



## **Leveraging Anti-Money Laundering Policies And Procedures To Combat Illicit Trafficking In Narcotic Drugs**

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Disclaimer: "The opinions in this article are the own opinion of the author and do not reflect the official policy of the institution in which he works."

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## **ABSTRACT**

**PURPOSE** – This paper aims to examine the different methods that drug dealers employ to launder their illicit funds and the strategies that countries can adopt to combat the laundering of the Proceeds of Illicit Trafficking in Narcotic Drugs.

**DESIGN/METHODOLOGY/APPROACH** – This paper uses selected drug trafficking case studies i.e., R v. Adam Maybury and Caroline Wakefield; R v. Daniel Harris; and R v. Nicholas Strange and Neil Strange to help build awareness with the regulatory, enforcement and customs authorities as well as reporting entities about the risks and vulnerabilities of money laundering, and how to mitigate them. This is the only Article to adopt this kind of approach.

**FINDINGS** – This paper determined that with a host of measures, including enhanced cooperation among law enforcement, financial institutions, and judiciary; the adoption of legislation that criminalizes the laundering of the proceeds of all serious crimes; establishing a financial intelligence unit; repealing bank secrecy laws; and establishing effective anti-money laundering programs in banks i.e., customer due diligence, enhanced customer due diligence, recordkeeping, account monitoring, suspicious activity reporting and training for officers and employees, countries can reduce the risks associated with the laundering of the Proceeds of Illicit Trafficking to the barest minimum.

**ORIGINALITY/VALUE** – This paper examined the different methods that drug dealers usually adopt to launder their illicit funds through selected drug trafficking case studies i.e. **R v. Adam Maybury and Caroline Wakefield; R v. Daniel Harris; and R v. Nicholas Strange and Neil Strange** and expounded on the ten strategies listed by William R. Schroeder to combat money laundering using the United Kingdom as a case study. This is the only Article to adopt this kind of approach.

**KEYWORDS:** Drug Trafficking, Money Laundering, Financial Intelligence Unit, Bank Secrecy Laws, Suspicious Transaction Reporting, Customer Due Diligence, Record Keeping

## 1. INTRODUCTION

Drug Trafficking is one of the most prevalent criminal activities globally and generates more profits than any other form of trafficking (human and endangered species). According to recent data available, there has been little change in the overall global situation regarding the production, use, and health consequences of illicit drugs.<sup>1</sup> Global cocaine seizures increased to 671 tons in 2012, compared with the 634 tons seized in 2011. The main increase in the quantities of cocaine seized was in South America and Western and Central Europe. Cocaine use is still relatively concentrated in the Americas, Europe and Oceania, and practically all of the world's cocaine is produced in three countries in South America.<sup>2</sup>

Profit is generated across the entire chain of drug production and distribution, but it is at the final stage that it tends to be highest. A recent United Nations Office on Drugs and Crime study estimated that almost half of the profit made along the major heroin trafficking route from Afghanistan to Europe was generated in the four largest European consumer markets: France, Germany, Italy, and the United Kingdom.<sup>3</sup>

Drug traffickers need to disguise the proceeds from illicit Drug Trafficking by way of laundering the proceeds using increasingly complex and sophisticated methods. Thus, Money Laundering has

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<sup>1</sup> United Nations Office on Drugs and Crime (2015), 'World Drug Report 2015', Available at: [https://www.unodc.org/documents/wdr2015/World\\_Drug\\_Report\\_2015.pdf](https://www.unodc.org/documents/wdr2015/World_Drug_Report_2015.pdf) (accessed 28 May 2020).

<sup>2</sup> United Nations Office on Drugs and Crime (2014), 'World Drug Report 2014', Available at: [https://www.unodc.org/documents/wdr2014/World\\_Drug\\_Report\\_2014\\_web.pdf](https://www.unodc.org/documents/wdr2014/World_Drug_Report_2014_web.pdf) (accessed 28 May 2020).

