable commodities, because of various factors such as the vast amount in existence and the intrusiveness of undertaking such a process it is almost impossible to identify each potential commodity appropriate for facilitating money laundering. Nevertheless, certain high value portable commodities retain serial numbers not just as crime prevention deterrents but also to show authenticity and assist in determining value. Other items such as fine antiques and paintings can easily be recognised and therefore do not need a separate serial or identification number. Interviewee 1, however, identified the problems with identifying high value portable commodities as:

> “The registering of assets, I don’t think we will get that far as it’s too obtrusive” (Interviewee 1)

Opportunities through which to identify high value portable commodities that are not obtrusive may include those in Table 6-26.

### Table 6-26: Identifying property – PHVPC

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The frequent use of false invoicing.</td>
<td>Introduce a system of nationally appointed invoices for high value portable commodities (similar to MOT certificates) capable of easy verification thus providing key information to support investigating authorities.</td>
<td>2,3,4</td>
</tr>
<tr>
<td>Inconsistencies in lawful declarations.</td>
<td>Extend the need for truthful declarations to be submitted to the designated competent authorities to cover other high value portable commodities, rather than limiting it to bearer negotiable instruments.</td>
<td>3,4,5</td>
</tr>
<tr>
<td>Opportunities in which to conceal high value portable commodities during transportation.</td>
<td>Increase vigilance among customs and border officials and the number of searches.</td>
<td>3</td>
</tr>
</tbody>
</table>

6.4.3.4 **Disrupting markets**

Markets facilitating the buying and selling of particular illicit items and services are identifiable across many distinctive crime types. However, money laundering is a process, which rather than generating a commodity (a stolen vehicle, DVD player or mobile phone), instead alters the belief held or demonstrated. There is, therefore difficulty in attempting to separate the process of money laundering with that of other crimes.
a. **Cash intensive businesses**

Cash intensive businesses are representational of a market, based upon the businesses used and the opportunities for abuse. However, the fact money laundering through cash intensive businesses does not indicate a particular market from which success of the crime process balances upon, it is difficult begin to understand how the disruption of markets as a preventative method could be introduced. Cash intensive businesses, despite facilitating money laundering, also provide legitimate services and the sale of goods, making them a necessity, while securing their long-term sustainability. Table 6-27 identifies several options for techniques for situational prevention to reduce opportunities for money laundering that could work alongside the needs of the legitimate cash intensive businesses.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of formal audit trails due to the availability of cash intensive businesses.</td>
<td>Introduce an appropriate audit intervention process for all cash intensive businesses.</td>
<td>1,2,3,4,5</td>
</tr>
<tr>
<td>Inconsistent approach to compliance.</td>
<td>Ensure more rigorous and wide-ranging compliance checks are undertaken based upon intelligence shared by law enforcement and the financial sector.</td>
<td>1,2,4</td>
</tr>
<tr>
<td>Reliance on education to ensure compliance across cash intensive businesses.</td>
<td>Increase enforcement of regulations across cash intensive businesses, rather than relying upon education.</td>
<td>1,2,4</td>
</tr>
<tr>
<td>High number of susceptible cash intensive businesses.</td>
<td>Increase the number and frequency of fiscal inspections.</td>
<td>1</td>
</tr>
<tr>
<td>Inconsistencies in turnover.</td>
<td>Improve transaction analysis capabilities to demonstrate actual turnover rate rather than what is documented/reported by a cash intensive business.</td>
<td>1,2,4,5</td>
</tr>
</tbody>
</table>

Table 6-27: Disrupting markets – CIB

b. **Purchasing of high value portable commodities**

Although it is again difficult to identify the markets in which money laundering through the purchasing of high value portable commodities is reliant upon, it is, however, possible to assume a market does exist either in the UK or overseas where buyers willing to purchase high value portable commodities exist. Although this study does not seek to investigate the extent of such markets, there may be problems in identifying them, as indicated by interviewee 2 who suggests:

“The answer lies in the data, intelligence and criminal data. Good intelligence, intelligence is the key to prevention but with a backdrop of a 25% drop in police resources, it’s not easy”

(Interviewee 2)

Nevertheless, Table 6-28 identifies techniques for situational prevention in respect to money laundering through the purchasing of high value portable commodities aligned to disrupting markets.
<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities in which to conceal high value portable commodities during transportation.</td>
<td>Increase detection capabilities at international borders.</td>
<td>3</td>
</tr>
<tr>
<td>Availability of markets to re-sell high value portable commodities.</td>
<td>Increase intelligence sharing to identify destinations at which high value portable commodities are potentially sold to enable the identification of transportation routes and methods.</td>
<td>1,2,3,4</td>
</tr>
</tbody>
</table>

Table 6-28: Disrupting markets – PHVPC

6.4.3.5 Denying benefits

Implementing techniques for situational prevention that reduces the enjoyment from crime, typically that involving theft is the principal purpose associated with denying benefits. Although there are benefits to all crimes, the ability to deny many of the outcomes and achievements for the criminal can vary since theft related acts usually result in the transfer of goods or monies which can then be enjoyed or profited from to increase future enjoyment. According to interviewee 2 the current situation of denying benefits focuses on prosecution is said to be:

“The best way to prevent it is to convict more people, which currently is astonishingly low”

(Interviewee 2)

The UK’s PoCA (2002) is the main UK legislative driver behind denying benefits and provides opportunities for cash seizure, cash forfeiture and confiscation orders to deny benefits of all crimes despite failure to improve prosecutions. However, there are anecdotal suggestions that indicate a preference for cash seizure of soft targets rather than those representing the biggest threat (Davidson, 2012).

a. *Cash intensive businesses*

While money laundering through cash intensive businesses represents just one of a number of known methods to cleanse illicit funds, it is possible to identify options for denying benefits which provide additional preventative methods against future illicit activities. Table 6-29 identifies techniques for situational prevention that seek to assist in reducing the benefits from money laundering through cash intensive businesses.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The variety of opportunities through which to purchase high value portable commodities.</td>
<td>Increase the overall level of control and regulatory complaint obligations on cash intensive businesses to make them a less appropriate target for money launderers.</td>
<td>1</td>
</tr>
<tr>
<td>Ability to enable a cash intensive business to continue for an extended period.</td>
<td>Target cash intensive businesses using intelligence from across law enforcement and the financial sector to ensure cash intensive businesses are unable to facilitate money laundering long term.</td>
<td>1,2,4</td>
</tr>
</tbody>
</table>
b. Purchasing of high value portable commodities

Similar to money laundering through cash intensive businesses, the purchasing of high value portable commodities as a method for cleansing illicit funds represents a process through which it is possible to introduce a number of additional techniques to deny benefits. These techniques for situational prevention support the aim to deny profitability of predicate crimes through the prevention of money laundering. Table 6-30 identifies a number of options that may also be applicable to denying benefits.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High number of susceptible high value portable commodities sellers.</td>
<td>Improve administrative controls over high value portable commodities sellers and traders.</td>
<td>1</td>
</tr>
<tr>
<td>High number of susceptible high value portable commodities sellers.</td>
<td>Improve CDD at the point of purchase. Make identification checks compulsory for items over EUR 1,000 and encourage greater SAR’s reporting by establishing clearer grounds for suspicion.</td>
<td>2</td>
</tr>
<tr>
<td>Availability of illegal items.</td>
<td>Target the selling of stolen high value portable commodities through intelligence sharing.</td>
<td>1,2</td>
</tr>
<tr>
<td>Ability to secret high value portable commodities during transportation.</td>
<td>Increase the risk associated with international transportation methods and routes.</td>
<td>3</td>
</tr>
<tr>
<td>Availability of markets to re-sell high value portable commodities.</td>
<td>Disrupt markets that facilitate the resale of high value portable commodities.</td>
<td>4,5</td>
</tr>
</tbody>
</table>

Table 6-30: Denying benefits – PHVPC

6.4.4 Reducing provocations

Particular circumstances provoke a person into committing crime. If reduced to a satisfactory level of amicability these circumstances can discourage criminal behaviour. The difficulty here, is the process of money laundering is not provoked by situational circumstances more a necessity for illicit funds to be laundered through an appropriate method, allowing them to appear legitimate before being used to purchase items or services without drawing untoward attention. Understanding the immediate triggers for a criminal event can also help to reduce elements of criminal activities that act as provocations. Techniques used to reduce provocations have included reducing frustrations and stress, avoiding disputes, reducing emotional arousal, neutralising peer pressure, and discouraging imitation.

Existing preventative measures – increasing the risk:

Trying to identify existing preventative methods that reduce provocation for money laundering is extremely difficult. Not only is money laundering misaligned to the initial crimes from which situational crime prevention was initially created in consideration of, money laundering is also a necessity of almost all organised criminal activities making it a purposeful criminal offence, rather than one which is easily provoked by situational circumstances.
The simplicity in which many cash intensive businesses operate, suggest they provide an appropriate method for money laundering that is both controllable and capable of meeting long term desires. Likewise, high value portable commodities are freely available for purchase and in most cases resalable both in the UK and overseas. Therefore, the application of techniques for situational prevention aligned to ‘reducing provocations’ conflicts with the purpose of money laundering a practice that acts as a necessity for organised crime. Instead, effort may be more applicable to the factors that facilitate money laundering through cash intensive businesses and the purchasing of high value portable commodities that otherwise help to maintain long-term provisions.

