MACQUARIE University

FIH SEMINARS

THE FINANCIAL WAR ON CRIME AND TERRORISM

FINANCIAL INTEGRITY HUB

MACQUARIE University
SYDNEY·AUSTRALIA

THE FINANCIAL WAR ON CRIME AND TERRORISM

The Financial War on Crime and Terrorism brings together a collection of expert contributions exploring the evolving challenges, strategies, and regulatory frameworks in the global fight against financial crime and terrorism financing. This volume critically examines key issues such as anti-money laundering (AML) and counter-terrorism financing (CTF) policies, the role of technology in detecting illicit financial flows, and the effectiveness of international cooperation in combatting transnational financial crime. By combining insights from academia, government, and industry, the collection highlights innovative approaches and offers practical recommendations to strengthen financial integrity and security in an increasingly complex global landscape.

As part of the development of *The Financial War on Crime and Terrorism*, a series of seminars will be held to foster collaboration and feedback among contributors and invited guests. **Each seminar will start at 8:00 AM AEDT (Sydney) and will run for 90 minutes.** The sessions will begin with a brief welcome note, followed by a 12-minute presentation on a draft chapter from the collection. This will be followed by a dedicated Q&A session, providing an opportunity for both contributors and guests to engage with the presenter and offer constructive feedback. The seminars will conclude with final remarks, ensuring a focused and interactive discussion to refine and enhance the quality of the chapters.

Below is the breakdown of the four seminars, including the speakers' bio and topics, followed by the abstracts of their chapters.

Participation is free, but registration is compulsory as spots are limited:

https://www.mq.edu.au/research/research-centres-groups-and-facilities/groups/financial-integrity-hub/events/_nocache

SESSION 1 (3 Feb)	INNOVATIONS IN FINANCIAL CRIME: EMERGING OPPORTUNITIES AND CHALLENGES
Michael Brand, Louis de Koker, and Carl Herse	Privacy-preserving data analytics: A case study in anti-money laundering and counter terrorist and proliferation financing innovation in Australia
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Milind Tiwari	Network analytics and Generative Artificial Intelligence: A hybrid approach to money laundering detection
Robert Walters	International Arbitration and Money Laundering: is there an actual issue?
SESSION 2 (4 Feb)	**FINANCIAL CRIME, CORRUPTION, AND THE POWER OF LEADERSHIP**
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Petrus C van Duyne and Jackie Harvey	Corrupt elites and godfathers in Nigeria
Nick Donaldson and Christian Leuprecht	Corruption Without Borders: Transnational Patterns of State Capture
Rachel Southworth and Jamie Ferrill	Beyond Compliance: The Role of Leadership and Culture in Combatting Financial Crime
SESSION 3 (10 Feb)	**COUNTER TERRORISM, HUMAN AND ENVIRONMENT RIGHTS**
Nic Ryder	Correspondent terrorism financing – an emerging threat or a glaring omission?
Yusuf Sulayman	Re-evaluating the status of human rights in global counter-terrorism financing
Jeanne Nel	FATF, Recommendation 8 and the NFP sector: Perception-based Regulation
Cayle Lupton	Illegal wildlife trade as a method of financing terrorism
Hannah Harris	Financing Forest Crime in Papua New Guinea – deploying AML tools and criminal law strategies in defence of the environment
SESSION 4 (11 Feb)	**FINANCIAL CRIME, NATIONAL SECURITY, AND SAFEGUARDING SOCIETY**
Ben Scott	Deception in money laundering
Sanaa Ahmed	Surveilling the citizen: crime control policies, national security discourses and money laundering regulation in Canada
Michelle Gallant	Unexplained Wealth Orders: Surveying the Rights-Based Landscape
Megan Styles	De-banking 'risky' customers: contractual exclusion of customers by financial institutions and AML/CTF ramifications
Ariel Burgess and Christian Leuprecht	To and From Russia with Love - *Global Financial Implications of the Evolving DPRK-Russia Coalition for International Non-Proliferation and Sanctioning Regimes*
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1. Privacy-preserving data analytics: A case study in anti-money laundering and counter terrorist and proliferation financing innovation in Australia

Michael Brand, Louis de Koker and Carl Herse

Australia's financial surveillance legislation attempts to balance the rights to privacy of customers, the strategic need to prevent the tipping-off of wrongdoers, and the policy objectives to ensure the integrity of Australia's financial system.