<sup>3</sup> United Nations Office on Drugs and Crime (2016), 'World Drug Report 2016', Available at: [https://www.unodc.org/doc/wdr2016/WORLD\\_DRUG\\_REPORT\\_2016\\_web.pdf](https://www.unodc.org/doc/wdr2016/WORLD_DRUG_REPORT_2016_web.pdf) (accessed 28 May 2020).

become a global menace threatening the stability of various countries where criminal organizations operate with impunity threatening financial integrity and the rule of law.<sup>4</sup>

**The first part of this Article will examine the different methods that drug dealers employ to launder their illicit funds through selected drug trafficking case studies i.e. R v. Adam Maybury and Caroline Wakefield; R v. Daniel Harris; and R v. Nicholas Strange and Neil Strange. The second part of this Article will expound on the ten strategies listed by William R. Schroeder to combat money laundering using the United Kingdom as a case study.**

## **2. MONEY LAUNDERING TYPOLOGIES IN THE DRUG TRAFFICKING CASE STUDIES**

This section will examine the different methods that drug dealers employ to launder their illicit funds through selected drug trafficking case studies i.e., **R v. Adam Maybury and Caroline Wakefield; R v. Daniel Harris; and R v. Nicholas Strange and Neil Strange.**

### **CASE STUDY ON THE MISUSE OF CORPORATE VEHICLES IN THE LAYERING PHASE OF MONEY LAUNDERING**

#### **CASE 2.1: R V. ADAM MAYBURY AND CAROLINE WAKEFIELD (UNREPORTED)**

Adam Maybury, aged 28, from Burntwood in Staffordshire, who operated the business of selling class A and B drugs to thousands of customers across the globe from a luxury villa in Spain, worked with his mother, sister, cousin and best friend.

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<sup>4</sup> Federal Bureau of Investigation (2018), 'Combating Money Laundering and Other Forms of Illicit Finance: Regulator and Law Enforcement Perspectives on Reform', Available at: <https://www.fbi.gov/news/testimony/combating-money-laundering-and-other-forms-of-illicit-finance> (accessed 28 May 2020).

His mother, Caroline Wakefield, 57, from Burntwood, had texted her son saying "I am getting a bit worried about all your dodgy dealings Adam just be careful x". All five were sentenced to a total of 17 years and nine months at Birmingham Crown Court on the 22<sup>nd</sup> of September, 2016 following a National Crime Agency investigation with support from Staffordshire Police. The synthetic drugs, which were sourced from Holland, included 4-FA and 4-MEC. They were distributed via the fast parcel system all over the UK and as far afield as Japan, New Zealand, Brazil and America. Packages were intentionally mis-labelled and mis-described as sports supplements such as protein or whey powder in an attempt to avoid detection.

Officers evidenced that the crime group received average monthly payments of £45,000 from online sales at its peak. The conspiracy lasted from June 2011 to September 2014. Maybury, who had no legitimate income, pleaded guilty to conspiring to import and supply class A and B drugs and money laundering at earlier hearings. His business partner and best friend Thomas Marshall, aged 28, from Burntwood, was found guilty of conspiracy to supply and import class B drugs and money laundering following a four week trial in July 2016. He was responsible for dispatching drug packages from Spain until he fell out with Maybury over money.

**Maybury's mother, Caroline Wakefield, pleaded guilty to money laundering. She opened and managed accounts, card processing facilities, and companies that were used in the purchase, importation, and onward supply of controlled drugs. Wakefield also leased the group's UK office - a converted flat on Chase Road, Burntwood - and was director and shareholder of Quiddu Limited, one of the companies used to launder money. Maybury's sister Faye Maybury, aged 30, from Bloxwich, admitted conspiring to supply class B drugs and money laundering. Working from the UK office, she administered the group's**

**websites, processed invoices, ensured payments were made, and also posted packages on her brother's behalf.**

Dean Russell, aged 27, from Burntwood, who was Maybury's cousin, took over Marshall's distribution role after his fall out with Maybury. When Russell was arrested flying into the UK from Spain, he said: "Yes, I was expecting this. I didn't expect to get through when arrested at the airport." He admitted conspiring to import class B drugs and money laundering. Mick Pope, NCA senior investigating officer, said: "Adam Maybury's illegal family business operated on a truly global scale. It is clear from the financial records and documents we recovered that they had thousands of customers."<sup>5</sup>

## **CASE STUDY ON CASH BASED MONEY LAUNDERING**

### **CASE 2.2: R V. DANIEL HARRIS (UNREPORTED)**

National Crime Agency officers found the sum of £120,000 in March 2016 when they raided Daniel Harris's home as part of an investigation into a drug-smuggling ring.