6.4.4.1 Reducing frustrations and stress

As a technique identified within the 25 techniques for situational prevention (Cornish & Clarke, 2003), reducing frustration and stress has become a key contributor to removing circumstances that cause criminal behaviour. For money laundering the application of this technique might not be ideal, instead, the more stress and frustration associated with a method of money laundering, the increased likelihood money launderers would cease involvement.

a. Cash intensive businesses

Reducing frustration for persons undertaking money laundering through cash intensive businesses contradicts current preventative measures. Generally, the process of preventing money laundering through cash intensive businesses is improved by making it as difficult as possible, with pressure to comply with regulations both within the business sector and the financial sector remaining as tight as is viable under everyday circumstances. For these reasons, no evidence is available to assist in determining suitable techniques for situational prevention aligned to reducing frustrations and stress.

b. Purchasing of high value portable commodities

Likewise, money laundering through purchasing of high value portable commodities in not meant to be easy. While the current process does enable money laundering to take place with a minimal level of expertise and skill, the controls in place aim to make the process as difficult as possible. Therefore, it would be difficult to predict how reducing frustration and stress could effectively help prevent money laundering through the purchasing of high value portable commodities.

6.4.4.2 Avoiding disputes

The theory behind avoiding disputes concentrates towards those crimes which situational crime prevention was first aligned to, i.e. low-level street crimes of a predatory nature. Therefore, when considered against money laundering, it is difficult to see how this technique could be introduced. Original suggestions for avoiding disputes have focused towards separation of football fans, limiting overcrowding in pubs and fixed cab fares.

a. Cash intensive businesses
For money laundering through cash intensive businesses (according to the crime script in Figure 5-6), the processes involved are clandestine and therefore discourage all possibilities for disputes that could otherwise raise unnecessary attention. Consequently, from the research undertaken during this study there is little evidence from which to introduce suitable techniques for situational prevention.

b. **Purchasing of high value portable commodities**

The process of money laundering through the purchasing of high value portable commodities limits the opportunity for a potential dispute. In fact, as the process demonstrates in the corresponding crime script in Figure 5-8, the lack of dispute is a potential enabler as to why this process of money laundering seems so straightforward. The technique of avoiding disputes is therefore not an appropriate preventative technique, meaning there are no possible suggestions as to when this technique could be implemented.

### 6.4.4.3 Reducing emotional arousal

The amount of emotional arousal in money laundering is also limited as money laundering is not a predatory crime, instead a business necessity forming part of a business process. Originally created to focus on predatory crimes with techniques like controlling violent pornography, enforcing good behaviour during sport and prohibiting of racial slur, the focus of reducing emotional arousal towards other crimes like money laundering are somewhat controlled.

a. **Cash intensive businesses**

The opportunity to reduce emotional arousal during the process of money laundering through cash intensive businesses is reduced. Despite the restricted scope for introducing techniques for situational prevention, Table 6-31 manages to identify one additional preventative measure that could be acknowledged as appropriate for money laundering through cash intensive businesses.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probability of detection by law enforcement remains low.</td>
<td>Increase publicity of PoCA (2002) successes and the consequences of detection for those involved in professional roles identified as capable of facilitating money laundering.</td>
<td>1,2,3,4,5</td>
</tr>
</tbody>
</table>

Table 6-31: Reducing emotional arousal: CIB

b. **Purchasing of high value portable commodities**

From the research data collected in this study, there is little evidence in the crime script or research surrounding money laundering committed through the purchasing of high value portable commodities that assists in identifying opportunities to introduce techniques for situational prevention, focused specifically on reducing emotional arousal.

### 6.4.4.4 Neutralising peer pressure

Opportunities to neutralise peer pressure focus towards street level crimes from which situational crime
prevention was initially introduced to act as a preventative control measure. Phrases such as ‘idiots drink and drive’ were introduced, for example, to tackle drink driving. Despite probable successes, money laundering is not committed through pressure from peers, more a necessity brought on by an obligation to make the predicate crime fully effective from which illicit funds become ‘spendable’ without attracting untoward attention.

a. **Cash intensive businesses**

Peer pressure in terms of money laundering through cash intensive businesses is therefore limited to within the businesses in which illicit funds are deposited or those that facilitate cover for business activities designed to obscure and authenticate criminal activities. One possible technique for situational prevention, however, remains possible for neutralising peer pressure, as shown in Table 6-32.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pressure placed upon staff to perform acts capable of directly facilitating money laundering.</td>
<td>Improve whistle-blowing opportunities for staff pressured to perform acts capable of directly facilitating money laundering.</td>
<td>1, 2, 4, 5</td>
</tr>
</tbody>
</table>

Table 6-32: Neutralising peer pressure – CIB

b. **Purchasing of high value portable commodities**

The purchasing of high value portable commodities as a method of money laundering presents no real opportunities through which to neutralise peer pressure. The process as defined in the crime script (Figure 5-8) demonstrates how peer pressure is absent and not overtly required to achieve success, primarily based upon a straightforward process capable of being facilitated with minimal commotion.

6.4.4.5 **Discouraging imitation**

The discouragement of imitation is another solution deemed more appropriate for minor, street level crimes. The techniques suggested in the Table of 25 situational techniques for situational prevention by Cornish & Clarke (2003) suggests this technique was specifically created for crimes which could be witnessed or observed by others, such as vandalism, and graffiti.

a. **Cash intensive businesses**

Nevertheless, a number of preventative solutions are identifiable for money laundering through cash intensive businesses by discouraging imitation. As identified in Table 6-33, techniques for situational prevention aligned to preventing money laundering through cash intensive businesses aim to publicise previous successful preventative measures and damage reputations.
<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High number of susceptible cash intensive businesses.</td>
<td>Publicise the closure of cash intensive businesses involved in money laundering.</td>
<td>-</td>
</tr>
<tr>
<td>Ease in which a cash intensive businesses can be started.</td>
<td>Prevention of persons involved in money laundering having any association with any type of cash intensive businesses</td>
<td>-</td>
</tr>
<tr>
<td>Susceptibility of professional enablers within the process of money laundering.</td>
<td>Regulate all associated professional services to improve understanding of the potential consequences.</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 6-33: Discouraging imitation – CIB

**b. Purchasing of high value portable commodities**

The visibility for imitation during the process of money laundering through the purchasing of high value portable commodities is somewhat difficult to understand, based upon previous suggestions. Therefore, it is difficult to see where techniques for situational prevention aimed at discouraging imitation could be introduced into the processes thought to accompany money laundering through the purchasing of high value portable commodities.

**6.4.5 Removing excuses**

Removing excuses has become one of the more common techniques of situational crime prevention (Brantingham, Brantingham, & Taylor, 2005) aimed at reducing the options which can exist and act as a contributor to the commission of a crime, essentially helped by the fact potential offenders do make moral judgements about their actions and behaviour. Examples of techniques used to reduce excuses include setting rules, posting instructions, alerting conscience, assisting compliance, and controlling drugs and alcohol.

**Existing preventative measures – removing excuses:**

Observations identify several non-specific measures aimed at removing the excuses associated with money laundering through cash intensive businesses and the purchasing of high value portable commodities. Distinctively, the UK facilitate an anti-money laundering architecture that involves the criminal law, the civil law and the regulatory law, helping corresponding parties (including the Government, the Financial Services Authority, HMRC and the Joint Money Laundering Steering Group) to set rules, post instructions, alert conscience through corresponding literature and assist in ensuring nationwide compliance.

Removing excuses as an approach acknowledges that offenders make moral judgements about their behaviour (Soudijn, 2012). This is, however, only successful in money laundering where a financial facilitator knows or suspects they are facilitating the act of money laundering in some form. For money laundering through cash intensive businesses and the purchasing of high value portable commodities, the processes used can be somewhat more inconspicuous, in effect doubling the clandestine nature of the
offense. This can therefore make situational crime prevention techniques aligned to removing excuses obsolete or increasingly more difficult as indicated by interviewee 9:

“I'm not really sure you can remove excuses in money laundering as criminals need it too much and will therefore make sure it happens” (Interviewee 9)

 Appropriately, money laundering through cash intensive businesses and the purchasing of high value portable commodities remains impeded by the Money Laundering Regulations (2007) which seeks to implement the Third EU Money Laundering Directive framework designed to protect financial systems against the risks of money laundering and terrorist financing. Included in the Money Laundering Regulations are measures which seek to set further rules to assist compliance across specific parts of the financial sector, enabling regulated parties to identify and report suspicious activities to the UKs nationally appointed FIU. Rules, for example, have been set to ensure businesses wishing not to accept high value cash payments have corresponding policies so rules remain in place. Employees are then made aware through effective and continuing training and the appointment of a nominated officer to administer the reporting of suspicious activity reports.20

6.4.5.1 Setting rules

Displaying rental agreements, harassment codes and hotel registration notices have all been suggested as providing a technique for situational prevention, by drawing in the attention of potential criminals and enlightening them to the preventative measures in place while allowing them to understand the consequences of criminal actions. Interviewee 6 having, discussed the setting of rules, suggested:

“I think the law and regulations are there, there is sufficient there, it's about how you turn those gatekeepers to prevent them from becoming corrupt and helping money laundering take place” (Interviewee 6)

a. Cash intensive businesses

A series of AML rules and regulations depicting the manner in which cash intensive businesses should conduct business exists in the UK. Evidence indicates these rules and regulations have improved over the last decade as the identification for cash intensive businesses to facilitate money laundering has begun to attract attention. Despite these improvements to the general AML approach, in terms of cash intensive businesses, a number of additional techniques for situational prevention remain possible as identified in Table 6-34 based upon the analysis of the crime script and supplementary data.

