

BOOK PRESENTATION: METHODEN DER GELDWÄSCHEREI

Schulthess/2nd Edition 2021

Reviewed by Marie-Christin Falker and Prof. Bruno S. Sergi

AUTHORS

Marie-Christin Falker is a graduate research associate at Teichmann International (Schweiz) AG. She obtained an undergraduate degree in English and American Culture and Business Studies, focusing particularly on international management and marketing (Kassel University, Germany). She also studied at University of Maryland at College Park (USA) during her undergraduate studies.

Bruno S. Sergi is an instructor on the Economics of Emerging Markets and the Political Economy of Russia and China at Harvard University and an Associate of the Harvard's Davis Center for Russian and Eurasian Studies and the Harvard Ukrainian Research Institute. He teaches Political Economy and International Finance at the University of Messina, is the Series Editor of Cambridge Elements in the Economics of Emerging Markets, is the Editor of the Emerald Publishing book series Entrepreneurship and Global Economic Growth and is an Associate Editor of The American Economist. Sergi's extensive academic career and advisory roles with the leading international institutions have set him up as a frequent guest and commentator on the matters of contemporary developments in the political economy of emerging markets in a wide range of media.

METHODEN DER GELDWÄSCHEREI – METHODS OF MONEY LAUNDERING

The book answers questions with relevance to the effective combat of money laundering such as ‘how do intelligent perpetrators launder money?’, ‘which resources do they require’ and ‘which detection risks do they face?’ To analyze the concrete methods of intelligent and highly specialized money launderers, the author conducted manifold interviews with both prevention experts and suspected criminals. The book has a practical orientation and makes suggestions for an audience of bankers, compliance experts, prosecutors, judges, defense attorneys, and more. By taking the perspective of the perpetrator, the book helps these experts gain a deeper understanding of money laundering methods. It thus raises their awareness for red flags and supports them in anticipating and preventing money laundering.

When browsing the literature on the subject of money laundering, one will hardly be able to avoid the name Teichmann, because the author regularly conducts valuable research on relevant compliance topics and also teaches compliance at various universities. Attorney-at-law Dr. Dr. Fabian Teichmann LL.M.’s professional experience and dedication to preventing white-collar crime undoubtedly makes him one of Europe’s leading experts in the field. His second edition of *Umgehungsmöglichkeiten der Geldwäschereiprventionsmassnahmen* does not only surprise with a new title, but it has also been significantly expanded. The new name of the work reflects its emphasis on practicality, seeing as it has been designed to cater to the needs and interests of practitioners focused on money laundering prevention.

The study is as relevant as ever, as money laundering continues to be one of the most pressing issues for compliance officers and other diligent professional groups around the world. Despite significant international efforts in the form of regulations and prevention mechanisms, money laundering has not been eradicated. One of the underlying reasons seems to be that money launderers are extremely inventive in identifying novel means and methods to circumvent the existing anti-money laundering (AML) provisions. Hence, it can be argued that the issue of money laundering should be analyzed from the perpetrator’s perspective because only when diligent professionals are able to emphasize with how criminals operate, they will be able to anticipate their actions. In view of these aspects, the book analyzes innovative themes that could contribute significantly to more effective money laundering prevention.

Like Teichmann’s other works, the book has expertly been composed to ensure readability and a natural flow. Over the course of six chapters and over 100 subchapters, Teichmann skillfully illustrates weaknesses in the current AML regime that criminals exploit to fly under the radar of the authorities. The chapters are divided in a manner that makes it easy for the reader to find what they are looking for. In addition, chapters are allocated to optimally build upon and complement one another.

The introduction, which provides an overview of the book and introduces the reader to the topic, is followed by a literature review. The literature review comprehensively discusses definitions of money laundering, legal provisions, and the state of research, which can be particularly helpful for scholars but also practitioners aiming to understand the big picture of money laundering issues. While conveniently satisfying the need for appropriate background information and reappraisal of previous research, the literature review does not dwell on unnecessary technicalities or tedious presentation of data. Rather, it covers essential findings while maintaining a comprehensible and intriguing tone without boring the reader.

The same is true for Chapter 3, which details the methodology used in the empirical investigation. Based on the literature review, the author expertly identifies a significant literature gap in terms of concrete methods money launderers use to integrate their incriminated funds into the legal economy. Whereas most AML research focuses exclusively on prevention mechanisms, Teichmann uses a four-step approach to highlight money laundering issues from different perspectives and close this literature gap.