**£118,000 was hidden in a holdall inside his baby daughter's wardrobe. In custody, he claimed to officers that the cash was for legal fees for a relative who had been arrested in Spain. He could not explain why he kept the large sum of money in cash in his child's wardrobe and said he did not know whether the money was criminal.**

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<sup>5</sup> National Crime Agency (2016), 'Money laundering mum warned drug dealing son to take care over 'dodgy dealings'', Available at: <http://www.nationalcrimeagency.gov.uk/news/917-money-laundering-mum-warned-drug-dealing-son-to-take-care-over-dodgy-dealings> (accessed 24 September, 2016).

A judge ordered him to forfeit the money on 19 May 2017 under the Proceeds of Crime Act 2002. Harris did not argue against the forfeiture. The raid on his house was part of an investigation into a cocaine delivery service in which cocaine dealers on mopeds posed as trainee-taxi drivers learning the Knowledge.

Ten men were convicted of drug offenses following the NCA investigation. Harris was found guilty of money laundering but not guilty of drug offenses. A judge ruled that cash seized from Daniel Harris, 37, was the proceeds of crime.<sup>6</sup>

## **CASE STUDY ON CASH SMUGGLING**

### **CASE 2.3: R V. NICHOLAS STRANGE AND NEIL STRANGE (UNREPORTED)**

Nicholas Strange, 34, lived on the Spanish island and sourced cocaine sold by his father Neil, 61, and associate Martyn Pagett, 31, from a travellers site in Nantyglo, South Wales. He was on the 27<sup>th</sup> of May, 2017 sentenced to 10 years in prison at Cardiff Crown Court after pleading guilty to two counts of supplying class A drugs and one of laundering the cash made by the group. Neil Strange is already serving eight-and-a-half-years for helping him to smuggle the cashback to Ibiza. Nicholas Strange was arrested in May 2016 by the Guardia Civil, acting on NCA intelligence, and repatriated to the UK.

**NCA officer John Lewis said Strange had "kept his hands clean while his dad did the dirty work."**

Pagett, from Blaina, South Wales, is serving an eight-year sentence for handling sales of cocaine to crime groups across the UK.

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<sup>6</sup> National Crime Agency (2017), 'Almost £120,000 clawed back from money launderer', Available at: <http://www.nationalcrimeagency.gov.uk/news/1095-almost-120-000-clawed-back-from-money-launderer> (accessed 27 May 2017).



**NCA officers had discovered Strange's role after arresting his father and Pagett in Bristol in 2014, an operation which saw them recover £125,000 in cash. Officers also found 8kg of high purity cocaine, with a value to organised crime of up to £280,000 and a potential street value of £960,000, in Pagett's portacabin at the Cwm Crachen travellers site where he was employed as the site warden. A further £9,000 in cash was recovered at an address linked to Neil Strange in Theale, near Reading.**

The NCA then began the two-year search that culminated in Nicholas Strange's arrest by the Guardia Civil and his placement on remand at HMP Cardiff in June last year. Strange's group had been supplying, among others, Ashley Burgham, aged 28, the head of a Gwent-based organised crime group. Burgham and ten of his group were sentenced to a combined total of 54 years on 11 December 2015.

The Stranges and Pagett were also supplying Anthony Moran, a then-33-year-old from Glasgow. Moran is serving an eight-year prison sentence after British transport police officers acting on NCA intelligence stopped him on a train to Scotland shortly after a meeting with Pagett. The Scot had with him 1kg of cocaine worth £35,000 wholesale and up to £120,000 when cut and sold. One of Nicholas Strange's guilty pleas related to the supply of cocaine to Moran. The total sentences for the group of four jailed after the NCA investigation - the Stranges, Pagett, and Moran - were 34 years. Mr. Lewis, lead officer for the NCA, said: "Nicholas Strange was a crook who stayed in sunny Ibiza and kept his hands clean while his dad did the dirty work.