The trade-offs in this regard in Australia's anti-money laundering and counter terrorist and proliferation (AML/CTF) financing scheme have limited the effectiveness of the AML/CTF measures. In practice it limited Australia's financial intelligence unit, AUSTRAC, to receiving information that either relates to money entering/exiting the Australian financial system or around which prior suspicion already exists. For the financial institutions themselves, the AML/CTF Act has also prioritised privacy (as well as inter-institutional competitiveness) by forbidding the institutions from sharing information between each other, even regarding suspicious matters that they are required to detect and report to AUSTRAC.

Since 2017 Australia has been working on initiatives to improve information-sharing among regulated institutions and between these institutions and AUSTRAC. This included exploring technological innovation that alters the fundamental constraints underlying the traditional AML/CTF model. In particular, AUSTRAC supported the development of privacy-preserving analytical technologies that allow mass analysis of financial data without any data collection. The technology, FinTracer, is a means for financial institutions to discover, and to report to AUSTRAC, suspicious actors in their data, even when this suspicion is based on behaviour of actors that spans multiple financial institutions of a kind that would have traditionally been impossible to detect without extensive information-sharing.

The technology powering this novel process is homomorphic encryption, which allows oblivious computation: a form of computation in which the party performing the processing does not see the inputs or outputs of its own computation. Using oblivious computation, the financial institutions and AUSTRAC can jointly perform data analysis, while all information that would have otherwise required sharing is only shared in encrypted form, oblivious to the party it is shared with, and thus not running afoul of any information sharing restrictions.

This paper discusses the FinTracer case study. It considers the context within which it was developed and intended to function, describes the technology, and reflects on the potential impact, benefits and risks relating to such technologies.

Michael Brand: Michael Brand is an Adjunct Professor at the RMIT School of Computing Technologies. Previously, he was Associate Professor of Data Science and Artificial Intelligence at Monash University and director of the Monash Centre for Data Science. His publications range from fundamental number, graph and computation theory to highly practical statistical data analysis. Outside of academia, Michael has been a data scientist and an algorithm developer for the last 30 years, having held Chief Scientist or equivalent roles in multiple organisations worldwide, including as Chief Data Scientist of Telstra Corporation (at the time, the world's 14th largest telecom company by revenue). Since 2018, Michael has been the head and founder of Otzma Analytics (otzmaanalytics.com), a data science consultancy specialising in helping businesses maximise their value from data. As algorithm developer, Michael has developed novel privacy preservation technologies, as well as novel technologies for analysing speech, video and LIDAR data that are in use around the world (e.g., driving the XBox Kinect, the world's fastest-selling gaming peripheral). Michael holds 19 patents and additional pending patents on topics ranging from Big Data analysis to information retrieval and from machine vision to speech analytics.

Louis de Koker: Louis is a professor of law at La Trobe Law School, Australia and advisory board member Financial Integrity Hub (FIH). His financial crime research focuses on managing the relationship between financial inclusion and anti-money laundering and counter terrorist financing objectives. He has undertaken various university research engagements with the bodies such as the World Bank and the Asian Development Bank and has worked closely with the DC-based Consultative Group to Assist the Poor (CGAP) and with the Financial Integrity Working Group of the Alliance for Financial Inclusion (AFI). This work extended to a range of developing countries including Ghana, Indonesia, Kenya, Kyrgyzstan, Malaysia, Namibia, Nigeria, Uganda, the Ukraine and Palau. His publications have been cited in publications and research papers of international bodies such as the World Bank, the Basel Committee on Banking Supervision, the International Labour Organisation, the G20's Global Partnership for Financial Inclusion and the World Economic Forum.

Carl Herse: After a 25-year career in Australia's Foreign Service, Carl served as the National Manager Intelligence Capabilities at AUSTRAC (Australia's Financial Intelligence Unit), where he led the development of the 'FIU of the Future' model. This emphasized advanced data analytics, cutting-edge analytical tools, and the delivery of actionable insights for AUSTRAC's key stakeholders in law enforcement, national security, and financial services. Since leaving AUSTRAC in late 2022 he has run his own consultancy which focuses on strategic advisory services in risk, data analysis and planning in Australia, PNG, the UAE and Japan.

