20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **Money laundering is the process of converting illegally obtained money to make it look legitimate.**
   It disguises proceeds of crime as income from a lawful source so they can be freely used.

2. **The Prevention of Money Laundering Act (PMLA), 2002 is India's core anti-money-laundering law.**
   It empowers authorities to investigate and confiscate proceeds of crime and punish offenders.

3. **The PMLA, 2002 and its Rules came into force with effect from July 1, 2005.**
   Although passed by Parliament in December 2002, the Act was operationalised over two years later.

4. **Section 3 of the PMLA describes the offence of money laundering.**
   It covers anyone who knowingly assists, is a party to, or is involved in projecting crime proceeds as untainted.

5. **Section 4 of the PMLA prescribes the punishment for money laundering.**
   It sets out the imprisonment term and fine applicable to a person convicted of the offence.

6 **Section 12 of the PMLA lists the obligations of banks, financial institutions and intermediaries.**
It requires them to verify client identity, maintain records and furnish information to the Director.

7 **Under Section 4, money laundering attracts rigorous imprisonment of 3 to 7 years plus a fine up to Rs 5,00,000.**
This is the standard punishment range examiners expect candidates to remember exactly.

8 **If the predicate offence relates to the NDPS Act, 1985, imprisonment under the PMLA can extend to 10 years.**
Narcotics-linked laundering offences attract an enhanced punishment beyond the normal 7-year cap.

9 **Banks must generally maintain transaction and client identity records for 10 years under the PMLA framework.**
This retention period lets records be reconstructed as evidence in any future prosecution.

10 **FIU-IND is India's central agency for receiving, analysing and disseminating suspicious transaction information.**
It shares intelligence with enforcement agencies to help detect and act on money laundering.

11 **The Enforcement Directorate (ED) is the authority designated to investigate money-laundering cases under the PMLA.**

It holds wider powers under the PMLA than it had earlier under the FERA regime.

12 **FATF is the global standard-setter for anti-money-laundering and counter-terror-financing measures.**

Countries, including India, align their AML frameworks with FATF recommendations.

13 **The Basel Committee issues banking-supervision principles, including customer due-diligence guidance.**

Its guidance shapes how banks worldwide design their KYC and AML control frameworks.

14 **The IBA Working Group is an Indian Banks' Association body that contributed to AML guidance for banks.**

Its recommendations helped shape domestic anti-money-laundering practices for the banking sector.

15 **The three classic stages of money laundering are placement, layering and integration.**

This framework explains how dirty money is progressively disguised as legitimate wealth.

16 **Placement is the stage where illegal cash first enters the financial system, often via structuring.**
Structuring breaks large sums into smaller deposits to avoid detection thresholds.

17 **Layering involves moving funds through complex transfers and transactions to disguise their criminal origin.**
Multiple transactions make it harder for investigators to trace money back to the underlying crime.

18 **Integration is the stage where laundered money re-enters the economy as apparently legitimate wealth.**
At this final stage, the funds appear to come from a normal, lawful business activity.

19 **Rule 3 of the PML (Maintenance of Records) Rules, 2005 details banks' record-keeping duties.**
It works alongside PMLA Section 12 to form the backbone of a banker's compliance obligations.

20 **The PMLA Director can levy a fine of Rs 10,000 to Rs 1,00,000 on a reporting entity for each compliance failure.**
This penalty power backs the Director's authority to call for records and conduct inquiries.

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