"Taking out his operation led to the imprisonment of several serious and organised criminals and the disruption of their networks. It also denied the criminal economy a lot of cash.

“We were determined to track Strange down, and, thanks to our intelligence capabilities and close ties with the Guardia Civil, he is facing the full weight of justice.”<sup>7</sup>

### **3. MEASURES TO COMBAT THE LAUNDERING OF THE PROCEEDS OF ILLICIT TRAFFICKING IN NARCOTIC DRUGS**

William R. Schroeder, in his Article titled ‘A Global Threat and the International Community’ listed ten strategies that countries and territories can follow to synthesize the universal standards adopted by the International Community to combat money laundering.<sup>8</sup> This paper will expound on each of the strategies listed using the United Kingdom as a case study.

#### **3.1 ENHANCE COOPERATION AMONG LAW ENFORCEMENT, FINANCIAL INSTITUTIONS, AND JUDICIARY: A COORDINATED RESPONSE INVOLVING THE FINANCIAL INDUSTRY, THE JUDICIARY, AND LAW ENFORCEMENT IS NECESSARY TO ADDRESS THE ISSUES REGARDING EFFECTIVE COUNTER-LAUNDERING MEASURES.**

The UK National Economic Crime Centre (NECC) launched on 31 October 2018 with officers or representatives from the National Crime Agency, Serious Fraud Office, Financial Conduct Authority, City of London Police, HM Revenue & Customs, Crown Prosecution Service and the Home Office.

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<sup>7</sup> National Crime Agency (2017), ‘Almost £120,000 clawed back from money launderer’, Available at: <http://www.nationalcrimeagency.gov.uk/news/1095-almost-120-000-clawed-back-from-money-launderer> (accessed 27 May 2017).

<sup>8</sup> William R. Schroeder (2001), ‘Money Laundering: A Global Threat and the International Community’s Response’, *FBI Law Enforcement Bulletin* Volume:70 Issue:5, Pages:1-9, Available at: <file:///C:/Users/user/Downloads/447472.pdf> (accessed 30 May 2020).

NECC was created to deliver a step-change in the UK's response to, and impact on, economic crime. For the first time, the NECC brings together law enforcement and justice agencies, government departments, regulatory bodies and the private sector with a shared objective of driving down serious organised economic crime, protecting the public and safeguarding the prosperity and reputation of the UK as a financial centre.<sup>9</sup>

The NECC will coordinate and task the UK's response to economic crime, harnessing intelligence and capabilities from across the public and private sectors to tackle economic crime in the most effective way.

It will jointly identify and prioritise the most appropriate type of investigations, whether criminal, civil or regulatory to ensure maximum impact. It will seek to maximise new powers, for example, Unexplained Wealth Orders and Account Freezing Orders, across all agencies to tackle the illicit finance that funds and enables all forms of serious and organised crime. The NECC will ensure that criminals defrauding British citizens, attacking UK industry, and abusing UK financial services are effectively pursued; that the UK's industries and government agencies know how to prevent economic crime; and that the UK's citizens are better protected.<sup>10</sup>

The NECC includes the well-established Joint Money Laundering Intelligence Taskforce (JMLIT). JMLIT is a partnership between law enforcement and the financial sector to exchange and analyse information relating to money laundering and wider economic threats. The task force consists of:

- i. over 40 financial institutions

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<sup>9</sup> National Crime Agency (2020), 'National Economic Crime Centre', Available at: <https://www.nationalcrimeagency.gov.uk/what-we-do/national-economic-crime-centre> (accessed 28 May 2020).

<sup>10</sup> National Crime Agency (2020), 'National Economic Crime Centre', Available at: <https://www.nationalcrimeagency.gov.uk/what-we-do/national-economic-crime-centre> (accessed 28 May 2020).

- ii. the Financial Conduct Authority
- iii. Cifas
- iv. five law-enforcement agencies: the NCA, HMRC, the SFO, the City of London Police, and the Metropolitan Police Service.

JMLIT is an innovative model for public/private information sharing that has generated very positive results since its inception in 2015 and is considered internationally to be an example of best practice. If the UK is to tackle high-end money laundering schemes which are most commonly complex, multi-institutional, and multi-jurisdictional, then a forum to share information on new typologies, existing vulnerabilities, and live tactical intelligence, is essential.