2. Private to Private: The Next Frontier of Financial Intelligence Sharing

Doron Goldbarsht and Timothy Goodrick

The *Bank of Tokyo* case highlighted legal barriers to sharing customer-related information within banking groups, limiting communication across separate legal entities. This decision, along with the *Privacy Act 1988 (Cth)* and Australia's *Anti-Money Laundering and Counter-Terrorism Financing Act 2007 (Cth)* (*AML/CTF Act)*, emphasises the complexities of cross-border information sharing for financial institutions (FIs). While these laws allow limited internal information exchange, multinational FIs are often unable to share information about suspected crimes between foreign-related entities, which hinders efforts to combat transnational crimes. Further, allowing FIs to share financial intelligence within Australia with appropriate frameworks and controls in place provides a significant opportunity to better detect and disrupt professional money laundering networks that establish complex schemes across multiple FIs to avoid detection. In this context, the Financial Action Task Force (FATF) has recently underscored the importance of information sharing between FIs, especially for AML/CTF purposes. Recognising that money laundering, terrorist financing, and proliferation financing schemes transcend national boundaries, the FATF stresses that data collaboration is crucial for detecting illicit activities across borders. This research examines the potential of private-to-private data sharing in enhancing the detection and prevention of such crimes. The study focuses on the legal and governance frameworks required for secure information sharing, exploring how these frameworks could evolve to support greater collaboration. It also investigates the platforms or mechanisms that could facilitate data exchanges between institutions, alongside identifying the key participants involved in these processes. Ultimately, this research will answer the questions of why sharing is important, what specific information should be shared, and where the information sharing should occur, contributing to more effective national and global efforts in preventing financial crime.

Doron Goldbarsht LLB LLM (HUJI) PHD (UNSW) is an Associate Professor at Macquarie Law School, the Academic Head of the Graduate Certificate in Financial Integrity Law and the Director of the Financial Integrity Hub (FIH). With over 20 years of expertise in anti-money laundering (AML) and counter-terrorist financing (CTF), he has co-edited several books on financial crime and compliance, including Financial Crime and the Law: Identifying and Mitigating Risks (Springer 2024) and Financial Technology

and the Law: Combating Financial Crime (Springer, 2022). Certified as a lawyer in both Israel and Australia, Doron also provides expert opinions to government and private sector in litigation, advising on financial crime and regulatory matters.

Timothy Goodrick, is a Director in KPMG's Financial Crime practice, specialising in leading projects to design and implement effective systems to combat financial crime, with a particular focus on financial crime transformation. Prior to his current role, Tim spent five years with the Financial Action Task Force (FATF) in France and South Korea, most recently serving as the Acting Director at the FATF's Training and Research Institute. Before joining the FATF, Tim held the position of Director of Financial Crime at the Australian Attorney-General's Department (2007-2012) and previously worked at AUSTRAC in policy and compliance. He has represented Australia and the FATF at various international fora including the OECD, United Nations, Asia-Pacific Group (APG), Eurasian Group (EAG), Inter Governmental Action Group against Money Laundering in West Africa (GIABA), Action Group against Money Laundering in Central Africa (GABAC), and the Basel Institute.

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3. FATF and the public-private sector information sharing conundrum

Paula Chadderton

Concerns at the international, regional and national levels about the increasing sophistication of financial crime and the strategies used by transnational organised crime (TOC) groups to launder money, have led to increased interest in exploring innovative initiatives that optimise available information and resources. Public-private sector information sharing initiatives have been seen as a useful mechanism for harnessing extant resources, garnering new insights on financial information and intelligence and improving reporting on financial crimes and TOC activities. However, the extent that key international instruments support such initiatives, and the national laws that implement those instruments, results in a discordance. This discordance has resulted in doubts about the true effectiveness of anti-money laundering and counter- terrorism and proliferation financing (AML/CTF/CPF) frameworks, and questions about whether they effectively enable the private sector to identify, mitigate, and prevent financial crimes and implement controls appropriate to its money laundering, terrorism financing and proliferation financing (ML/TF/PF) risks.

This chapter considers these challenges public-private sector information sharing and collaboration from two perspectives. *Firstly*, public-private sector information sharing is examined in terms of how the requirements found in the Financial Action Task Force (FATF) standards, and the evolution in support for public-private sector collaboration as evidenced by how this issue is framed in key international agreements relevant to AML/CTF including the 1988 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention), the 2000 UN Convention against Transnational Organized Crime Convention (Palermo Convention), the 2003 UN Convention against Corruption and the recently adopted 2024 UN Convention against Cybercrime. Secondly, the paper examines how the FATF practically engages with the private sector. While the UN, FATF and other international organisations have been 'supportive' of collaboration between the public and private sectors, they have been mindful of the private sector's involvement in financial crimes and questionable willingness to engage in AML/CTF/CPF efforts.