20 Money Laundering Reporting Officers (MLRO) are persons nominated within an organisation or practice to submit disclosures to the Serious Organised Crime Agency (SOCA) under the Proceeds of Crime Act 2002 and the Terrorism Act 2000.
<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incomplete understanding of the consequences of money laundering.</td>
<td>Increase understanding as to the penalties for failing to maintain accounts or assisting in money laundering activities.</td>
<td>-</td>
</tr>
<tr>
<td>Incomplete powers to close businesses suspected of involvement in money laundering.</td>
<td>Introduce legislative powers to close suspected businesses.</td>
<td>-</td>
</tr>
<tr>
<td>High number of susceptible cash intensive businesses.</td>
<td>Introduce regulation to cover sole traders.</td>
<td>-</td>
</tr>
<tr>
<td>Susceptibility of professional enablers within the process of money laundering.</td>
<td>Increase understanding as to the penalties for failing to maintain accounts and assisting in money laundering activities.</td>
<td>1</td>
</tr>
<tr>
<td>Opportunity to complete tax returns.</td>
<td>Intensify vigilance around cash intensive businesses that submit tax returns and improve analysis capabilities. Submissions should not represent legitimacy of the cash intensive businesses activities.</td>
<td>-</td>
</tr>
<tr>
<td>Sloppy bookkeeping.</td>
<td>Ensure inaccurate book keeping is challenged in all cases.</td>
<td>-</td>
</tr>
<tr>
<td>Inadequate codes of conduct with the low likelihood of disciplinary action.</td>
<td>Introduce adequate codes of conduct and sufficient disciplinary measures.</td>
<td>-</td>
</tr>
<tr>
<td>Requirement in 2007 Money Laundering Regulations to register with the appropriate supervisor.</td>
<td>Enforce heavy fines on those businesses not registering with the corresponding regulator.</td>
<td>3</td>
</tr>
<tr>
<td>Regulatory inconsistencies across cash intensive businesses.</td>
<td>Ensure compliance is undertaken across cash intensive businesses, in the same way banks are monitored by the regulators.</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 6-34: Setting rules – CIB

b. Purchasing of high value portable commodities

Businesses selling high value portable commodities, known as ‘high value dealers’ are required to register with HMRC to increase compliance with AML regulations and control. This obligation to conform to the procedures set out primarily in the Money Laundering Regulations 2007, which are based upon the Third EU Directive are still unable to effectively prevent money laundering through the purchasing of high value portable commodities as demonstrated by the following quote from interviewee 7:

“You’ve gotta put pressure on the seller of high value portable commodities, but how do you realistically police this particular market?” (Interviewee 7)

Therefore using the research data gathered in relation to this method of money laundering, in Table 6-35 the following techniques for situational prevention are suggested.
<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inability to seize high value portable commodities.</td>
<td>Introduce legislation to allow seizure of high value portable commodities using the same principles as cash seizure.</td>
<td>-</td>
</tr>
<tr>
<td>Requirement in 2007 Money Laundering Regulations to register with the appropriate supervisor.</td>
<td>Enforce heavy fines on those businesses not registering with the corresponding regulator.</td>
<td>-</td>
</tr>
<tr>
<td>Incomplete understanding of the consequences of money laundering.</td>
<td>Increase understanding as to the penalties for failing to maintain accounts and assisting in money laundering activities.</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 6-35: Setting rules – PHVPC

6.4.5.2 Posting instructions

Many instances exist in which the setting of new rules and the clarification of current instructions can deter crime by removing ambiguity of acceptability. For example, no parking and private parking signs can provide a visible and clear deterrent to committing low level and opportunistic acts rather than high level and serious crime. Nevertheless, the advertising of instructions also raises concern associated with the publicising of precautions needed to prevent crime and its apparent ability to reduce a competitive edge held by a business through ‘the introduction of effective preventive measures’ (Laycock & Tilley, 1995, p. 559).

a. Cash intensive businesses

Already a number of rules exist to prevent money laundering through cash intensive businesses. These rules are well publicised but the level of visibility is limited within cash intensive businesses, banks and other businesses capable of facilitating money laundering efforts long-term. Potential additional solutions identified in Table 6-36 may help to ensure better understanding of requirements and obligations and assist in the prevention of money laundering.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incomplete understanding of the consequences of money laundering.</td>
<td>Increase understanding as to the penalties for failing to maintain accounts or assisting in money laundering activities.</td>
<td>-</td>
</tr>
<tr>
<td>Inadequate codes of conduct with the low likelihood of disciplinary action.</td>
<td>Introduce adequate codes of conduct and sufficient disciplinary measures for all professions capable of assisting in the cleansing of illicit funds.</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 6-36: Posting instructions – CIB

b. Purchasing of high value portable commodities

While the AML approach currently in existence is somewhat effective, there are still limited examples of visible rules outlining AML practices capable of deterring potential money launderers. Identified in Table 6-37 are a number of additional techniques for situational prevention still possible.
<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incomplete understanding of the consequences of money laundering.</td>
<td>Increase understanding as to the penalties for failing to maintain accounts and assisting in money laundering activities.</td>
<td>-</td>
</tr>
<tr>
<td>Inconsistencies in lawful declarations.</td>
<td>Extend the need for truthful declarations to cover other high value portable commodities, rather than limiting declarations to bearer negotiable instruments.</td>
<td>3</td>
</tr>
</tbody>
</table>

Table 6-37: Posting instructions – PHVPC

6.4.5.3 Alerting conscience

The ability to alert conscience is another technique for situational prevention, introduced primarily for lower level crime, but also identified as capable of tackling crimes similar to those associated with serious organised crime. The effectiveness of this technique against more serious types of crime is, however, unknown due to the lack of studies that have measured situational crime prevention's long-term performance. In addition, interviewee 11 also identified the following concern in terms of the variety of audiences applicable to certain activities:

“…This is one of the biggest constraints in prevention, with money laundering as with anything else. When you go after the enablers then you are targeting people who may or may not know what they are doing, you are targeting people who are benefiting from their activities. Convincing them that that benefit is an unacceptable social cost, when its individuals its an easy thing to put in the balance, …[with banks] there is more to put into the balance… there are so many more competing issues… the more complex the target the less effective the message” (Interviewee 11)

a. Cash intensive businesses

The severity and associated necessity for money laundering suggests there are limited opportunities to introduce techniques for situational prevention capable of preventing money laundering through cash intensive businesses. Despite this, Table 6-38 outlines a number of additional methods to alert conscience around the principles of right and wrong.
### Table 6-38: Alerting conscience – CIB

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incomplete understanding of the consequences of money laundering.</td>
<td>Increase understanding on the social morality and ethical issues surrounding money laundering.</td>
<td>-</td>
</tr>
<tr>
<td>Basic banking services.</td>
<td>Ensure the financial sector understand their social morality and ethical obligations to ensure wider compliance and cooperation with law enforcement.</td>
<td>2,3</td>
</tr>
<tr>
<td>Sales driven performance packages remain within the financial and professional services sectors.</td>
<td>Lessen performance criteria within the financial sector to prevent the alerting of conscience.</td>
<td>-</td>
</tr>
<tr>
<td>Overall understanding of organised crime.</td>
<td>Educate widely on the impact of predicate offences.</td>
<td>-</td>
</tr>
</tbody>
</table>

**b. Purchasing of high value portable commodities**

While the necessity associated with the facilitation of money laundering manages to overcome preventative methods, the process associated with money laundering through the purchasing of high value portable commodities provides few opportunities in which to alert conscience, even for example, during the signing of customs declarations or adherence to visible signage. Despite these limited opportunities, Table 6-39 identifies a number of possible process specific techniques still available for preventing money laundering through the purchasing of high value portable commodities.

### Table 6-39: Alerting conscience – PHVPC

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>False customs declarations.</td>
<td>Require signatures for all customs declarations and provide details and consequences for false reporting.</td>
<td>-</td>
</tr>
<tr>
<td>False identification</td>
<td>Require copied identification documents presented at the time of purchase to be accompanied by the purchaser signature.</td>
<td>2, 3</td>
</tr>
<tr>
<td>High number of susceptible high value portable commodities sellers.</td>
<td>Increase understanding with those who sell high value portable commodities as to the social morality and ethical issues surrounding money laundering.</td>
<td>2</td>
</tr>
<tr>
<td>Overall understanding of organised crime.</td>
<td>Educate widely on the impact of predicate offences.</td>
<td>-</td>
</tr>
</tbody>
</table>

**6.4.5.4 Assisting compliance**

Conformity to techniques for situational prevention includes activities that encourage compliance with rules and regulations introduced to make the environment safer and cleaner. These initial solutions indicated in the 25 techniques for situational prevention by Cornish & Clarke (2003) remain focused only towards low-level crime.

**a. Cash intensive businesses**
Compliance with HMRC guidelines, the Money Laundering Regulations (2007) and the POCA (2002) remain stimulated by a series of punishable offences carrying sentences up to 14 years imprisonment. Besides documented punishments, Table 6-40 identifies a number of supplementary techniques for situational prevention that aims to ensure compliance with regulatory obligations are more appropriately met.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Register business.</td>
<td>Ensure the regulated sector monitors all businesses capable of facilitating money laundering.</td>
<td>1</td>
</tr>
<tr>
<td>False identification.</td>
<td>Require copied identification documents presented at the time of purchase to be accompanied by the purchaser signature.</td>
<td>2, 5</td>
</tr>
<tr>
<td>High number of susceptible high value portable commodities sellers.</td>
<td>Introduce legislative powers to close suspected businesses.</td>
<td>-</td>
</tr>
<tr>
<td>The frequent sale or closure of cash intensive businesses.</td>
<td>Increase vigilance on cash intensive businesses sold or closed. Utilise intelligence to identify those businesses potentially linked to organised crime and utilised for money laundering. Undertake network analysis.</td>
<td>-</td>
</tr>
<tr>
<td>Money laundering reporting officers (MLRO’s).</td>
<td>Improve the level of credence on MLRO roles by improving the status on MLRO’s while ensuring appropriately experienced and trained staff only undertakes the role. Introduce national accreditation.</td>
<td>-</td>
</tr>
<tr>
<td>SAR’s regime focused towards banking system.</td>
<td>Extend the SAR’s reporting scheme further across cash intensive businesses.</td>
<td>2,4,5</td>
</tr>
</tbody>
</table>

Table 6-40: Assisting compliance – CIB

b. **Purchasing of high value portable commodities**

Money laundering through the purchasing of high value portable commodities is regulated by HMRC. Businesses selling high value commodities over EUR 15,000 are designated high value dealers (HVD). In Table 6-41 additional situational crime preventative options for money laundering through the purchasing of high value portable commodities are suggested.

