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ENFOPOL 179

NOTE

from: Presidency

to : Working Party on Drugs and Organized Crime

No. prev. doc.: 8932/97 ENFOPOL 135

Subject: The effectiveness of the strategies against money laundering within the European Union and the role of financial investigations in the fight against organized crime.

In the light of the discussions of the Working Party on Drugs and Organised Crime on 8 July 1997 concerning document ENFOPOL 135, the Presidency, together with EDU/Europol, has drawn up a new document in order to spell out more clearly the importance of the course of action proposed by EDU/Europol.

By way of introducing the document presented at the meeting on 9 September 1997, the Presidency would like to re-examine certain items considered essential in this context.

Apparently, numerous discussions on money laundering have all too often digressed from the real objectives of combating the phenomenon.

The way in which money laundering is countered needs to be reconsidered, so that it becomes one of many facilities for combating organized crime and not simply an end in itself.

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Let us reconsider the origins of the problem and the approaches which have subsequently been adopted to guard against it. The concept of money laundering came in to being since it was understood that organized crime was synonymous with the commercialization of crime. This is also true of organized crime in its wider sense even if at that time attention was focused primarily on drug traffickers. Organized crime behaves and functions in exactly the same way as large companies and multinationals. Consequently its primary function is financial. *Criminal organizations may be countered by destroying their financial structures*; this is the approach which has given rise to the concept of combating money laundering.

Ever since all provisions introduced by our legislators have reflected the desire to exercise the utmost control over the financial sector. These measures have been successful in increasing awareness in the financial sector, but have not managed to contain organized crime. On the contrary, it has continued to expand and its influence threatens to overwhelm both our society and our economy.

The question must be raised, while retaining a sense of reality, as to why these measures have not achieved their expected success. Evidently, only a comprehensive analysis of the situation will enable us to establish the causes and effects in order to attempt to provide solutions or else ideas for discussion.

It is essential that the evaluation of the effectiveness of the anti-money laundering facilities is based on achieving the desired results rather than on reference models. This course of action is essential since it is a precondition for any further initiatives. Otherwise we run the risk of continuing Uroborus's vicious circle and allowing the mythological snake to carry on biting its own tail.