The author finds that these historical issues continue to influence the level of support for public-private information-sharing efforts and consequently its legislative basis at both international and national levels. However, in an era typified by increasing sophistication of TOC groups and the methodologies they use to launder funds and evade law enforcement agencies, the author finds these issues pose doubt on the extent that these historical biases can continue and the importance of greater public-private sector information sharing in combating financial crime.

Paula Chadderton is a PhD candidate at La Trobe Law School (Australia) and an Assistant Director in the Middle East and Africa Division of Australia's Department of Foreign Affairs and Trade. Paula's research interests concern intelligence and information sharing between the public and private sectors targeting financial crime, with a specific focus on money laundering, terrorism financing and transnational organised crime activities. Paula has also worked as a lawyer and legislative counsel in a range of Australia government agencies including the Australian Transaction Reports and Analysis Centre (AUSTRAC), Department of Home Affairs, Department of the Prime Minister and Cabinet, and Australian Federal Police, specialising in advising on financial crime issues, statutory interpretation and legislative drafting. Paula is admitted as a legal practitioner to the Supreme Court of the Australian Capital Territory and High Court of Australia.

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4. Central Bank Digital Currencies (CBDCs), Financial Inclusion and Financial Integrity: Trade-Off?

Vivienne Lawack

CBDC is a digital version of a country's fiat currency that is issued and backed by a country's central bank. The purpose of CBDCs is to provide a digital alternative to physical cash, which is becoming less popular due to the rise in usage of digital payments. This chapter examines the potential of retail CBDC to enhance financial inclusion in emerging markets and developing economies (EMDEs). To this end, the chapter examines the nature and characteristics of CBDC and the emergence of CBDC in EMDEs. The chapter highlights key considerations for financial inclusion and barriers pertaining to retail CBDC and how CBDC may address these barriers. It juxtaposes financial integrity by examining the financial integrity risks that may be introduced by CBDC and unintended consequences that may arise and how these may be mitigated. The chapter makes some observations on the trade-off between the competing interests of financial inclusion and financial integrity for retail CBDCs.

Professor Vivienne A Lawack is the Deputy Vice-Chancellor: Academic at the University of the Western Cape since 1 April 2015. She is also a Professor of Law in the Department of Mercantile and Labour Law in the Faculty of Law at UWC. She serves on a number of boards and councils, including being a member of the Cenfri board, member of the South African Judicial Education Institute Council and a member of the Kepler Institute Board and Kepler College Board (Rwanda). Professor Lawack holds a B. Juris (cum laude), an LLB (cum laude) and an LLM from Nelson Mandela University in Port Elizabeth. She also holds an LLD from UNISA. She is an admitted, non-practicing advocate of the High Court of South Africa

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5. Network analytics and Generative Artificial Intelligence: A hybrid approach to money laundering detection

Milind Tiwari

This chapter focuses on the integration of graph databases and generative artificial intelligence (GenAI), such as large language models (LLMs), for enhancement of anti-money laundering (AML) detection efforts. The methodology involves focusing on the growing role of LLMs in regulatory compliance and graph databases in uncovering money laundering schemes, thus paving the way for supporting an agile and proactive AML infrastructure. Graph databases facilitate investigators to identify hidden relationships within a network of illicit entities, thus exposing hidden relationships across entities. By leveraging the capabilities of GenAI, organizations would be able to map these complex relationships between entities in real-time and draw actionable insights. Moreover, such an

integration would allow AML practitioners to visualize, interpret, and disrupt illicit networks with unprecedented precision. The integration, while offering enormous potential, underscores the importance of addressing data biases, ethical considerations, and the need for interdisciplinary collaboration to fully utilize capabilities of technological innovations in combatting financial crime.