<table>
<thead>
<tr>
<th>Facilitating circumstance</th>
<th>Corresponding situational preventative technique</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer of high value portable commodities overseas.</td>
<td>Increase vigilance among customs and border officials and increase the frequency of searches.</td>
<td>3</td>
</tr>
<tr>
<td>SAR’s regime focused towards banking system.</td>
<td>Extend the SAR’s reporting scheme further across the suppliers of high value portable commodities.</td>
<td>2,4,5</td>
</tr>
</tbody>
</table>

Table 6-41: Assisting compliance – PHVPC

6.4.5.5 **Controlling drugs and alcohol**

As techniques for situational prevention, breathalyzers in pubs and alcohol free events are two options that have been widely introduced to assist in controlling alcohol and drugs. The involvement of drugs and alcohol are not always present in every crime and therefore techniques for situational prevention do
not need to be considered.

a. **Cash intensive businesses**

Drugs and alcohol do not necessarily play a role in the process associated with money laundering through cash intensive businesses. Therefore, it is not possible to identify techniques for situational prevention.

b. **Purchasing of high value portable commodities**

Similar to many other types of crime, drugs and alcohol do not necessarily play a role in the process associated with money laundering through the purchasing of high value portable commodities. Therefore, it is again not possible to identify techniques for situational prevention.

6.5 **Overcoming counterproductive consequences**

Scepticism about the introduction of techniques for situational prevention is caused by the fact techniques for situational prevention can directly initiate counterproductive consequences. Through the identification of the many possible techniques for situational prevention already identified, it is necessary to determine how commonly acknowledged counterproductive consequences and the social and ethical impact of situational crime prevention can become an issue that prevents implementation or leads to a complete failure.

**Displacement**

The most prominent criticism of situational crime prevention is displacement, as already discussed in Chapter 2. The idea of displacement developed in the context of street crime remains largely untested in relation to white-collar offending but still has an influence in this study for several reasons. Firstly, this study has addressed only two of the possible methods of money laundering. The significance of this in terms of the outcome for this study is that money laundering remains driven by a necessity to maintain a certain level of offending, whatever the costs. For many, the elimination of easy opportunities for money laundering would no doubt lead to further exploitation of other methods, rather than encouraging non-criminal alternatives (Clarke, 1997). Estimates, for example indicate nearly 30 different methods are available in which to launder illicit funds. In this context, displacement is inevitable. Displacement can also be based on the assumption offenders are like predatory animals, meaning they will do whatever it takes to commit a crime (Eck, 1998). Nevertheless, displacement in money laundering through these two methods will only happen at certain levels of criminality or seriousness, as not all money launderers possess the skills, experience and opportunities, despite the unanimous need to ensure money laundering occurs.

Secondly, these two methods of money laundering are relatively unsophisticated (see crime scripts in Figure 5-6 and Figure 5-8) but continue to vary to thwart AML efforts, thus allowing it to remain a visible as well as clandestine process. Not always associated with a single person, money laundering
requirements can involve several participants’ intent on using the money to either further criminal careers or purchase expensive luxuries. Consequently, the dependency placed on money laundering has forced money launderers to become extremely competent at identifying vulnerabilities in both weak and strong sectors.

While it is difficult to undertake definitive studies of all displacement related possibilities, the increased likelihood of displacement in this case, does not necessarily indicate this study is wrong or a failure. Instead, displacement becomes a carrier for the diffusion of benefits laterally across other recognised methods of money laundering, along with the potential to rise vertically into certain predicate crimes. Consequently, this study highlights how the techniques for situational prevention should ideally match as many methods of money laundering as possible to increase preventative scope. Although displacement is possible according to Chaiken, et al. (1974) and Bennett & Wright (1984), it is therefore best understood when accepted and incorporated into the design and evaluation of situational crime prevention methods and the approach taken. To effectively prevent displacement, simultaneous effort is required to prevent all opportunities for money laundering, thus leaving no stone left unturned.

It is not difficult to predict from this study how displacement would occur if a situational crime prevention approach were introduced, as money launderers would undoubtedly seek alternative methods. Nevertheless, displacement would likely be limited to place, target, or techniques, excluding ‘crime type, time and offender’ (Tilley, 2009) making it somewhat more focused. In respect to the two methods of money laundering focused on in this study, this could involve a greater use of existing customers, counterfeiting of personal identification documents, a greater use of money mules, bribery/coercion of insiders and the corruption of staff to prevent surveillance.

**Lifespan of techniques**

Techniques for situational prevention introduced against specific forms of crime have limited lifespan. The methods introduced against any crime type may simply provide a brief break in activities (Ekblom, 2003), in which, for example, organised criminals and money launderers regroup to find new methods. Based upon the necessity for money laundering opportunities to enable the cleansing of illicit funds, the lifespan of many of the techniques for situational prevention identified in this study remain a great deal shorter than for other forms of crime, which involve static items such as streetlights, bars and shutters on windows and security guards in banks.

**The ‘honest customer’**

The two methods of money laundering that this study focused on involve significant interaction with the public, including customers throughout the various businesses used in the process of money laundering (see Figure 5-1). Therefore, techniques for situational prevention must include understanding as to how they will influence the honest customer (Gill, 2003). Despite the current due diligence checks, the techniques for situational prevention suggested are focused towards the ‘customer’ and therefore are likely
to involve the introduction of further controls and greater levels of suspicion. Nevertheless, an assessment of potential methods which introduce risk for the criminal need to be undertaken to prevent further alienation of the honest customer. This delicate situation could suggest why current AML methods are what they are, in effect helping to prevent alienation of the honest customer who statistically would make up the greatest percentage of legitimate customers and consequently influence businesses turnover and profit margins.

**The fortress society**

The adaptation of a fortress society is another negative consequence recognised as resulting from the application of situational crime prevention and runs the risk of encouraging crime rather than preventing it (Wortley, 1998). In the case of AML, however, efforts already in existence have shown that the fortress society is not as clearly defined as that which has generated so much negative publicity for situational crime prevention. For example, anxiety can diminish with many of the procedures in place, based usually upon a clear explanation as to why such procedures are necessary. Furthermore, risks of money laundering are not heavily publicised, leaving people unaware as to what measures they can do to make themselves safer. The opportunity to encourage AML practices to form ‘routine, almost unconscious and un-intrusive features of everyday life’ (Laycock & Tilley, 1995, p. 541) is somewhat ambitious because of the fear which can be created by publicising the problems and potential weaknesses in systems once though capable of preventing such crime problems.
The diffusion of benefits (Clarke & Weisburd, 1994) is seemingly the opposite of displacement for the purposes of money laundering. Diffusion represents the benefits of techniques for situational prevention that spill over into other ‘nearby times and places’ (Felson, 2006, p. 15). Hence this study indicated a possible opportunity for situational crime prevention to diffuse benefits across several methods of money laundering rather than displacing the need to commit crime, since no other crime type is capable of ensuring illicit funds are cleansed to appear legitimate. As shown in Figure 6-5 the link between the two methods of money laundering which this study focused on is limited, although the techniques for situational prevention identified in this chapter do correlate to both methods as they seek to tackle the processes that support money launderers to fulfill each method. The adoption across both methods of services offered by businesses and the financial sector, therefore, provides greater profitability for increasing the impact across many methods of money laundering causing offenders to become significantly unnerved at the scale of preventative methods introduced, thus making them feel ‘measures are more widespread than they really are’ (Tilley, 2005, p. 52). For this to work effectively, however, there needs to be an increased willingness to implement techniques for situational prevention across all industries and business sector to ensure saturation.
Cost of implementing techniques for situational prevention

An additional counter-productive consequence of situational crime prevention is the cost associated with the implementation of many of the techniques for situational prevention identified for both cash intensive businesses and the purchasing of high value portable commodities. Many of the ideas suggested in Chapter 6 may be too difficult, costly or deemed inappropriate from a business perspective leading to disinterest since AML does not provide significant return on investment. The application of effective crime prevention techniques therefore requires persuasion of those who are in a position to act, to do so by taking all necessary steps.

6.6 Summary

This chapter helped to provide evidence towards identifying the applicability of situational crime prevention towards money laundering through cash intensive businesses and the purchasing of high value portable commodities. It first identified a crime triangle for money laundering and money laundering through cash intensive businesses and the purchasing of high value portable commodities before introducing a list of facilitating factors and corresponding situational preventative techniques which could be introduced alongside each of the proposed 25 techniques for situational prevention (Cornish & Clarke, 2003).

The techniques for situational prevention identified in Chapter 6 are diverse. This diversity in possible preventative techniques is considered to reflect the equally diverse assortment of events that make up each of the two method of money laundering, which this study identified and focused on. While in some instances there were no techniques for situational prevention identified, this exercise revealed that increasing effort and increasing risk are the two main areas where techniques for situational prevention remain most possible and appropriate, based upon the characteristics of money laundering and the research data. The focus of the suggested preventative techniques for situational prevention were noticeably varied, tackling many practices across the five stages of the crime scripts thus attempting to limit draconian controls on cash intensive businesses and high value portable commodities.

