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COUNTERING MONEY LAUNDERING AND TERRORISM FINANCING

Research Field:

Customs and Business: Cooperation Challenges

Currently, a large number of crimes are being committed in the customs sphere, which cause significant damage to the country's economy. At the same time, it is worth noting that these violations of the law also have an impact on the business sphere, since the development of international trade has helped to unite business and customs as never before. Consequently, all crimes committed in the field of business or in the customs sphere are reflected in some way on the other side.

One of the most frequent crimes in the field of customs is money laundering and terrorism financing. These crimes are a global problem, since money laundering and terrorism financing are carried out not by one person, but by an entire criminal group.

Today transnational criminal organizations continue to generate large amounts of illegally obtained funds, a significant part of which is used to support their illegal activities. At the same time, money laundering is carried out in various ways: through bank transfers, replenishment of accounts, through investing in business. All this makes it impossible to solve the problem without the participation of representatives of business communities¹.

Money smuggling takes the second place after drug trafficking in the list of major offenses that generate illegal cash flows. Tax fraud is in third place.

Thus, in 1989 in order to prevent illegal activities, the global organization for combating money laundering and terrorist financing, the Financial Action Task Force on Money Laundering (FATF), was established. The FATF investigates money laundering and terrorist financing methods and adopts global standards to reduce risks.

The organization constantly monitors how criminals and terrorists collect, use and transfer money resources. The FATF regularly publishes reports raising awareness of the latest methods of money laundering, terrorist financing, so that countries and the private sector can take the necessary steps to reduce these risks².

¹ Veremeychik, O. V. English for Customs Officers : textbook / O. V. Veremeychik. – Minsk : Higher School, 2018. – 327 p. : ill.

² Group for the Development of Financial Measures to Combat Money Laundering (FATF) [Electronic resource]. – Access mode: <https://www.fatf-gafi.org/>. – Access date: 22.04.2023.

Countering the legalization (laundering) of proceeds from crime and the financing of terrorism is a set of measures aimed at preventing the lawful form of possession, use or disposal of funds or other property obtained as a result of the commission of a crime, and the suppression of financial flows intended for terrorist activities.

In order to combat illegal activities, special competencies are being formed at customs officials at checkpoints, a training program is being developed, including familiarization with methods of money laundering, methods of hiding funds, methods of their detection.

It is worth noting that the criminal economy is for the most part still based on cash. The main attraction of using cash for criminals is that cash, in fact, is anonymous, does not leave traces of audit and can be moved around the world without the use of modern information technology. Of course, there are legitimate reasons for moving cash, but most people do not transport large amounts of cash for various reasons (for example, because of the risk of losing them).

Despite the fact that cash can be converted into any currency, criminal organizations prefer to use illegally obtained funds in the form of "hard currency". Today, internationally recognized hard currencies are the US dollar, euro, yen, British pound sterling and Swiss franc.

Individuals and business communities that smuggle large sums use various methods of hiding and transporting cash so that competent law enforcement agencies do not track down their sender and recipient. Therefore, customs and other law enforcement agencies, as well as financial intelligence units, need to combine their efforts in combating the illegal movement of cash across the border to protect the economic security and to ensure the stability of the financial system. To establish uninterrupted cooperation between these services, it is important to ensure the consistency of their internal policies. In our country, the center for collecting and analyzing information on financial transactions subject to special control is the Financial Monitoring Department of the State Control Committee of the Republic of Belarus.

By the Decree of the President of the Republic of Belarus dated 2021 "On the activities of Customs authorities", it was determined that the State Customs Committee with powers to ensure the prevention of the legalization of proceeds from crime, the financing of terrorist activities and the financing of the dissemination of weapons of mass destruction during customs control over the movement of cash and monetary instruments across the customs border of the Eurasian Economic Union¹.

¹ On the activities of customs authorities : Decree of the President of the Republic. Belarus, March 02, 2021, №. 77 // National Register of Legal Acts of the Republic of Belarus. Belarus. – 2021. – № 1/19541.

