Course Learning Outcomes for Unit VIII

Upon completion of this unit, students should be able to:

7. Explain vice and profit-related crimes.

Reading Assignment

Chapter 15:
Larceny/Theft and White-Collar Crime

Chapter 17:
Cybercrime

Unit Lesson

The white-collar crime of money laundering is one used by organized crime syndicates, terrorists, corporate management, drug cartels, and low-level dealers alike. What about world leaders? One of the biggest money laundering operations happened under the guise of war. On August 2, 1990, Saddam Hussein invaded the country of Kuwait. His army was tasked with looting and stealing hard assets and valuables from the country’s government and citizens, including luxury cars, school buses, hospital equipment, school furniture, and construction equipment.

The Iraqi Army also raided and stole all the gold bullion and money from the Kuwaiti Central Bank. At the conclusion of the Gulf War, Saddam Hussein was ordered to repatriate the entire sum of currency and gold that he stole from the Kuwaiti’s Central Bank because it was a known and documented figure. However, in addition to looting the bank and the government, his army also looted and stole from private citizens. The army personnel would profit slightly; however, the majority of the profits from the looting of Kuwait went straight into Saddam Hussein’s pockets. Millions upon millions of dollars in luxury items were sold on the black market all over the world, including luxury cars such as a Rolls Royce and Ferrari, jewelry, and precious gems and stones. Also, antique collections and artifacts disappeared or could not be accounted for once the war was over. Saddam Hussein lined his pockets with the profit from these sales as well as raw currency and precious metals that were now in his possession (Robinson, 1997).

Why was the money not traceable? What did he do with the money, and how did he hide it? Saddam Hussein had been laundering money that he was stealing from his own people for 20 years prior to the invasion. He had paid people quite well to set up thirty companies all over the world and employed fifty-seven people to ensure they were operational. Most of these companies had the same address in the country of England. However, that was a relatively small operation compared to the 500 shell companies he had also set up over the course of a 20-year period (Robinson, 1997).

Here is how he did it. Saddam took all the cars, jewels, and currency that he was able to keep from looting Kuwait and converted these items to cash and deposited the money in banks all over the world. These banks were located in Jordan, Palestine, and Switzerland. Once his currency was in the bank, it was layered through various banks in the form of bank loans, investments, and transfers to other banks (Robinson, 1996). The money integrated, which means it was deposited into legitimate businesses that in this case had a connection to the Ba’ath Party. These businesses were located in Hong Kong, France, Spain, Britain, Brazil, and the United States. Those business owners that were friendly to Saddam Hussein were most likely reminded of the heavy consequences they would suffer if they stole Saddam’s money (Robinson, 1997).
What is important to understand is the complexity of this operation. Saddam Hussein started out by layering the money he was laundering through banks in one region of the world and had the money placed, or integrated, in legitimate businesses in another part of the world. By moving his money from the Middle East to Europe, South and North America, and Asia, the paper trail disappeared. The financial rules in all parts of the world are slightly different. The banking systems between countries are complex, and currencies have varying rates; it becomes even harder for even the seasoned investigator to follow the trail of money. Once the money enters into the financial system of one country and exits into the legitimate business of another country, the laundering becomes successful. Saddam Hussein was not only a dictator, murderer, rapist, and thug, he was also a successful white-collar criminal (Robinson, 1997).

How do we investigate the crime of money laundering? This case is a large-scale crime. The intent of discussing this particular criminal act is to show you that criminals covering their tracks can do so through everything from inserting the money into restaurants, laundromats, or even starting a war. At some point in a money laundering operation, assets need to be frozen and made unavailable to a person or persons perpetrating the crime. This includes bank accounts of raw currency as well as businesses or investments that suspects may have in their possession.

This is exactly what happened to Saddam Hussein once the world figured out what he was doing when he invaded Kuwait. Countries froze his assets. They made it impossible for him to access those funds for any reason. The United States as well as other countries began investigating shell companies that were tied to him, and shut them down as well. No one would have guessed that he had 500 shell companies all over the world. One of the main issues that investigators ran into was that they could not shut down all of his avenues for currency. Other countries that Saddam Hussein considered an ally most likely stepped in to help him. He had stolen from his own people for so long that assets in his country totaled billions of dollars in currency.

This situation paved the road for banks to look further into analyzing the crime of money laundering. As you may have guessed, this is a common criminal act committed by terrorists to conceal money they need to spend on weapons and finance armies of terrorists to fight for their cause. Banks have long since caught on to this. There is a major push for using anti-money laundering analysts in the civilian world of banking. These investigators are not law enforcement officials. However, they interface with law enforcement from many other countries as well as the United States. They utilize the help of Interpol as well as the Financial Crimes Enforcement Network (FinCEN). These resources, while available in a limited capacity to civilians, are a valuable network of resources to law enforcement.

As law enforcement professionals, we need to make sure we understand that white-collar crime investigations are complex in nature. This means that the investigation of white-collar crime will take time. Criminal investigations of this nature could take a year or more to develop a paper trail and produce all the evidence to make an arrest. As the methods of committing white-collar crime continue to change, it is important for investigators to stay educated and obtain the proper training. They need to remain on par with technology and the latest methods and trends in this type of crime.

Reference


Suggested Reading

The following interactive tutorials are a great enhancement to learn more about larceny, theft and white-collar crime in criminal investigation.

• Access this link for the “Other Types of Crimes” tutorial:
  http://www.pearsoncustom.com/mct-enterprise/asset.php?isbn=1256689785&id=16313

• Access this link for the “Computer Crimes” tutorial:
  http://www.pearsoncustom.com/mct-enterprise/asset.php?isbn=1256689785&id=15772

• Watch the following video on white collar crime:
  http://www.pearsoncustom.com/mct-enterprise/asset.php?isbn=1256689785&id=15344

**Learning Activities (Non-Graded)**

For a review of the key terms of the unit, click [here](http://www.pearsoncustom.com/mct-enterprise/asset.php?isbn=1256689785&id=16313) to access the interactive Unit VIII Flashcards in PowerPoint form. (Click [here](http://www.pearsoncustom.com/mct-enterprise/asset.php?isbn=1256689785&id=15772) to access a PDF version.)

Non-graded Learning Activities are provided to aid students in their course of study. You do not have to submit them. If you have questions, contact your instructor for further guidance and information.