From the evaluation of the research data which took place in Chapter 6, it is evident that situational crime prevention is already being utilised to prevent money laundering in the UK, however, there is some difficulty in identifying existing measures and how they correlate to the 25 titled areas of the situational preventative techniques (Cornish & Clarke, 2003). Where this study has advanced knowledge is in the interpretation of existing situational crime prevention measures and the gaps, which still exist in relation to money laundering through cash intensive businesses and the purchasing of high value portable commodities.

The consequences of implementing techniques for situational prevention were also discussed in Chapter 6 alongside the research data on money laundering through cash intensive businesses and the purchasing of high value portable commodities. While displacement remains a broadly accepted negative
consequence of situational crime prevention, this study was able to show that in relation to money laundering the ability for displacement to occur was less likely and had already taken place to a point in which further displacement was unlikely. Instead, a diffusion of benefits of the techniques for situational prevention introduced in Chapter 6 to curtail money laundering through cash intensive businesses and the purchasing of high value portable commodities is more likely as demonstrated by the targeting of the tools and locations in which money laundering is committed.

The purpose of the next and final chapter, Chapter 7, is to provide a final conclusion as to the applicability of situational crime prevention towards UK based money laundering, particularly that which is carried out through cash intensive businesses and the purchasing of high value portable commodities.
CHAPTER 7: Discussion

Chapter 7 fosters the knowledge gained by this entire research study and concludes how this study has advanced current knowledge and understanding surrounding the application of situational crime prevention while improving current understanding on the nature of the money laundering through cash intensive businesses and the purchasing of high value portable commodities. Beginning with a review of the limitations this research study faced, Chapter 7 then provides a conclusion and analytical interpretation as to the overall suitability of situational crime prevention against money laundering through cash intensive businesses and the purchasing of high value portable commodities and the implications for UK policing.

7.1 Research limitations

The purpose of this research study was to determine the applicability of situational crime prevention towards UK based money laundering, yet from the outset three significant limitations emerged. The first was the general limitations implied when conducting experimental action research (Clarke, 1997) and the obligation to fulfill the entire process from stages 1 to 5. The second limitation was the obvious difficulties associated with research aligned to the phenomenon of organised crime, that although having been extensively researched had continued to retain a secretive existence enabling thorough understanding to remain somewhat impossible. Thirdly, money laundering also remains a secretive process. This meant that again, although extensively documented, the nature in which it continues to be conducted and the people considered to be actively involved, make it significantly more difficult to identify every aspect of the process without generalising particular aspects, sometimes based only upon suggestive evidence.

Action research

Action research requires the researcher to work closely with one or more practitioners (Clarke, 1995), to identify problems and validate solutions for preventing a specific crime problem. Due to the complexities of the chosen topic and the difficulty in working with all aspects of known money laundering prevention and investigative environments, it was impossible to gain access to the emic perspective of each area to ensure a unified approach to data gathering. To overcome these issues, the study sought to expand input from the widest possible perspective via the questionnaire, by selecting questions capable of drawing out otherwise uncommon details of each method of money laundering. Following the questionnaire analysis, interviews with experts from across the various areas of AML preventative and investigative sectors sought to improve understanding. While this approach did not enable the emic perspective to flow, as is normally considered appropriate within a true action research approach, it did assist in the building of trust while maintaining a basic positivist approach. This ‘positivist approach’ was considered vital, not only because it enabled the research to be described using methods independent of the researcher (Myers,
1997), it also drew out the ‘ontological and epistemological realism’ (Kalof, 2008, p. 19) which this research needed to ensure the techniques for situational prevention suggested, were appropriate and aligned to the actual research findings.

This project equally sought to improve understanding of the two methods of money laundering on which little research existed. Consequently, the audiences used for the gathering of the research data varied and many respondents struggled with understanding the scope and applicability of situational crime prevention or providing details linked to one or both methods of money laundering. Various respondents, however, clearly knew what situational crime prevention sought to achieve, but did not fully appreciate its approach to the prevention of money laundering.

Finally, this study focused on the first three stages of situational crime prevention only, meaning it fell short of implementing suggested techniques for situational prevention and analysing performance. Despite this, the research approach taken sought to ensure full understanding and comprehension of the environments in which, techniques for situational prevention could be recommended, while safeguarding the viability of suggested techniques for situational prevention over and above existing measures.

**Organised crime**

Not surprisingly, because of the context in which money laundering exists, the feature and phenomenon of organised crime weighed heavily on the accuracy of this research study. Complications were increased by the potential, yet almost accepted existence of organised crime in both methods of money laundering which this study focused on (see Figures 5-11 and 5-12), accepting that concealment also provides a vital aspect of organised crimes success, and therefore reducing opportunities for empirical research. Combined, these factors meant this research study represented a difficult undertaking and one that would undoubtedly face scepticism once complete.

**Money laundering**

From the outset, only anecdotal data was available on the two methods of money laundering through which this study sought to test the applicability of situational crime prevention. While critical to the study, it was also evident that this was common across many other methods of money laundering. With successful money-launderers making few mistakes, it was clear from the research data that the details surrounding certain methods of money laundering came only from mistakes, luck, or assumptions of the processes and practices undertaken by money launderers.

With the existence of complex inter-relations between those involved in money laundering and associated predicate offences, it was difficult to create 100% accurate crime scripts for each of the two money laundering methods. While this is not always necessary according to Bullock, Clarke & Tilley (2010), crime scripts assist in identifying the rational decision-making process of a criminal, aside from extracting crime specific details (Cornish, 1994). With limitations based on the fact money laundering is still not a
law enforcement priority and remains a clandestine activity, it was difficult to reduce each method to a single place and time when the offence of money laundering would normally take place, contrary to suggestions by Von Lampe (2011) and (Gill, 2001). Despite many documented examples of money laundering, numerous examples were also considered inadequate because of their historical perspective or the confusion that had resulted in regurgitated documentation and money laundering typologies.

7.2 Implementation limitations

The limitations and challenges associated with implementing situational crime prevention in the form of the suggested methods remain widespread and critical to the success of any future application of the techniques for situational prevention identified in this study. Situational crime prevention is about introducing techniques that change the immediate environment, but when applied to money laundering, a process with many environments the difficulties associated with what to do first are significantly greater than low-level street crimes.

From the list of techniques for situational prevention identified in Chapter 6, most require significant collaboration, application and commitment to ensuring successful implementation and performance. Governments and national bodies involved in preventing money laundering, along with the banking sector are therefore unlikely to be willing to freely adopt many of the suggestions. At present, governments focus on seeking slenderness between regulated sectors to encourage economic prosperity, meaning heavy regulation would not only act as a counter force but also discourage adoption of many of the methods identified.

Despite various opinions identified during this research study as to the level of current regulation, responses in questionnaire 28 suggested:

Concerning cash intensive businesses –

“The balance between regulation/controls and freedom to pursue business at ‘street’ level is probably pretty good” (Questionnaire 28)

Concerning the purchasing of high value portable commodities –

“Again, balance seems reasonable. There are already controls” (Questionnaire 28)

Nonetheless, this is clearly not the case otherwise tools, resources and professional’s enablers would not be available or so easily accessible if controls were sufficient. Although the techniques for situational prevention may be too difficult at present to adopt, there is a valid argument for improving regulation across more sectors to keep pace with the adoption of new techniques, processes and commodities that have seemingly now become exploitable facilitators to enable money laundering. Nevertheless, anything less than a concerted effort would be like trying to dam a river with matchsticks.

Insufficient interest in the adoption of techniques for situational prevention may also come from the fact situational crime prevention only tackles specific points in the money laundering crime commission
process. Money laundering is a minimum of three stages, therefore, many of the specific and notably important situational crime prevention techniques are not appropriate to tackling the entire process. This means several techniques for situational prevention are likely to be required to implement a successful blanket approach to ensuring the money laundering process does not need to deviate only slightly from the original crime script to ensure it succeeds.

7.3 Conclusion and analytical interpretation

As stated, this research study sought to test the applicability of situational crime prevention against money laundering through cash intensive businesses and the purchasing of high value portable commodities, by adopting an experimental action research approach to exploring the situational and environmental factors that facilitate money laundering. Both the disseminated questionnaire and subsequent series of interviews sought to identify the factual details concerning each of the two specific methods of money laundering and the potential likelihood for applying techniques for situational prevention.

Aligning the intentions within the action research methodology to the hypothesis identified five research questions. The answers to these five research questions assisted in presenting the concluding findings on the complete applicability of situational crime prevention towards money laundering through cash intensive businesses and the purchasing of high value portable commodities. The final list of research questions identified was:

1. How is money laundering through cash intensive businesses and the purchasing of high value portable commodities undertaken?
2. What situational and environmental factors exist to facilitate money laundering through cash intensive businesses and the purchasing of high value portable commodities?
3. What tools or resources exist to facilitate money laundering through cash intensive businesses and the purchasing of high value portable commodities?
4. What crime prevention techniques already exist to overcome these factors?
5. How can techniques for situational prevention invigorate or enhance current preventive methods against these two methods?

The analysis of the research was undertaken in two parts, first through an analysis of the questionnaire data and secondly through an analysis of the interview findings. From the research data collected, it was then possible to cautiously construct crime scripts for each method of money laundering. Subsequent analysis of the crime scripts indicated how each approach typically unfolded in an orderly manner, identifying rational decisions, helping to ensure the process met the expectations of those involved. The analysis also demonstrated how routine activities were a key factor at various stages in each crime script. This included the purchasing of goods and services for cash in addition to the purchasing of high value portable commodities. From the analysis, however, it appeared that the application of situational crime
prevention would not be with the logic of implementing such techniques, but instead with the application itself.

