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Peace and Conflict

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**Topic:** Establishing policies to eradicate drug money laundering

**Chair:** Ayaan Taddese

**Position:** Chair

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## Introduction

### Introduction to Drug Money Laundering

Currently, drug money laundering is a global issue. Drug trafficking generates large yet illegal profits, and so those involved try to legitimize their money by concealing its true origins. Drug money laundering refers to the intricate process of transforming illegally obtained profits from drug trafficking into seemingly legitimate funds, referred to as money laundering as it is metaphorically “cleaning up” dirty money. This illicit activity involves a series of complex transactions and sophisticated mechanisms designed to obscure the true source of the money. By doing so, criminals aim to make it nearly impossible for authorities to trace and seize the illicit funds. The process has three stages, including placement (introducing illicit funds into the financial system), layering (creating layers of transactions to obscure the money trail), and integration (making the funds appear legitimate).

### Consequences

Drug money laundering has many consequences. Firstly, it financially strengthens criminal organizations involved in drug trafficking, enabling them to expand their operations and finance further illegal activities. Drug trafficking is like a business: as they have more money to invest, they can improve drug quality, faster transportation, and other aspects of their supply chain. Most importantly, laundered funds allow these criminal entities to corrupt public officials, infiltrate legitimate businesses, and exert influence over vulnerable communities. Secondly, drug money laundering distorts financial markets, damaging transparency, and undermining the stability of global financial systems. This destabilization hampers economic growth in areas where lots of drugs are sold and threatens legitimate investors and institutions in the financial market. The funds laundered through drug-related activities can infiltrate various sectors, including real estate, hospitality, and trade, compromising their integrity. These investments can be used for many

reasons, for example, a hospitality business could be used in the placement stage of laundering while having a casino can be used to generate potential drug clients. It fuels corruption, perpetuates economic inequality, and disrupts the rule of law.

## International Efforts

Since money laundering operates on a global scale, international organizations are required to combat it. The leading organization fighting financial crime is the Financial Action Task Force (FATF). The FATF has a framework to tackle both money laundering and the financing of terrorism which promotes KYC (know your customer), reporting suspicious transactions, sharing crucial information, and fostering international collaboration.

## Challenges

In spite of international efforts, there are still various challenges in the current framework. Criminals constantly adapt their techniques to exploit the vulnerabilities in the financial system. For example, recently, cryptocurrencies have started to play a major role in money laundering. Changes like these require constant updates in detection in addition to the inadequate resources regulators have. Cooperation from governments, financial institutions, and regulatory bodies at both a national and an international level is needed to continue to effectively battle drug money laundering.

## Definition of Key Terms

### Money Laundering

Money laundering is a complex process involving the conversion of illicitly obtained funds into seemingly legitimate assets. In the context of drug money laundering, it refers to the hiding of profits earned from drug trafficking. Criminals try to make these illegal funds appear legal by making it difficult for authorities to trace their origins. This allows criminals to add illegal funds into the legitimate economy, making it difficult to fight drug trafficking and threatening the integrity of our current financial system.

## Drug Trafficking

Drug trafficking is the illegal production, transportation, and distribution of controlled substances, for example, illegal drugs. It is very lucrative, it generates huge economic gains for criminal organizations and cartels that are involved. Drugs often addict people to the point where they harm themselves, and this causes social instability and financial harm to themselves to pay often exorbitant prices. The profits generated create an incentive for criminals to “clean up” the money to reinvest into the business or for personal use.

## Financial systems

Financial systems are the network of institutions, regulations, policies, and processes that allow the flow of money. It includes banks, markets, payment systems, and regulators, which are crucial in economic growth, investment, and trade but are vulnerable to sophisticated activities attempting to evade the regulations. Illegal funds integrated into the system hampers transparency and remove integrity, which threatens financial stability. Hence, it is paramount to protect the system with regulations to prevent money laundering.

## Criminal organizations

Criminal organizations are groups that engage in illegal activities, such as drug trafficking, human trafficking, and organized crime. They operate across borders, and they use sophisticated networks and complicated strategies to carry out their illicit operations. Criminals launder money to use their illegal gains in the legitimate economy and to use illegal money to legitimately invest in an illegal business. The eradication of drug money laundering would effectively put an end to the vast funds generated from a highly lucrative yet illegal business, thus causing a significant blow in the global fight against crime.