In order to identify crimes related to money laundering, authorized units of customs authorities analyze suspicious financial transactions by examining the submitted declarations and other information about the actual movement of currency, control the movement of cash across the customs border. At this stage, it is important to cooperate with the business sector to obtain more detailed information. On the territory of the Commonwealth of Independent States (CIS) and the Eurasian Economic Union (EAEU), cooperation in the field of combating money laundering is regulated by various legal acts. For example, the Agreement of the CIS Member States on Countering the Legalization (Laundering) of Criminal Proceeds and the Financing of Terrorism.

Cash smuggling can be considered a high-risk crime. So, cash smuggling is a guilty committed socially dangerous act prohibited by the Criminal Code, preceding the legalization (laundering) of proceeds from such an act. The most common methods of illegal movement of cash are:

- hiding them by passengers on themselves or in luggage, inside commercial lots of other goods, vehicles, including water and aircraft;
- concealment in international mailings.

These methods are usually used to smuggle cash and monetary instruments (for example, traveler's checks, money transfers, bearer bonds), as well as precious stones and precious metals.

In international mail, cash, precious stones and precious metals can be moved in regular mail, as well as in express courier shipments (United Parcel Service, FedEx Corporation and others). In such cases, as a rule, banknotes with a high denomination are used due to the limited weight and size of shipments. The international mailings are presented by the postal operator to the customs authorities for carrying out customs control forms.

As for cases when money is moved by passengers, in this case, the analysis of the movement of passengers through the checkpoint is carried out according to criteria such as current risk profiles, routes with a high level of risk, through open observation of passengers. A technique for detecting currency by service dogs has also been developed and is being used. The customs authorities intensively operate inspection complexes for scanning means of transport, goods and passengers; proper training of officials is provided.

When detecting the facts of illegal movement of cash across the border, depending on the amount of money and the circumstances of their movement, customs officers begin a preliminary investigation on the grounds of a crime provided for in Part two of Article 228 "Smuggling" of the Criminal Code of the Republic of Belarus. Or start an administrative process on the grounds of an offense provided for in part two or five of Article 15.5 "Non-declaration or submission of

false information about goods" of the Code of the Republic of Belarus on Administrative Offenses.

In the Republic of Belarus, criminal liability for the legalization (laundering) of funds obtained by criminal means is established by Article 235 of the Criminal Code. So, the commission of financial transactions with funds obtained knowingly by criminal means in order to legitimize the possession, use and disposal of these funds in order to conceal or distort the origin, placement, movement or actual ownership of funds is punishable. It can be punishable by a fine, or deprivation of the right to hold certain positions or engage in certain activities with a fine, or imprisonment for a period of from 2 to 4 years with or without a fine and with deprivation of the right to hold certain positions or engage in certain activities¹.

If the facts of illegal movement of cash are established, the customs authorities carry out information interaction with other law enforcement agencies, including foreign ones, in order to further analyze the available information and possible identification of other episodes of illegal activity and identify persons related to it.

The suppression by the customs authorities of the Republic of Belarus of the illegal movement of cash across the border contributes to strengthening national and international security. It also effectively affects the reduction of the level of terrorist threat within the country, contributes to the prevention of money laundering and funding terrorism.

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THE PROSPECT OF INTRODUCING INTRA-COMPANY CUSTOMS ADMINISTRATION AS A FUTURE ENTITY OF CUSTOMS PERFORMANCE

Research Field:

Customs and Business: Cooperation Problems

For many centuries transport vehicles cross the borders of various trading states. And during this period inspection and examination of a wide variety of vehicles are observed: from horse-drawn carts and drays in the past to trucks at present.

According to customs legislation the release of goods must be completed within 4 hours, which in itself is a considerable amount of time. However, problems may arise due to the fault of

¹ Criminal Code of the Republic of Belarus : July 9, 1999 №. 275-Z : adopted by the House of Representatives on June 2, 1999 : approved. By the Council of the Rep. on June 24, 1999, with amendments and additions // ETALON. Legislation of the Republic of Belarus / National Center for Legal Information. Rep. Belarus. – Minsk, 2023.