Never before had situational crime prevention been tested towards money laundering, despite the close association of money laundering with organised crime (Bullock, Clarke & Tilley, 2010). Therefore, this study sought to improve understanding and advance knowledge in relation to situational crime prevention and its applicability towards a process potentially involving several viable sequences of events. Although Clarke (1983) proposed techniques for situational prevention directed to a specific crime type that involved the manipulation of the environment through particular focus on reducing the opportunities and rewards of crime, it is difficult to assume situational crime prevention could perpetually be used on money laundering, simply because it has worked for other crimes.

Apprehension towards the ability to measure success remains constrained by arguments for and against the feasibility of situational crime prevention. Still, it is difficult to determine what does the actual success of situational crime prevention look like? Is success the entire eradication of a particular crime? Alternatively, is success measured by detection rates or the number of possible techniques for situational prevention that can be listed as suitable for implementation? While it is not necessary for all 25 techniques for situational prevention (Cornish & Clarke, 2003) to be implemented, the viability of situational crime prevention as an approach to crime prevention remains partially feasible. The level of success and the actual feasibility towards a particular crime, however, can only be assessed once stages 4 and 5 of the action research methodology have been completed, something this research study was unable to facilitate.

Numerous situational preventative techniques associated with the prevention of money laundering are already in place through measures corresponding across the five headings depicted in Table 2-1, leaving additional improvements as identified in Chapter 6 aligned to AML to remain focused. Where current situational crime prevention is clearly most appropriate is in the denying of benefits through the PoCA (2002) and the hardening of targets by regulatory controls and inspections. Money launderers, however, are considered less dependent upon many of the given opportunities, focusing instead on resourcefulness to ensure opportunities meet expectations. This then limits the application of situational crime prevention through a failure to understand how little the presence of others can influence a criminal act sought out or engineered to circumvent obstacles. Nevertheless, there are still gaps within the current AML approaches aligned to cash intensive businesses and the purchasing of high value portable commodities. While many of the suggestions for the prevention of money laundering identified in Chapter 6 are extensions or improvements to measures already in place, the very fact that they were identified, demonstrates the initial value in this approach to seeking ways in which to prevent money laundering.

The ability to cleanse illicit cash is the main driver for activities associated with money laundering. As it currently stands within the UK’s economy and various service industries, the likelihood of cash becoming
obsolete is unlikely to happen within the next ten years based upon little change since the introduction of the PoCA in 2002. Applying situational crime prevention to money laundering has helped to recognise how more can be done, however, future applications towards the prevention of money laundering will remain difficult while money laundering is considered a separate activity, detached from other criminals acts, in particular the predicate offence(s).

Where situational crime prevention comes into its own right, is in the fact it can be far simpler and quicker to implement than alternative approaches such as those associated with changes to legislation. Equally, it is likely disruption indirectly assists in a more dynamic approach to situational crime prevention, especially across hostile environments where the aim is to discontinue networks, lifestyles and routines. Furthermore, there is an overt obligation to ensure that the implementation of these and other techniques for situational prevention do not introduce excessive constraints and social pressures that leads to defiance, not just within the organised criminal networks but also throughout the general public who feel excessively challenged by AML efforts and guilty by indirect association.

This research study also demonstrated that techniques for situational prevention would be more effective if applied in stages 1 or 2 of both the corresponding crime scripts. The reason being that once the placement of illicit funds is successfully completed, then layering and integration are less susceptible to the benefits achieved by the introduction of techniques for situational prevention similar to those suggested in this study. Where the method of money laundering extends outside of the UK, the scope of techniques for situational prevention, however, becomes too vast and therefore difficult to implement.

Although displacement remains recognised as a substantial ‘negative consequence’ of situational crime prevention, for money laundering through cash intensive businesses and the purchasing of high value portable commodities, displacement is expected to have already taken place with money launderers having shifted from another method of money laundering to these two specific processes. Despite the reasons behind displacement (or a diffusion of possibilities across methods of money laundering), criminals actively seek to identify and move to other options to carry out money laundering that more appropriately meets their expectations - reducing risk, reducing effort and increasing the available rewards. If displacement is to be benefited from (under the promise of an accompanying diffusion of benefits), it is necessary to implement sufficiently wide-ranging techniques of situational prevention. This makes situational crime prevention, as an implementable solution, somewhat less appropriate.

Within this research study, 106 techniques for situational crime prevention were identified for money laundering through cash intensive businesses and 79 for money laundering through the purchasing of high value portable commodities. In reality, these suggested techniques present too many options despite an obligation seeking to implement sufficiently wide-ranging techniques that effectively suffocate the crime script, for example, by increasing the powers of the capable guardian to prevent money laundering. The overwhelming number of techniques for situational prevention alongside each method of money laundering, besides demonstrating the value gained from undertaking this study, also implies only the
cleverest of preventative ideas would ever be implemented and only if they met the interests and obligations of the implementers. Consequently, techniques for situational prevention which are suitable for these two methods of money laundering require timely evidence and reasoning, something which will remain difficult to determine when studying a formally accepted clandestine criminal process incorporating a significant number of known and unknown variables. Vulnerabilities for money laundering are also increased by the huge scope of availability and commonness throughout the UK of cash intensive businesses and high value portable commodities, not necessarily because of ignorance by AML.

Considered out of date and not able to fully identify methods that can vary considerably, crime scripts as proven within this research study are still capable of assisting in identifying points to determine weak and vulnerable process for the interjection of preventative measures. The crime scripts developed in this study also determined how each process is likely to continue until stopped in its entirety because of the range of targets available. Changes and benefits to AML may have occurred through the increase in regulations, but these alone are powerless at sufficiently reducing the threat of organised crime and its need or obligation to commence the laundering of illicit funds. Having said this, the idea that preventative measures can meet and counteract the future trends of the money launderer is somewhat ambitious and therefore indicative of the recent use and criticisms that indicate how situational crime prevention reacts towards sufficient levels of crime having already taken place. Many of which may have altered significantly since they were first detected. Therefore, the application of situational crime prevention against money laundering is again considered unlikely, despite the potential techniques for situational prevention as listed in Chapter 6.

Further work could focus on identifying whether the suggested techniques for situational prevention which are implemented, help to determine the effectiveness on the two methods of money laundering this study has focused on, and if or how ‘positive diffusion’ spreads laterally across other methods of money laundering. More broadly, research also remains vital to determine how close these suggested techniques for situational prevention are when compared against other methods of money laundering. Given at this present time, the techniques for situational prevention aligned to each method of money laundering have not be proposed to those capable of implementing them, it would be good to see how they could be used and the level of success achieved. Further research could also explore the intelligence gap between law enforcement and the financial sector and the requirements for continuous effort internally and externally to assist in improving capacity.

To successfully limit the opportunities for money laundering through cash intensive businesses and the purchasing of high value portable commodities, the implementation of situational crime prevention as an approach is essential. Money laundering, despite the individuality of it within this study is not a single

21 See Hayward (2007) as an example in relation to residential burglaries
event, rather a series of processes that effectively merge at the right time to reduce risk, reduce effort and increase rewards for money launderers and organised crime.

This study found that money launderers select these two particular methods of money laundering because they provide simple straightforward opportunities to launder criminally derived money. Consequently, the introduction of techniques for situational prevention requires a national application. If attempted on a regional basis, money launderers would simply seek alternative locations. Utilising a formal strategy which directs resources, identifies partners and improves the sharing of information and intelligence would benefit the implementation of the identified techniques for situational prevention by recognising the most pertinent ‘pinch points’ in which the preventative methods could be introduced. Predominantly, action would focus on stages 1 and 2 (i.e. pre-placement). Although, with an adjustment of behavior likely to occur in response to situational interventions, displacement becomes ‘positive diffusion’ extending benefits (Clarke & Weisburd, 1994) horizontally across other methods of money laundering and vertically into the predicate crime. Displacement is unlikely to entail the criminal moving to a different crime, simply because no other crime can facilitate the cleansing of illicit cash, which is what makes money laundering so definitive.

This project has questioned the viability of situational crime prevention and money laundering. It has taken what was already suspected of situational crime prevention from various sources and tested it against money laundering. This chapter reviewed the research limitations associated with conducting research associated with money laundering, mainly its link to organised crime and the position of the researcher to the research environment from which the research data was gathered. It also brought about the question ‘is prevention of money laundering actually possible or should focus be towards disruption using a situational crime prevention approach?’

Through an analytical interpretation of the entire research project, Chapter 7 also provided a conclusion as to the applicability of situational crime prevention against UK based money laundering through cash intensive businesses and the purchasing of high value portable commodities. It clarified that these two methods of money laundering are more susceptible to money laundering than what is initially considered, possibly because of the number of targets and variables that exist as well as the many opportunities for offloading risks. It also concluded how the adoption of an approach aligned to situational crime prevention is more than just a single perspective on crime, which criminologists believe, fails to addresses the actual causes of crime.

Chapter 7 furthermore improved current understanding on the nature of the money laundering through cash intensive businesses and the purchasing of high value portable commodities through the experimental action research approach adopted.

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22 This conclusion is based upon the limited details available surrounding these two methods of money laundering and the overall knowledge available during the collection of research data through the questionnaires and interviews.
Appendices

A: Questionnaire invitation

Email invitation to LinkedIn contacts

Dear Mr ****.

Having recently connected through LinkedIn, I would like to invite you to take part in a short survey forming part of my studies towards a Doctorate in Criminal Justice through the University of Portsmouth.

The focus of the research project is to examine the applicability of ‘situational crime prevention’ against money laundering. It is anticipated the findings of this research will support the enhancement of current UK money laundering preventative methods making it more difficult for criminals to launder illicit funds, thus further helping to influence the profitability of predicate offences.