### **3.1.1 SUCCESSES OF JMLIT**

Since its inception, JMLIT has supported and developed over 500 law enforcement investigations, which has directly contributed to over 130 arrests and the seizure or restraint of over £13m. Through this collaboration, JMLIT private sector members have identified over 5,000 suspect accounts linked to money laundering activity, and commenced over 3,500 of their own internal investigations, while also continuing to develop and enhance their systems and controls for mitigating the threat of financial crime.

Financial sector-led expert working groups provide a platform for members to discuss current or emerging threats and to identify innovative ways of collectively combating these threats. As a result, over 30 'JMLIT Alert' reports have been shared with the wider financial industry to assist in focussing the identification and implementation of transactional monitoring system queries, in turn helping to

mitigate the criminal methodologies used to exploit the UK's financial system.<sup>11</sup>

### **3.2 CRIMINALIZE LAUNDERING: ADOPT LEGISLATION THAT CRIMINALIZES THE LAUNDERING OF THE PROCEEDS OF ALL SERIOUS CRIMES.**

The UK Proceeds of Crime Act 2002 (as amended) makes it a money laundering offence<sup>12</sup> for a person to:

- i. Conceal criminal property;<sup>13</sup>
- ii. Disguise criminal property;<sup>14</sup>
- iii. Convert criminal property;<sup>15</sup>
- iv. Transfer criminal property;<sup>16</sup>
- v. Remove criminal property from England and Wales or from Scotland or from Northern Ireland.<sup>17</sup>
- vi. Enter into or become concerned in an arrangement which he knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person.<sup>18</sup>
- vii. Acquire criminal property;<sup>19</sup>
- viii. Use criminal property;<sup>20</sup>
- ix. Have possession of criminal property.<sup>21</sup>

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<sup>11</sup> National Crime Agency (2020), 'National Economic Crime Centre', Available at: <https://www.nationalcrimeagency.gov.uk/what-we-do/national-economic-crime-centre> (accessed 28 May 2020).

<sup>12</sup> Proceeds of Crime Act 2002 (as amended), s. 340 (11) (a)

<sup>13</sup> Proceeds of Crime Act 2002 (as amended), s. 327 (1) (a)

<sup>14</sup> Proceeds of Crime Act 2002 (as amended), s. 327 (1) (b)

<sup>15</sup> Proceeds of Crime Act 2002 (as amended), s. 327 (1) (c)

<sup>16</sup> Proceeds of Crime Act 2002 (as amended), s. 327 (1) (d)

<sup>17</sup> Proceeds of Crime Act 2002 (as amended), s. 327 (1) (e)

<sup>18</sup> Proceeds of Crime Act 2002 (as amended), s. 328 (1)

<sup>19</sup> Proceeds of Crime Act 2002 (as amended), s. 329 (1) (a)

<sup>20</sup> Proceeds of Crime Act 2002 (as amended), s. 329 (1) (b)

- x. Attempt, conspire or incite another to commit the above offences<sup>22</sup>
- xi. Aid, abet, counsel or procure the commission of the above offences<sup>23</sup>

**3.3 ESTABLISH A FINANCIAL INTELLIGENCE UNIT (FIU): AN FIU IS A CENTRAL OFFICE, GENERALLY COMPOSED OF INVESTIGATORS, BANKING EXPERTS, AND FINANCIAL ANALYSTS, THAT OBTAINS AND ANALYSES INFORMATION FROM FINANCIAL INDICATIVE OF LAUNDERING TO AN APPROPRIATE GOVERNMENT AUTHORITY FOR INVESTIGATION.**

In the United Kingdom, to avoid committing a failure to report offence, nominated officers must make their disclosures to the National Crime Agency (NCA). The national reception point for disclosure of suspicions, and for seeking consent to continue to proceed with the transaction or activity, is the UK Financial Intelligence Unit (FIU) within the NCA.<sup>24</sup>