## Illicit funds

Illicit funds are funds acquired illegally, for example from drug trafficking. These funds need to be detected, traced, and confiscated to prevent those funds from infiltrating the legitimate financial system. By focusing on when the funds move, authorities can identify suspicious activity, seize the funds, and use intel generated to dismantle the criminal activity that generated the money.

## Placement

Placement is the initial stage of the money laundering process, wherein illicit funds are placed into the financial system. Criminals employ various techniques, such as structuring cash deposits or using intermediaries. The placement allows criminals to distance themselves from the illicit activities that generated the money and begin the intricate process of laundering.

## Layering

Layering is the second step in money laundering, where multiple transactions are conducted to obscure the origin and ownership of illicit funds. Criminals create complex and convoluted financial transactions, often involving multiple accounts, banks, and jurisdictions, to make it challenging for authorities to trace the money trail. Layering involves the movement of funds through a series of transactions, typically across borders, to create confusion and complicate detection, ultimately concealing the money's origin.

## Integration

Integration is the final stage of money laundering, where laundered funds are reintroduced into the economy as apparently legitimate assets. Criminals merge the illicit funds with legal sources, such as legitimate businesses or investments, to make the money appear clean. Integration enables criminals to enjoy the illicit proceeds without raising suspicions, further blurring the line between legal and illegal assets.

## Anti-Money Laundering (AML)

Anti-money laundering (AML) is a set of regulations implemented by governments and financial institutions that try to detect and prevent money laundering to ensure compliance and transparency. AML frameworks vary from country to country, but generally follow the same key principles.

- **Customer Due Diligence (CDD):** AML frameworks require financial institutions and certain businesses to conduct thorough due diligence on their customers. This involves verifying the identity of customers and understanding the nature of their financial transactions.

- **Know Your Customer (KYC):** KYC involves collecting and verifying customer information, such as name, address, date of birth, and identity documents. KYC helps establish the identity of customers and assess their risk profile.
- **Suspicious Activity Monitoring:** AML frameworks encourage businesses to implement systems and processes to monitor customer transactions for unusual or suspicious activities. Unusual patterns of transactions, high-value cash deposits, or inconsistent financial behavior could trigger alerts for further investigation.
- **Reporting:** AML regulations often mandate the reporting of suspicious transactions or activities to the appropriate authorities, such as financial intelligence units or law enforcement agencies. Reporting is a critical component in combating money laundering.
- **Risk Assessment:** AML frameworks emphasize the importance of conducting risk assessments to identify and evaluate the money laundering risks associated with different types of customers, products, services, and geographic locations. This enables businesses to allocate resources more effectively.
- **Training and Awareness:** AML regulations encourage businesses to provide training to their employees, so they can recognize and report suspicious activities. Ensuring that employees are aware of AML requirements is crucial for compliance.
- **Record Keeping:** AML frameworks typically require businesses to maintain records of customer transactions and due diligence efforts for a specified period. These records can be useful for audits and investigations.
- **Customer Screening:** Financial institutions are often required to screen their customers against various sanctions lists, politically exposed persons (PEP) lists, and other watchlists to ensure they are not dealing with individuals or entities involved in illegal activities.
- **Risk-Based Approach:** A risk-based approach is encouraged, meaning that businesses should allocate their resources and efforts based on the level of risk posed by different customers and transactions. Higher-risk customers and activities should receive more scrutiny.
- **Compliance Culture:** AML frameworks promote a culture of compliance within organizations. This includes establishing policies, procedures, and controls to prevent money laundering and ensuring that employees understand and adhere to these measures.



- **Penalties and Enforcement:** AML frameworks often include penalties for non-compliance, which may include fines, legal action, or loss of licenses. Enforcement measures are in place to deter financial institutions and businesses from facilitating money laundering.

## Counter-Terrorist Financing (CTF)

Counter-terrorist financing (CTF) is a set of measures authorities can use to detect and stop funds that can be used to finance terrorists. CTF policies are very similar to the AML policies, with many of the same key principles.