During a preliminary study, the author interviewed international alleged money launderers and their accomplices to gain an understanding for popular resources that are used by money launderers, risks that they face, and techniques they use. The approach of interviewing participants from different jurisdictions seems sensible seeing as money laundering has been found to be a transnational offense that requires international cooperation to be prevented. Through their international backgrounds, interview partners offer unique insights into how money laundering is carried out under different circumstances and conditions. Based on the interview partners' statements, concrete methods of money laundering are detailed. The approach of interviewing suspected criminals constitutes a unique selling point of the book because, as Teichmann points out, the literature usually focuses on prevention mechanisms without addressing how money is being laundered in detail.

To verify the findings of the pre-study, elaborate on them, and contrast them with the perspectives of prevention experts, the author conducted qualitative interviews with compliance professionals within the scope of a main study. From a methodological standpoint, this approach makes sense because other than the pre-study, the author was able to transcribe the expert interviews and hence guarantee appropriate documentation, which facilitates optimal reproduction of the findings. Methods used by the author are sound and perfectly selected for the purpose of the study. Because the intention was to exploratively analyze a new field, there would have been no better option to collect data than a qualitative research. Moreover, the approach is highly interesting from the reader's perspective, as it offers unique insights into the business routine of both money launderers and prevention experts, hence offering a comprehensive discussion of results.

Following the preliminary and main study, the author conducted a quantitative survey of 1,200 compliance officers, which analyzed how often they come into contact with the methods developed during the qualitative interviews, thus allowing conclusions to be drawn about the relevance of the respective methods. Despite its focus on the qualitative findings of the study, the book evidently does not neglect readers who prefer research to be analyzed on the basis of hard data. This decision to carry out a quantitative study also adds another important layer to the findings presented in the book.

Lastly, the author went the extra mile by conducting a follow up study specifically for the purpose of updating the second edition with regard to trends and themes that have emerged since the publication of the first edition. The new methods —law firms, debt collection, deposit at the post office counter, and tax returns— are highly innovative and have yet to be discussed in depth by other researchers. The book remains extremely relevant to practitioners in a wide range of industries and the new methods provide significant added value.

Chapter 4 is divided into 17 subchapters that all focus on a specific money laundering method, its

general suitability for money laundering, the concrete procedure, resources, risks, and an overall assessment. The findings are summarized in Chapter 4.18. The work is unique in that it provides relevant and firsthand insights by substantiating every claim with a quotation from one of the interview partners throughout these chapters. These quotations not only serve as a reference point but also make it easier for the reader to empathize with the money launderer.

The empirical findings confirm that intelligent money launderers increasingly relocate to sectors that are less regulated than banking and financial services. By discussing a wide range of money laundering methods, the author skillfully exemplifies how nuanced money laundering is. In particular, Teichmann impressively discusses how some methods are comparatively simple in that they require few resources and little expertise whereas other methods are much more complex and require significant inside knowledge. The book illustrates how money launderers adapt and combine these methods to fit their individual needs, which makes it an all-around captivating and informative read.

Chapter 5 makes recommendations for compliance officers, private bankers, asset managers, public prosecutors, defense lawyers, and judges. These recommendations are practice oriented and focus on the individual challenges the respective professional group faces. At the end of each subchapter, there is a box, which concisely summarizes the recommendations, which practitioners can refer back to at any point in time. This layout is both practical and compelling because it encourages practitioners to question their routines and pay attention to small details.

The final chapter contains a summary and conclusions and discusses limitations and avenues for future research. A comprehensive list of interview partners' statements and the corresponding generalization of statements can be found in the appendix, which accounts for transparency and accuracy in the research process.

Altogether, the reviewed book impressively builds upon the existing AML literature by using innovative methods to analyze a previously unexplored field. The author uses an original methodological approach to improve the effectiveness of current AML mechanisms by illustrating weaknesses and loopholes in the system that money launderers exploit. The work is explicitly practice oriented and designed to maintain the reader's interest throughout. Nonetheless, upon re-reading the book, some points could easily be skipped by the reader who has the option to refer to the concise lists of recommendation at any point in time to freshen their memory. The same is true for subchapters discussing the individual money laundering methods. Practitioners could easily consult the relevant chapter when confronted with a similar case in their professional life.

In contrast to most research, which is often purely technical, the book makes the empirical findings accessible for practitioners similarly to a professional guide while also catering to the wants and needs of an academic audience, thus offering the best of both worlds. The writing breaks down complex issues for a broad audience to enjoy without omitting any crucial information. The book has incredible potential to become a staple for practitioners and academics in the area of anti-money laundering, seeing as the findings are internationally applicable and presented in a well-written, intriguing, and thought-provoking manner.