All answers received will remain completely confidential and governed throughout by the University of Portsmouth Ethics Council guiding principles. Only anonymised results will be used in the overall final report, a copy of which will be made available.

To take part or view the questionnaire, please click on the following link: https://www.surveymonkey.com/s.aspx?sm=9Wb2BflYjmHvFBFpqVK3iA_3d_3d

Alternatively please copy and paste the following link into your web address bar: https://www.surveymonkey.com/s/MoneyLaunderingandSCPintheUK

If you have any questions or you would like further details about this research, please email me at nicholas.gilmour@myport.ac.uk Furthermore, if any of the information provided, or the manner in which I am conducting this research gives you any cause for concern, please contact my research supervisor Dr Mark Button at the University of Portsmouth on +44 (0)23 **** ****

In order for this research to be as success as possible, I would be very grateful if you could please forward this email to colleagues who you feel may also be able to offer appropriate support by completing the online survey.

Thank you in anticipation of your assistance.

Nicholas Gilmour MA
Doctoral Student @ University of Portsmouth
Email invitation to identified contacts (colleagues and professionals)

Dear ****, I was wondering if you would be in a position where you could assist in gathering research data which will form part of my studies towards a Doctorate in Criminal Justice through the University of Portsmouth. I know you have a lot of influence and contacts related to this area of work and are dedicated to AML efforts.

The focus of this research project is to examine the applicability of ‘situation crime prevention’ against money laundering within the UK. It is anticipated the findings of this research will enhance current UK money laundering preventative methods making it more difficult for criminals to launder illicit funds, thus further helping to influence the profitability of predicate offences.

In every case, all answers received will remain completely confidential and governed throughout by the University of Portsmouth Ethics Council guiding principles. Only anonymised results will be used in the overall final report, a copy of which will be available for all respondents to view.

If you have any questions or you would like further details about this research, please email me at nicholas.gilmour@myport.ac.uk. Furthermore, if any of the information provided, or the manner in which I am conducting this research gives you any cause for concern, please contact my research supervisor Dr Mark Button at the University of Portsmouth on +44 (0)23 **** ****

To take part, please click on the following link: https://www.surveymonkey.com/s/MoneyLaunderingandSCPInTheUK

In order for this research to be as successful as possible, please do forward this email to colleagues who you feel may also be able to offer appropriate support by completing the online survey.

Thank you in anticipation of your assistance.

Nicholas Gilmour MA
Doctoral Student @ University of Portsmouth
Reducing opportunities for money laundering in the UK

Welcome and Introduction

Thank you for agreeing to take part in a short survey designed to establish whether a systematic application of situational crime prevention could enhance preventative methods aimed at tackling money laundering. To make the task more manageable, this survey focuses specifically on the laundering of illicit money through ‘cash intensive businesses’ and ‘the purchasing of high value portable commodities’.

Your answers will remain confidential and governed throughout this research by the University of Portsmouth Ethics Council guiding principles. Only anonymised results will be used in the overall final report. You may also request to receive a copy of the final report. Details of how to do so are at the end of the survey.

In the meantime, if you have any questions or you would like further details about this research, please email me at nicholas.gilmour@port.ac.uk

However, if any of the information provided, or the manner in which I am conducting this research gives you any cause for concern, please contact my research supervisor Dr Mark Button at the University of Portsmouth on +44 (0)23 0284 8484.

Introduction:

One of the key principles of situational crime prevention is its capacity to identify the offender’s intentions and the methods they use to weigh up alternatives prior to the commission of an offence.

Situational crime prevention therefore comprises of opportunity reducing measures which:

i. Are directed at highly specific forms of crime;
ii. Involve the management, design or manipulation of the immediate environment in as systematic and permanent way as possible; and
iii. Make crime more difficult and risky, or less rewarding and excusable.

The following questions are designed to help determine the current UK situation surrounding the laundering of illicit funds through cash intensive businesses and the purchasing of high value portable commodities, what environmental factors are associated with these methods and what opportunities exist to increase risk and reduce rewards.

Please try and answer every question, providing in your answers as much detail as possible to help validate answers and the overall research findings.

Thank you in anticipation of your time and support.
Reducing opportunities for money laundering in the UK

Background Data

1. Which of the following best describes your current role/professional area?
   - Compliance officer/manager
   - Internal auditor
   - Researcher
   - Police officer/law enforcement
   - Policy advisor/writer
   - Other (please specify)

2. How many years experience do you have in relation to preventing, investigating or conducting research on money laundering within the UK?
   - 0
   - < 1
   - 1 - 3
   - 4 - 7
   - 8 - 12
   - 13 +
Reducing opportunities for money laundering in the UK

Money Laundering Through Cash Intensive Businesses

Money laundering through cash intensive businesses provides an ideal opportunity in which to deposit additional illicit funds into the legitimate financial system.

3. Which of the following reasons do you consider help to determine why cash intensive businesses are used to launder illicit funds?

- Simply just another opportunity or method in which to commit money laundering
- It remains relatively easy for criminals to own and run suitable businesses
- An absence of cross departmental cooperation focused towards AML
- The lack of sufficient regulatory oversight
- The ease in which businesses can prove legitimacy of all deposited funds
- Quick and relatively easy to undertake as a money laundering method
- The variety of possible businesses from which to choose from
- Personal identification documents are not typically required

Other (please specify)

4. Which two from the following list of cash intensive businesses represents those that are most frequently targeted by money launderers?

- Retail stores - general
- Launderettes
- Travel agents
- Restaurants
- Taxi firms
- Tanning salons
- Vending machine operators
- 24/7 convenience stores
- Arcade/amusement establishments
- Car washing facilities
- Fast food outlets
- Nightclubs
- Off licences
- Seasonal short-term enterprises
- Tour companies
- Privately owned cash machines
- Market stalls
- Pawn shops
- Car repair workshops
- Video rental stores
- Car parking/multi story car parks
- Cigarette distributors

Other (please specify)
### Reducing opportunities for money laundering in the UK

5. Please list in order the individual stages/events (modus operandi) that take place when money is laundered through a cash intensive business.

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6. Please list any situational and environmental factors, conditions, characteristics or circumstances which you consider are necessary to facilitate money laundering through a cash intensive business.

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7. Please identify all known unintentional situational conditions or characteristics which may help to facilitate money laundering through cash intensive businesses.

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Reducing opportunities for money laundering in the UK

8. Please list all examples of the methods/techniques used to reduce the risk of detection by persons undertaking money laundering through a cash intensive business.

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9. Which of the following tools or resources are typically required when undertaking money laundering through cash intensive businesses?

- Foreign bank accounts
- Cashier's cheques/bank drafts
- Business owner involvement
- Offshore financial contracts/shell companies
- Identity fraud/false identification
- Basic banking services
- Professional services - banking
- Unsuspecting or voluntary participants
- Professional services - other
- Currency/cash smugglers
- Debit cards - pre paid/stored value cards
- Smuggling

Other (please specify):

10. To what extent are organised criminal groups able to pressure, control or influence the laundering of illicit funds through cash intensive businesses?

- To a great extent
- Somewhat
- Very little
- Not at all
- Unknown
### Reducing opportunities for money laundering in the UK

11. Please identify what 'appropriate measures' are currently missing in order to effectively prevent money laundering through cash intensive businesses.

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12. Are there any other comments relating to the prevention of money laundering through cash intensive businesses you would like to make, but did not have the opportunity?

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Reducing opportunities for money laundering in the UK

Money Laundering Through the Purchase of High Value Portable Commodities

Money laundering through the purchasing of high value portable commodities allows a criminal to potentially transport the value invested within the chosen item around the world almost unrestricted.

13. Which of the following reasons help to determine why the purchasing of high value portable commodities is used to launder illicit funds?

- The simplicity in which items can be smuggled
- Simply just another opportunity or method in which to commit money laundering
- Items willingly accepted overseas in exchange for cash and other goods and services
- An absence of cross departmental cooperation
- Quick and relatively easy to undertake
- Inadequate international border controls
- The lack of sufficient regulatory oversight
- Reduced likelihood of a paper trail assisting any future LEA investigation
- A significant number of willing purchasers both in the UK and abroad
- The lack of obligation by other sectors to tackle the money laundering method
- Personal identification documents are not typically required

Other (please specify)

14. Which two from the following list of high value portable commodities represents those that are most frequently targeted by money launderers?

- Gold
- Jewellery
- Diamonds
- Art
- Antiques
- Other precious metals
- Bearer negotiable instruments
- Lottery tickets

Other (please specify)
Reducing opportunities for money laundering in the UK

15. Please list in order the individual stages/events (modus operandi) that take place when money is laundered through the purchasing of high value portable commodities.

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2. 
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16. Please list any situational and environmental factors, conditions, characteristics or circumstances which you consider are necessary to facilitate money laundering through the purchasing of high value portable commodities.

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17. Please identify all known unintentional situational conditions or characteristics which may help to facilitate money laundering through the purchasing of high value portable commodities.

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18. Please list all examples of the methods/techniques used to reduce the risk of detection by persons undertaking money laundering through the purchasing of high value portable commodities.

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Reducing opportunities for money laundering in the UK

19. Which of the following tools or resources are typically required when undertaking money laundering through cash intensive businesses?