- **Customer Due Diligence (CDD):** Similar to AML, CTF frameworks emphasize conducting thorough due diligence on customers to detect any potential links to terrorism.
- **Sanctions Screening:** Businesses are encouraged to screen customers against government-issued sanctions lists and watchlists to identify individuals or entities associated with terrorism.
- **Transaction Monitoring:** CTF frameworks promote monitoring financial transactions for suspicious activities that might indicate terrorist financing, such as large, unexplained transfers or unusual payment patterns.
- **Reporting:** Just like in AML, reporting suspicious transactions related to terrorism is an important part of CTF. It involves alerting relevant authorities about any suspected links to terrorist financing.
- **Risk Assessment:** Businesses should conduct risk assessments on clients and tailor their prevention measures accordingly.
- **Information Sharing:** Encourages the sharing of information related to potential terrorist financing among financial institutions and relevant authorities to facilitate early detection.
- **Training and Awareness:** Promotes training and awareness programs for employees to recognize and report any activities or individuals associated with terrorism.
- **Asset Freezing:** CTF measures often include the power to freeze or seize assets associated with individuals or entities involved in terrorism.
- **International Cooperation:** Encourages cooperation and information exchange at the international level to combat cross-border terrorist financing effectively.

## Financial Action Task Force (FATF)

The Financial Action Task Force (FATF) is an intergovernmental organization that sets global policies and implements AML and CTF frameworks against financial crime. They evaluate compliance and facilitate international cooperation.

## Risk Assessments

Risk assessment is crucial in identifying vulnerabilities and developing strategies to combat those vulnerabilities. Financial institutions, governments, and regulatory bodies conduct risk assessments to understand the specific risks they face. This involves evaluating customers, geography, and products to determine the company's potential exposure to money laundering.

## Cross-Border Cooperation

Cross-border cooperation is key to combat laundering, as transactions are often international. Law enforcement, financial intelligence, and judicial authorities need to cooperate in information, investigations, and extraditions of criminals.

## Technological Advancements

Technological advancements make it harder yet easier to track illegal money. While AI, data analytics, and blockchain can help monitor and detect suspicious transactions, they can be used to detect online laundering coming from the same advancements, such as cryptocurrency and anonymous transactions.

## Proceeds of Crime

Proceeds of crime are profits generated from illegal activities, including drug trafficking. These proceeds can be in hard cash, but also in real estate, vehicles, or valuable items.

## Background Information

### History

The issue of drug money laundering has evolved alongside the growth of the illicit drug trade. Historically, drug cartels and criminal organizations have engaged in various money

laundering techniques to disguise their illicit proceeds. In the 20th century, as drug trafficking networks became more sophisticated and globalized, money laundering methods also became more complex. Techniques such as cash smuggling, shell companies, and offshore accounts were utilized to hide the origins of drug money. Over time, advancements in technology and financial systems have further challenged law enforcement agencies in their efforts to combat drug money laundering.

Several high-profile cases have shed light on the extent of drug money laundering. For example, the case of the Cali Cartel in Colombia during the 1990s revealed the immense profits generated from the drug trade and the sophisticated money laundering schemes. We can only presume that the scale has exponentially grown over the last 30 years. The rise of digital currencies, such as Bitcoin, has also presented new challenges in tracking and detecting drug money laundering. Cases involving cryptocurrency-enabled money laundering have shown the need for innovation.

## Relationship between Drug Trafficking and Money Laundering

The global illicit drug trade is a complex problem that is present all throughout the world. It involves producing, distributing, and consuming illegal substances such as narcotics, cocaine, heroin, and synthetic drugs. The trade operates through networks, involving multiple actors, from small-scale street drug dealers to large criminal organizations and cartels.

The illicit drug market is estimated to be worth in the hundreds of billions of dollars annually. Exact figures are difficult to estimate due to the illegality, but various reports and studies provide insights into its scale. For instance, the United Nations Office on Drugs and Crime (UNODC) estimates that around 269 million people worldwide used drugs at least once in 2020. The Global Drug Survey reported that the global drug market generates immense profits, with some drugs yielding profit margins exceeding 1,000%.

The illicit drug trade has far-reaching consequences on societies, economies, and public health. Firstly, drug trafficking fuels violence and organized crime, as rival groups compete for control over lucrative markets. This violence not only threatens the safety of communities but also undermines governance and the rule of law. Secondly, the drug trade undermines economic development by diverting resources, fostering corruption, and impeding legitimate business

activities. The vast amounts of money involved in drug trafficking create opportunities for corruption and money laundering, eroding the integrity of institutions. Lastly, drug abuse and addiction have severe public health implications, leading to health crises, strained healthcare systems, and social disintegration. Drug trafficking is closely linked to the spread of HIV/AIDS and other blood-borne diseases, as well as the perpetuation of drug-related crimes and social instability.