**3.4 REPEAL BANK SECRECY LAWS: LAWS THAT UNDULY RESTRICT THE FLOW OF INFORMATION BETWEEN FINANCIAL INSTITUTIONS AND LAW ENFORCEMENT SHOULD BE REPEALED, AND SPECIFIC PROTECTIONS AFFORDED THOSE APPROPRIATELY DISCLOSING INFORMATION TO THE AUTHORITIES.**

Internal data leaked from Panama-based law firm Mossack Fonseca showed that more than five hundred banks, their subsidiaries and branches, including HSBC, Credit Suisse, UBS, Société Générale and RBS-owned Coutts, registered nearly fifteen thousand six hundred shell companies for their

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<sup>21</sup> Proceeds of Crime Act 2002 (as amended), s. 329 (1) (c)

<sup>22</sup> Proceeds of Crime Act 2002 (as amended), s. 340 (11) (b)

<sup>23</sup> Proceeds of Crime Act 2002 (as amended), s. 340 (11) (c)

<sup>24</sup> Joint Money Laundering Steering Group JMLSG, *Prevention of money laundering/combating terrorist financing*, 2017 Revised Version, Guidance for the UK financial sector Part I, Paragraph 6.40

customers through the Panama-based law firm Mossack Fonseca.<sup>25</sup>

The UK has been working in cooperation with the Overseas Territories with recognised financial centres (OTs) and Crown Dependencies (CDs) since the G20 summit in 2013. The OTs and CDs are committed to supporting international efforts on tax transparency and to meeting international standards. In the run-up to the London Anti-Corruption Summit in 2016, the OTs and CDs signed agreements with the UK to establish central registers, or similarly effective systems, of beneficial ownership information and to provide UK law enforcement authorities with near real-time access to this information. All the CDs and OTs with a financial centre have also signed up for the new OECD initiative for development of a standard for the systematic exchange of beneficial ownership information. These commitments, which should come fully into effect by June 2017, put the OTs and CDs ahead of many other financial centres in terms of transparency and integrity. This is an ongoing program of work.<sup>26</sup>

**3.5 REPORT LARGE/SUSPICIOUS TRANSACTIONS: TO OBTAIN NEEDED INFORMATION ON A RELIABLE BASIS, BANKS AND OTHER COVERED INSTITUTIONS SHOULD BE REQUIRED TO REPORT ALL SUSPICIOUS TRANSACTIONS AND ALL LARGE TRANSACTIONS, WHERE THE REPORTS ON LARGE TRANSACTIONS WOULD HELP LAW ENFORCEMENT AGENCIES IN A MANNER THAT DOES NOT COST-PROHIBITIVE.**

In the United Kingdom, A firm's nominated officer must report any transaction or activity that, after his evaluation, he knows or suspects, or has reasonable grounds to know or suspect, may be linked

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<sup>25</sup> Moore, S. (2016), 'Panama papers: Banks including HSBC and Credit Suisse deny helping clients avoid tax using offshore companies', Available at: <http://economia.icaew.com/news/april-2016/panama-papers-banks-deny-helping-clients-avoid-tax-using-offshore-companies> (accessed 23 April 2016), see also Franklin, J and Nebehay, S. (2016), 'Europe's banks under scrutiny as regulators look into Panama Papers', Available at: <http://www.reuters.com/article/us-panama-tax-swiss-idUSKCN0X40QG> (accessed 23 April 2016).

<sup>26</sup> Home Office (2017), 'Criminal Finances Bill', Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/590467/CF\\_Bill\\_-\\_Factsheet\\_10\\_-\\_company\\_ownership\\_transparency.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590467/CF_Bill_-_Factsheet_10_-_company_ownership_transparency.pdf) (accessed 28 May 2020).

to money laundering or terrorist financing, or to attempted money laundering or terrorist financing.<sup>27</sup> Such report is called a Suspicious Activity Report.<sup>28</sup>

### **3.6 IDENTIFY BANK CUSTOMERS: BECAUSE LAUNDERERS COVET ANONYMITY FOR THEIR CLANDESTINE ACTIVITY, INSTITUTIONS MUST IDENTIFY THEIR CUSTOMERS AND PASS PERTINENT INFORMATION TO THE APPROPRIATE AUTHORITIES.**

Firms are required to obtain the following information in relation to natural persons:

- i. Full name;
- ii. Residential address;
- iii. Date of birth.<sup>29</sup>

When someone becomes a new customer, or applies for a new product or service, or where there are indications that the risk associated with an existing business relationship might have increased, the firm should, depending on the nature of the product or service for which they are applying, request information as to:

- i. The customers residential status;
- ii. Employment and salary details;
- iii. Other sources of income or wealth (e.g., inheritance, divorce settlement, proper

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<sup>27</sup> Proceeds of Crime Act 2002 (as amended), s. 331; the Joint Money Laundering Steering Group JMLSG, *Prevention of money laundering/combating terrorist financing*, 2017 Revised Version, Guidance for the UK financial sector Part I June 2017 (Amended December 2017), Paragraph 6.33.

<sup>28</sup> Joint Money Laundering Steering Group JMLSG, *Prevention of money laundering/combating terrorist financing*, 2017 Revised Version, Guidance for the UK financial sector Part I June 2017 (Amended December 2017), Chapter 6, See also Lilley, P. (2006), *Dirty Dealing: The Untold Truth About Global Money Laundering, International Crime and Terrorism*, Kogan Page Limited, United Kingdom.

<sup>29</sup> The Joint Money Laundering Steering Group JMLSG, *Prevention of money laundering/combating terrorist financing* 2017 Revised Version, Guidance for the UK financial sector Part I, June 2017 (Amended December 2017), Paragraph 5.3.71



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### **3.7 RECORD CUSTOMER AND TRANSACTION INFORMATION:**

The UK's Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) regime establishes record-keeping requirements related to all types of records including customer accounts (e.g., loan, deposit or trust), AML/CFT filing requirements and records that document a financial institution's compliance with the AML/CFT regulations. In general, the AML/CFT requires that a financial institution/DNFBP maintains most records for at least five years.<sup>31</sup>

### **3.8 ESTABLISH EFFECTIVE ANTI--MONEY LAUNDERING PROGRAMS IN BANKS: BANKS SHOULD ESTABLISH EFFECTIVE INTERNAL ANTI--LAUNDERING PROGRAM, CONDUCT LAUNDERING-DETECTION TRAINING FOR OFFICERS AND EMPLOYEES, AND PROVIDE FOR MEANINGFUL INSTITUTIONAL ACCOUNTABILITY. COUNTRIES SHOULD ALSO CONDUCT REGULAR TRAINING FOR FINANCIAL INVESTIGATORS AND POLICE OFFICERS.**

The UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 requires financial institutions to:

- a) appoint one individual who is a member of the board of directors (or if there is no board, of its equivalent management body) or of its senior management as the officer responsible for

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<sup>30</sup> The Joint Money Laundering Steering Group JMLSG, *Prevention of money laundering/combating terrorist financing 2017* Revised Version, Guidance for the UK financial sector Part I, June 2017 (Amended December 2017), Paragraph 5.5.6

<sup>31</sup> See the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, regulation 40.

- the financial institution's compliance with the Money Laundering Regulations;
- b) carry out screening of relevant employees appointed by the financial institution, both before the appointment is made and during the course of the appointment;
  - c) establish an independent audit function with the responsibility—
    - I. to examine and evaluate the adequacy and effectiveness of the policies, controls and procedures adopted by the financial institution to comply with the requirements of these Regulations;
    - II. to make recommendations in relation to those policies, controls and procedures; and
    - III. to monitor the financial institution's compliance with those recommendations.<sup>32</sup>

**3.9 ENSURE INTERNATIONAL COOPERATION: GIVEN THE EASE AND SPEED THAT CRIMINALS CAN LAYER AND INTEGRATE FUNDS ACROSS INTERNATIONAL BOUNDARIES, COOPERATION AMONG ENFORCEMENT AUTHORITIES ON AN INTERNATIONAL BASIS IS ESSENTIAL. COUNTRIES SHOULD ADOPT LAWS TO FACILITATE SUCH INTERNATIONAL COOPERATION.**

The partnerships the National Crime Agency (NCA) has built with police, law enforcement, the public sector, private industry and internationally is what has made the NCA successful in prosecuting cases like *R v. Adam Maybury*; *R v. Daniel Harris*; *R v. Nicholas Strange*.