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<td>Intimidation or extortion</td>
<td>Professional services – other</td>
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<td>Real estate</td>
<td>Nominees/trust/family members/third parties/mules</td>
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<td>Fake invoices</td>
<td>Foreign bank accounts</td>
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<td>International wire transfers</td>
<td>Traveller’s cheques</td>
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<td>Cashier’s cheques/bank drafts</td>
<td>Professional services – banking</td>
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<td>Corruption or bribery – general</td>
<td>Non-profit organizations</td>
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<td>Money orders</td>
<td>Offshore financial centres/shell companies</td>
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<td>Professional services – legal</td>
<td>Basic banking services</td>
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<td>Free trade zones overseas</td>
<td>Identity fraud/false identification</td>
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<tr>
<td>Professional services – accountancy</td>
<td>Counter-narcotics</td>
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<tr>
<td>Unsuspecting or voluntary participants</td>
<td>Smuggling</td>
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<td>Owner of the business used</td>
<td>Remittance services</td>
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<td>Debit cards – pre-paid/stored value cards</td>
<td>Corrupt Money Laundering Reporting Officer (MLRO)</td>
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<tr>
<td>Mobile payment services</td>
<td>Other (please specify)</td>
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</table>

20. To what extent are organised criminal groups able to pressure, control or influence the laundering of illicit funds through the purchasing of high value portable commodities?

- To a great extent
- Somewhat
- Very little
- Not at all
- Unknown

21. Please identify what ‘appropriate measures’ are currently missing in order to effectively prevent money laundering through the purchasing of high value portable commodities.

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<th>Reducing opportunities for money laundering in the UK</th>
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<td>22. Are there any other comments relating to the prevention of money laundering through the purchasing of high value portable commodities you would like to make, but did not have the opportunity?</td>
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Reducing opportunities for money laundering in the UK

Thank You and Results Request

Thank you for taking the time to complete this questionnaire.

If you would like to be informed of the results of this survey, please provide your name and email address below.

Please be assured your name or email address will remain confidential and will never be shared with a third party. At the end of the research project all details will be destroyed.

23. Name: (optional)

24. Contact email address: (optional)
Date: October 2012

Re: The applicability of situational crime prevention against UK based money laundering

REC Ref No: 11/12:22

Dear Sir/Madam

Having previously made contact via LinkedIn, I would like to invite you to take part in a telephone interview forming part of my study towards a Doctorate in Criminal Justice that I am undertaking in my capacity as a research student with the University of Portsmouth.

The focus of my research is to examine the applicability of ‘situational crime prevention’ against UK based money laundering, particularly that undertaken through:

- cash intensive businesses, and
- the purchasing of high value portable commodities.

It is anticipated that the findings of this research will encourage the enhancement of current UK money laundering preventative methods, making it more difficult for criminals to launder illicit funds through these two methods, while helping to influence the profitability of predicate offences.

All answers received will remain confidential and governed throughout by the University of Portsmouth Ethics Council guiding principles, a copy of which accompanies this invitation. Only anonymised results will be used in the overall final report.

As I am hoping to complete my interviews during November 2012, I would appreciate if you could acknowledge via email by Tuesday 30th October 2012 as to whether you would be interested in taking part in a telephone interview lasting no more than 30 minutes at a time of your choice.

In the meantime, if any of the information provided in this email or the manner in which I am conducting this research gives you any cause for concern, please contact my research supervisor Dr Mark Button at the University of Portsmouth on +44 (0)23 **** ****

Thank you in anticipation of your assistance.

Nicholas Gilmour MA
Doctoral Student @ University of Portsmouth
D: Interview questions

1. Why is money laundering in the UK still so widespread despite the UK being recognised as the greatest implementer of anti-money laundering provisions within the European Union?

Cash intensive businesses

1. Would you agree cash intensive businesses provide a long-term option in which to deposit illicit cash?
2. Why do you think criminals select cash intensive businesses?
3. What items or facilitators assist money laundering through cash intensive businesses?
4. In your opinion from studying the 25 techniques for situational crime prevention, how can, in relation to money laundered through cash intensive businesses
   a. Effort be increased?
   b. Risk be increased?
   c. Rewards reduced?
   d. Provocations reduced?
   e. Excuses removed?

Purchasing of high value portable commodities

1. Why do you think criminals select to commit money laundering purchasing of high value portable commodities?
2. What items or facilitators assist money laundering through the purchasing of high value portable commodities?
3. In your opinion from studying the 25 techniques for situational crime prevention, how can, in relation to money laundered through the purchasing of high value portable commodities
   a. Effort be increased?
   b. Risk be increased?
   c. Rewards reduced?
   d. Provocations reduced?
   e. Excuses removed?
Anti Money Laundering and Situational Crime Prevention

1. What issues do you see with current AML efforts as we move towards the future?
2. Is displacement likely if we block these two methods of money laundering?
3. Do you think situational crime prevention measures are already in place work?
4. Are there other methods more effective than situational crime prevention?
5. Costs continue to rise in AML compliance – what impact is this likely to have in the future?
6. In terms of UK AML, where do you see greater focus is required?
7. Are situational preventative measures something that the AML environment would embrace?
Study Title: *The applicability of situational crime prevention against UK based money laundering*

REC Ref No: 11/12:22

As the enclosed introductory letter indicates, I would like to invite you to take part in my research study. Before you decide I would like you to understand why the research is being done and what it would involve from you.

- **What is the purpose of the study?**

The object of this study is to identify whether a systematic application of situational crime prevention could invigorate or enhance current UK money laundering preventive methods. The study aims to advance current knowledge surrounding situational crime prevention, at the same time improving current understanding around the nature of the money-laundering environment in the UK, with particular reference to cash intensive businesses and the purchasing of high value portable commodities.

- **Why have I been invited?**

You have been invited to take part in an interview as you have either indicated a willingness to share your thoughts on matters directly related to my research or I have recognised that you may be able to answer questions that will help clarify certain aspects identified in the analysis of questionnaire data related to this study.

- **Do I have to take part?**

No. You are not obliged to take part. It is completely your decision. Your agreement to do so will still allow you to withdraw from the process at any point.

- **What will happen to me if I take part?**

I would require approximately 30 minutes of your time to be interviewed via telephone. A digital audio recording device will record the interview to ensure I capture details only relevant to this study and refresh the memory of the interviewer. During the interview, it will not be necessary for you to identify yourself or where you work.
• What will I have to do?
I will ask for your comments to a series of predetermined questions in relation to the applicability of situational crime prevention and UK based money laundering – with particular reference to cash intensive businesses and the purchasing of high value portable commodities. I will not ask for sensitive or confidential data which may jeopardise ongoing investigations, internal investigative procedures or the identity of suspects identified in money laundering. You may if you wish offer any further information which you feel is relevant to my research, including case studies. However, this additional information is not compulsory.

• What are the possible disadvantages and risks of taking part?
Your participation in this research is voluntary and as detailed in the covering letter your choice will have no impact, either positive or negative, on any working relationship that we might have. You can withdraw from the research process without having to offer any explanation or reason for your decision.

It might be that for personal or professional reasons you do not feel comfortable sharing your experiences in which case you are free to stop participating at any time.

Participation in this research might have an impact on your free time. Regrettably, if this is the case I am unable to offer any form of compensation for this inconvenience.

• What are the possible benefits of taking part?
It will provide an opportunity to give a unique insight into the appropriateness of situational crime prevention towards preventing UK based money laundering, helping to support the authenticity of research findings and any recommendations.

• Will my taking part in the study be kept confidential?
Yes, absolutely. My methods and procedures for handling data are compliant with the provisions of the data protection act 1998 with all references that could identify any living person redacted as described above. The redacted reports and any transcripts will be held at a secure location on a password-protected computer. Any transcripts will be cross-referenced to an anonymous grid to provide an audit trail if required for monitoring or quality assurance purposes.

Data will be used to form part of the requirement to complete my professional doctorate and as such will be shared with internal and external academic assessors and auditors from the University of Portsmouth. Once the requirement to retain has been fulfilled, the original data and any transcripts will be destroyed using a cross shredder or similar destructive method of disposal (estimate mid 2013).

• What if there is a problem?
Any complaint about the way you have been dealt with before or during the interview will be addressed. If you have a complaint, you should in the first instance contact my research supervisor Dr Mark Button who’s contact details are shown below.
• **What will happen to the results of the research study?**

The results of the research will be shared with internal and external academic assessors and auditors from the University of Portsmouth. While the University of Portsmouth retains the intellectual rights to the research I reserve the right to submit my findings to be considered for publication in professional or peer reviewed academic journals or in support of current UK anti money laundering methods.

Your details will be kept confidential unless you give specific written consent for them to be disclosed.

• **Who is organising and funding the research?**

I am conducting and organising the research in my capacity as a research student with the University of Portsmouth. All costs including the tuition fees are funded privately.

• **Further information and contact details**

Nicholas Gilmour  
Institute of Criminal Justice  
University of Portsmouth  
Email: Nicholas.gilmour@myport.ac.uk

If you would like any further information about this research project, or have specific concerns about any aspect of the research, please contact Dr Mark Button as detailed below. Dr Button is in a position to liaise with the faculty Ethics Committee, the Head of the Institute for Criminal Justice and complaints officer at the University of Portsmouth.

Director of the Centre for Counter Fraud Studies  
Institute of Criminal Justice Studies  
St. Georges Building  
141 High Street  
Portsmouth PO1 2HY  
mark.button@port.ac.uk
Study Title: The applicability of situational crime prevention against UK based money laundering

REC Ref No: 11/12:22

Name of Researcher: Nicholas Gilmour

Please initial each box

1. I confirm that I have read and understand the participant information sheet dated Sept 2012 (version 1.0) for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

2. I understand that my participation is voluntary and that I am free to withdraw without giving any reason.

3. I agree to my interview being audio recorded to allow the researcher to review the interview. Once reviewed I understand the audio recording will be deleted.

4. I consent to participating in this research study and declare that I do so voluntarily and of my own free will. I understand that I relinquish any copyright or intellectual rights of the data, subsequent analysis or final publication subject to the conditions and any principles discussed.

Name of Participant:

Date: ____________________ Signature: ____________________

Name of Person taking consent:

Date: ____________________ Signature: ____________________
References


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