Drug trafficking and money laundering are intricately connected. Drug traffickers launder money to make their proceeds of crime appear legal. By converting drug profits into legitimate assets, they attempt to evade the law.

They do this for several reasons. Firstly, it allows them to conceal that their funds are illegal, which makes it less likely that they are caught. Secondly, clean money is easier to reinvest into the business. For example, it could be used to purchase planes, storage space, distribution channels, or even legitimate businesses that could be used to launder even more money.

This laundering makes financial systems vulnerable to illicit funds, and corruption, allowing illegal businesses to corrupt legal businesses. It also provides an avenue of growth for illegal operations globally. Detecting and combating drug laundering is crucial for the transparency of our current financial systems.

## Modern-Day Laundering

Modern drug money laundering has become increasingly sophisticated because of technology and globalization. To understand drug money laundering, it is essential to examine each step of the process: placement, layering, and integration.

Placement is the first stage of the money laundering process. Illegal funds are simply put into the financial system. Criminals use various methods to place cash proceeds from drug trafficking activities, aiming to distance themselves from the illegal source of the funds. One example of placement is the use of cash-intensive businesses, such as casinos or restaurants, where drug traffickers mix their illegal cash with legitimate revenues. They make frequent small cash deposits to avoid suspicion and create the appearance of legitimate income. By blending illicit funds with legal transactions, they obscure the origin of the money and make it harder for authorities to trace it back to drug trafficking activities. They could also use trade-based money laundering techniques. For instance, they might overvalue or undervalue goods during international trade transactions, manipulating invoices and shipping documents. By manipulating prices, they can move

their illicit funds across borders, hiding the source of the money within legitimate trade flows. They could also deposit the money in various bank accounts for amounts under 10,000 dollars to avoid the Bank Secrecy Act (BSA) and then transfer to merge accounts, to further layer the funds. The options to place the money into the financial system are numerous. Now, with cryptocurrency, the entire process of placement can be avoided if the money is simply moved anonymously to a crypto wallet.

Layering, the second step, involves conducting multiple transactions to obscure the origin and ownership. One prevalent method of layering is the use of shell companies and offshore accounts. Drug traffickers establish shell companies in jurisdictions with lax regulations and secretive banking practices. They then transfer illicit funds through a series of transactions between these entities, creating layers of transactions and movement of funds. This process makes it extremely difficult to trace the true source of the money. Digital currencies, such as Bitcoin, have also become a commonly used tool for layering illicit funds. Criminals can convert cash proceeds into digital currencies, using mixing services to further obscure the transaction history. Mixing services group funds from many sources, mix them, and then return "clean" funds as it is near impossible to trace individual transactions. By utilizing digital currencies and mixing services, drug traffickers can layer their illicit funds and complicate the identification of the original source.

Integration is the final stage of money laundering, where laundered funds are reintroduced into the legitimate economy as seemingly clean assets. Criminals aim to make the illicit proceeds indistinguishable from legitimate funds to enjoy the benefits without raising suspicion. Real estate investments offer an example of integration. Drug traffickers may purchase properties using laundered funds, either directly or through intermediaries, thereby transforming illegal cash into valuable assets. The properties can then be rented or sold, generating legitimate income while simultaneously legitimizing the illicit funds. Another method of integration involves investments in legitimate businesses. Drug traffickers may acquire or invest in businesses, such as restaurants, hotels, or construction companies, using laundered funds. By integrating illicit funds into these businesses, they can generate profits, pay employees, and file tax returns, creating an illusion of legitimate economic activity. This integration not only disguises the illicit origin of the funds but also provides avenues for further money laundering by commingling legitimate and illicit revenues.

Modern drug money laundering has evolved into a sophisticated process, employing innovative techniques to conceal the origins of illicit funds. By staying vigilant and proactive in the fight against drug money laundering, authorities can effectively dismantle the financial

infrastructure supporting drug trafficking, safeguard the integrity of the global financial system, and weaken the operations of criminal organizations involved in this illicit activity.

## Major Countries and Organizations Involved

### United States of America

The US is important as it is one of the largest economies and is a global financial HUB. It has robust frameworks such as AML regulations, the Bank Secrecy Act (BSA), and the PATRIOT Act, in addition to having a Financial Crimes Enforcement Network (FinCEN). The Drug Enforcement Administration and the Federal Bureau of Investigation (FBI) also

### Colombia

Colombia is one of the largest producers of illegal drugs and is very important in addressing drug money laundering. Colombia has implemented some measures, including its Financial Information and Analysis Unit (UIAF). They also collaborate internationally with international frameworks and other nations such as the US. Recently, they were able to recover 213 million dollars from the recent drug lord Dairo Antonio Úsuga who pleaded guilty to 45 years of charges including drug smuggling, and guerrilla violence. Cooperation from the bottom of the drug supply chain will be crucial to detect as at some point, all profits made will have to return there.

