20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **Money laundering always moves through three stages: Placement, Layering and Integration.**
   Examiners frequently test this sequence, remembered with the memory hook P-L-I.

2. **Placement is the stage where illegal money is broken into small deposits and introduced into the financial system.**
   This is the first step where dirty money first enters legitimate banking channels.

3. **Layering is the stage where funds are moved across different accounts and locations to hide the source.**
   This step deliberately confuses the trail between the money and its illegal origin.

4. **Integration is the stage where laundered money is reintroduced into the economy as clean, legitimate funds.**
   By this final stage, the money appears to have a legitimate source.

5. **Structuring, also called smurfing, breaks large sums into small deposits to avoid detection.**
   A common variation buys instruments like money orders and deposits them again in small amounts.

6 **Bulk cash smuggling involves physically moving cash to a jurisdiction with weaker anti-money-laundering enforcement.**
The cash is then deposited with a bank or institution offering greater secrecy.

7 **Cash-intensive businesses like car washes, bars and casinos are used to mix illegal proceeds with genuine cash revenue.**
These businesses generate real cash income alongside the illegitimate inflows, making detection harder.

8 **Criminals sometimes launder money by investing in easily movable commodities such as gold, diamonds and gems.**
Real estate is another common avenue mentioned for parking black money.

9 **Trade-based laundering disguises the movement of money by under-valuing or over-valuing invoices.**
The art market is often flagged as an easy channel due to its subjective valuations and auction-house secrecy.

10 **Shell companies and trusts can hide beneficial ownership because many jurisdictions do not require disclosure of true owners.**
This opacity makes it easy to store black money without exposing who really controls the funds.

11 **Round-tripping routes criminal money offshore and brings it back as foreign direct investment, which is often tax-exempt.**

This is typically done through a foreign corporation based in a tax-haven country with minimal AML checks.

12 **Bank capture involves launderers buying a controlling interest in a bank in a jurisdiction with weak AML controls.**

This lets them move money through the banking system with little fear of scrutiny.

13 **Casinos can be used for laundering by buying chips with dirty money and cashing out as claimed gambling winnings.**

The criminal receives receipts that can be presented as legitimate gambling proceeds.

14 **Black salaries involve paying unregistered employees in cash using illicit funds.**

This helps a firm quietly dispose of illegal money through payroll.

15 **Business Email Compromise (BEC) is a scam that compromises legitimate business emails to conduct unauthorised fund transfers.**

It has become an effective way to layer and launder money, sometimes without the victim's knowledge.

16 **Transaction laundering occurs when merchants process illicit credit-card payments on behalf of another business.**
The payment ecosystem is exploited to hide even the occurrence of the underlying transaction.

17 **Cyber-laundering exploits online transactions, e-commerce, digital currencies and crowdfunding to launder money quickly.**
Digital channels make this method fast and borderless compared to traditional techniques.

18 **Currency exchanges and double invoicing are two further recognised money laundering methods.**
Like every other technique, they ultimately rely on the same placement, layering and integration stages.

19 **Repeated small cash deposits are a red flag that can indicate structuring in a bank account.**
Bankers are trained to recognise such patterns as signs of possible smurfing.

20 **All money laundering techniques ultimately map onto the same three stages of placement, layering and integration.**
This framework helps bankers classify and recognise new or unfamiliar laundering methods.

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