**3.10 ADOPT FORFEITURE LAWS: COUNTRIES SHOULD ADOPT LAWS THAT PERMIT THE FORFEITURE OF PROPERTY CONNECTED TO LAUNDERING OFFENSES AND THE PRETRIAL RESTRAINT AND SEIZURE OF PROPERTY SUBJECT TO FORFEITURE IN DOMESTIC CASES AND UPON REQUEST BY AUTHORITIES FROM FOREIGN JURISDICTIONS.**

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<sup>32</sup> See the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, regulation 21(1).

On the 27<sup>th</sup> of April, 2017, the hotly anticipated Criminal Finances Bill finally received Royal Assent and became the Criminal Finances Act 2017. The Act provides for the following measures:

**Measures to enhance the United Kingdom’s ability to investigate the proceeds of crime (Part 1 Chapter 1)**

- i. The Criminal Finances Act 2017 hereinafter referred to as ‘The Act’ introduces Unexplained Wealth Orders, where individuals whose assets are disproportionate to their known income will need explain the origin of their wealth.
- ii. Disclosure Orders will now be extended to money laundering investigations and will provide an effective, efficient and flexible means of obtaining information.

**Measures to improve UK’s capability to recover the proceeds of crime (Part 1 Chapter 3)**

- I. Current legislation allows law enforcement agencies to take swift and effective action against criminal cash, but a gap in the law prevents them from being able to do so if criminals store the proceeds of crime in bank accounts or other means, such as precious metals and jewels. The Act creates new civil powers to close this gap.

#### **4. CONCLUSION**

The first part of this Article examined the different methods that drug dealers usually adopt to launder their illicit funds through selected drug trafficking case studies i.e., **R v. Adam Maybury and Caroline Wakefield; R v. Daniel Harris; and R v. Nicholas Strange and Neil Strange** while the second part of this Article expounded on the ten strategies listed by William R. Schroeder to combat the Proceeds of Illicit Trafficking in Narcotic Drugs using the United Kingdom as a case study.

This paper determined that with a host of measures, including enhanced cooperation among law enforcement, financial institutions and judiciary; the adoption of legislation that criminalizes the laundering of the proceeds of all serious crimes; establishing a financial intelligence unit; repealing bank secrecy laws; and establishing effective anti-money laundering programs in banks i.e., customer due diligence, enhanced customer due diligence, recordkeeping, account monitoring, suspicious activity reporting and training for officers and employees, countries can reduce the risks associated with the laundering of the Proceeds of Illicit Trafficking to the barest minimum.

## **5. ABOUT THE AUTHOR**

Ehi Eric Esoimeme's skill and knowledge in the field of the financial crime space is drawn from his many years of experience as a researcher in anti-money laundering laws and policies, counter-fraud measures and anti-corruption strategies. So far, Ehi has authored more than 25 publications, including six books on Money Laundering Law/Banking Law. Ehi Eric Esoimeme's second book titled 'The Risk-Based Approach to Combating Money Laundering and Terrorist Financing' became a bestseller on Amazon for banking law. Ehi's fourth book titled 'Deterring and Detecting Money Laundering and Terrorist Financing: A Comparative Analysis of Anti-Money Laundering and Counterterrorism Financing Strategies' has received many commendations from both academic researchers and Anti-Money Laundering professionals.

Ehi Eric Esoimeme's law firm, E-Four and AAF offers consultation services to financial institutions and designated non-financial institutions on anti-money laundering compliance. They critique anti-money laundering policies to identify areas that need reforms and proffer recommendations where necessary. E-Four and AAF also offers training and education on the most relevant regional approaches to confronting financial crime, and the current regulatory environment and priority

areas addressing and/or attempting to combat fraud and money laundering. You can view the website of E-Four and AAF here: <http://www.efour-aaf.com/>

Ehi Eric Esoimeme is now part of the largest community of frontier market experts. He is available for calls via OnFrontiers: <https://onfrontiers.com/profile/eesoimeme>.

For more information on Ehi's books, visit <https://www.amazon.com/Ehi-Eric-Esoimeme-Esq/e/B00OESQ4VS>

For more information about Sanction Scanner, visit <https://sanctionscanner.com/>

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