### Mexico

Mexico is also another large producer of drugs and drugs has played a major role in all aspects of Mexico's development as a country. They have strengthened their AML framework and used their National Banking and Securities Commission (CNBV) to oversee its implementation of AML. They also use the Financial Intelligence Unit (UIF) to detect laundering and work with international partners like the US. While their success has not been huge, they have had some big results. 13-year-old Sinaloa cartel leader Joaquin Guzman "El Chapo" turned a small marijuana trade into one of the largest businesses in the world. Cartels try to make money as much as possible, so that is how he was caught using financial intelligence. Cartels generate so much money that they have little way of converting it into clean usable currency. They utilize two methods to place items: firstly, they simply go to the bank and deposit in cash under 10,000 dollars with operatives all across the country to avoid the BSA. Secondly, they use trade-based laundering: they buy for example

t-shirts from a legitimate country in the US, and then smuggle that across the border and sell it in Mexico for pesos, to later layer the funds to make the money clean after they modify a few numbers on the invoice to make it even more effective. For example, in 2014, the LA garment industry was exploited due to their lack of suspicious customer reporting, which caused 75 different arrests.

## European Union (EU)

The European Union (EU) recognizes how transnational drug trafficking and money laundering are. The EU's AML efforts are coordinated through directives such as the Fourth and Fifth Money Laundering Directives, which establish obligations for member states to combat money laundering and terrorist financing. The European Banking Authority (EBA) and the European Central Bank (ECB) supervise and regulate compliance. Yet, while it does make a collaborative effort, there is reportedly bad communication within the EU. The EU is a rapidly expanding market in the drug trade.

## United Nations Office for Drug and Crime (UNODC)

The United Nations Office on Drugs and Crime (UNODC) is key international cooperation to combat drug money laundering. As the primary UN agency addressing illicit drugs, crime, and terrorism, the UNODC assists member states in implementing effective AML and anti-drug trafficking measures. It conducts research, collects data, and publishes reports on drug trends and money laundering activities. Through its Global Programme against Money Laundering, the UNODC facilitates international cooperation, knowledge sharing, and best practices in combating drug money laundering.

## Financial Action Task Force (FATF)

*See key terms.*

## International Criminal Police Organization (INTERPOL)

The INTERPOL is also involved, as it is the largest joined international police force, it coordinates information sharing and conducts joint investigations and operations to fight drug trafficking and money laundering. The INTERPOL has a Criminal Organizations and Financial Crime Unit to fight criminal networks involved.

## Timeline of Events

Date	Description of event
1989 <a href="#">Creation of the Financial Action Task Force (FATF)</a>	In 1989, the Financial Action Task Force (FATF) was established in response to growing concerns about the impact of money laundering on the international financial system. The FATF became an intergovernmental organization dedicated to setting standards and promoting effective measures to combat money laundering and terrorist financing.
1991 <a href="#">Introduction of the Bank Secrecy Act in the United States</a>	In 1991, the USA introduced the Bank Secrecy Act (BSA). The BSA requires financial institutions to maintain comprehensive records of customer transactions, report suspicious activities, and implement robust anti-money laundering (AML) measures. This legislation imposed regulatory obligations on banks and other financial entities, strengthening their role in detecting and preventing money laundering.
2001 <a href="#">Enactment of the USA PATRIOT<sup>1</sup> Act</a>	The terrorist attacks of September 11, 2001 prompted more focus on countering the financing of terrorism and further strengthened efforts against money laundering. In response, the United States passed the USA PATRIOT Act (Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act). It requires financial institutions to implement more stringent customer due diligence measures, establish robust internal controls, and report suspicious transactions.
2005 <a href="#">Creation of the UNODC<sup>2</sup> Global Programme against Money Laundering</a>	Due to the need for coordinated international action against money laundering, the United Nations Office on Drugs and Crime (UNODC) established the Global Programme against Money Laundering in 2005. The program aimed to assist member states in developing and implementing effective anti-money laundering measures by providing technical assistance, capacity-building support, and promoting international cooperation.
2009 <a href="#">Expansion of the FATF's<sup>3</sup> Recommendations</a>	In 2009, the FATF updated its Recommendations to address emerging risks and enhance the effectiveness of AML/CFT measures. The revised recommendations placed greater emphasis on the risk-based approach, requiring countries to identify, assess, and understand the money laundering and terrorist financing risks they

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<sup>1</sup> Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act

<sup>2</sup> United Nations Office of Drugs and Crime

<sup>3</sup> Financial Action Task Force



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2012

### Adoption of the EU's Fourth Anti-Money Laundering Directive

In 2012, the European Union (EU) adopted the Fourth Anti-Money Laundering Directive (AMLD), which aimed to enhance the EU's AML/CFT regime and align it with international standards set by the FATF. The directive introduced stricter customer due diligence requirements, strengthened the framework for reporting suspicious transactions, and emphasized the role of beneficial ownership transparency.

2018

### Introduction of the Fifth Anti-Money Laundering Directive in the EU

After the Fourth Anti-Money Laundering Directive, the European Union introduced the Fifth Anti-Money Laundering Directive (AMLD5) in 2018. It regulated virtual currencies, increased access to beneficial ownership information, and established central registers to facilitate information sharing between member states.

2019

### Implementation of the FATF's Travel Rule

In 2019, the FATF introduced the Travel Rule Requiring virtual asset service providers (VASPs) to share customer information, including originator and beneficiary details, during virtual asset transfers to combat anonymity.

## Relevant UN Treaties and Resolutions

### United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)

The United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances in 1988, focuses on combating drug trafficking and the associated money laundering by requiring signatories to establish money laundering offenses, share information with other member states, implement anti-money laundering (AML) measures, cooperate in investigations and prosecutions, and forfeit proceeds derived from drug trafficking.

### United Nations Convention against Transnational Organized Crime (2000)

The United Nations Convention against Transnational Organized Crime, also known as the Palermo Convention, was adopted in 2000 with the aim of addressing various forms of transnational organized crime, including drug trafficking and money laundering. It recognizes the importance of financial backing for illegal activities and the importance of international cooperation and so

promotes the criminalization of money laundering and establishes obligations for member states to implement measures for the prevention, detection, and punishment of money laundering offenses

### United Nations Convention against Corruption (2003)

The United Nations Convention against Corruption in 2003, is a framework aimed at preventing, detecting, and punishing corruption in all its forms, including money laundering. The convention recognizes the link between corruption and illegal money. Member states are required to establish money laundering offenses, implement preventive measures, strengthen financial transparency, and cooperate in the investigation and prosecution of corruption-related crimes.

### United Nations Security Council Resolutions

The United Nations Security Council has issued several resolutions that specifically target illicit financial flows associated with terrorism, particularly the financing of terrorist organizations. These resolutions, such as Resolution 2462 (2019) and Resolution 1373 (2001), call upon member states to enhance their anti-money laundering and counter-terrorism financing (AML/CFT) efforts, implementing targeted financial sanctions, freezing assets of designated individuals and entities involved in terrorist activities, and strengthening international cooperation in disrupting the financial networks supporting terrorism.

## Previous Attempts to Solve the Issue

Previous attempts to eradicate drug money laundering have seen various degrees of success. At first, most efforts were mainly domestic, and as money laundering became global, it made solving drug money laundering near impossible. In 1989 when the FATF was established, they recommended countries to strengthen their anti-money laundering (AML) policies. Over time, the fight became more coordinated internationally, and regional organizations such as the EU joined the fight. Yet, it still remains a challenge today, especially with new technologies.

## Possible Solutions

Addressing the issue would need to target drug trafficking and money laundering both domestically and internationally. Regulatory bodies and institutions should comply with AML procedures, enhance detecting procedures, and investigate if attempted laundering is detected.

These assets should be seized, and those involved should be punished. Using the lead from the financial assets, an international regulatory body could attempt to investigate the drug trafficking and ensure all assets of the business being seized to drive the drug trafficking business into bankruptcy. Furthermore, public-private partnerships can foster collaboration between governments, financial institutions, and technology companies to develop innovative solutions. Education and awareness campaigns can enhance public understanding of money laundering risks and encourage individuals to report suspicious activities. Ultimately, a comprehensive and coordinated approach involving legal, regulatory, technological, and societal measures is necessary to effectively combat money laundering and disrupt the financial networks supporting illicit activities.

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