Dr Milind Tiwari, PhD (Bond University), MSc. Finance (University of Manchester), BBA Finance (Christ University), CFE, CAMS; Lecturer in Financial Crime (Money Laundering), Australian Graduate School of Policing & Security, Faculty of Business, Justice and Behavioural Sciences, Charles Sturt University. Milind is a researcher and lecturer in financial crime studies at the Australian Graduate School of Policing and Security, Charles Sturt University. Milind has an extensive experience in AML investigations pertaining to customer due diligence, enhanced customer due diligence, and transaction monitoring, among others, and has worked for Big 4, namely, KPMG, EY, and Deloitte, in India and Australia. Milind holds a PhD in money laundering from Bond University (Australia), a Master of Science in Finance from University of Manchester (UK), and a Bachelor of Business Administration from Christ University (India). Additionally, he is a Certified Fraud Examiner (CFE) and a Certified Anti-Money Laundering Specialists (CAMS). As a financial crime academic and researcher, Milind's work focuses on various facets associated with money laundering, including a focus on technological advancement in undertaking and detecting it.

6. International Arbitration and Money Laundering: is there an actual issue?

Robert Walters

International commercial arbitration has long been considered an effective tool to resolve cross border trade and investment disputes. However, with technology and the potential for arbitrators to be exposed to, and placed in complex situations where, for instance, resolving financial transactions disputes that for part of an arbitral procedure could directly or indirectly be associated with Money Laundering (ML).

International commercial arbitration is a non-judicial mechanism for public and private disputes, where the parties agree, through either a contract and/or arbitration agreement to resolve disputes. While arbitration is voluntary, the process itself, provides a high level of confidentiality to the parties. It keeps the dispute out of the courts. One of the fundamental features of international arbitration is confidentiality and impartiality. These well understood concepts and principles could be in conflict with ML activities that arise from arbitral proceedings. This chapter will compare the arbitral laws of the United National Commission on International Trade Law, and the national laws of Australia, India, United Kingdom, United States, European Union, and selected Arbitration Institutions from these economies, to confirm or otherwise whether they adequately address ML activities. The chapter will confirm or otherwise as to whether there is a need for the laws, standards and rules used by arbitrators in arbitral proceedings are in need of updating.

Notwithstanding this, the above is based on the fact that from time to time, there could be contracts that parties have agreed upon, prior to a dispute, raise complex issues related to burden of proof, evidentiary requirements, applicable criminal laws, enforcement, and judicial review. The question arises, what are the obligations of an arbitrator under the rules of confidentiality and impartiality to the arbitral process, when having to deal with issues of ML? This chapter will look at whether there are technology breakthrough such as blockchain that could assist in managing these issues. It will look at the international and national definition of ML, and contracts the definition/s with the arbitral rules and standards.

Significantly, this chapter will address the rules of evidence as they pertain to the well founded and generally applied rules of the balance of probabilities for arbitration proceeding, versus, the principle

of beyond reasonable doubt for criminal offences such as ML. This alone will be complex to reconcile as arbitrators begin to use and apply technology to an arbitral proceeding. The technology itself may be able to mask or hide such activities, therefore an arbitrator will require new skills so as to ensure they are not compromised. In concluding this chapter, the arbitrator will need to reconcile how they deal with a detection of ML, and how they manage the issue and/or whether there is an obligation to report the alleged criminal activity.

Dr Robert Walters of Victoria University in Melbourne

7. Dangerous Play: AML/CTF/CPF Risks in the Gaming Sector

Jeffrey Simser

Land-based casinos and iGaming operations produce irresistible profits, not only for the operators, but also for governments. FATF has long recognized the AML/CTF risks posed by the gaming industry. UNODC estimates that organized crime launders up to USD$140 billion a year through sports betting alone. At the time of writing, typology literature is sparse (a google search of FATF's typologies takes the reader back to 2008-09). The gaming industry attracts large influxes of cash, can operate like a financial institution through front-money accounts and wire transfers, and early adopters have brought crypto-assets into their portfolios. While subject to the AML/CTF regime in most countries, the gaming industry lacks the line of sight that a conventional financial institution has. This is particularly problematic for proliferation financing. If accepted, my chapter will: Examine gaming typologies that range from the mundane (structuring) through to the exotic (the human head/human hat typology); Examine how regulatory systems operate (e.g., in Canada); Unpack, link and contextualize a number of related case examples: UNODC issued a policy report on the links between casinos, human trafficking and casinos in Southeast Asia (September 2023); RUSI in the UK found linkages between gaming and proliferation financing by North Korea (September 2024); the Crown casino scandal in Australia resulted in an ASD $450 civil penalty and a commission of inquiry into AML vulnerabilities and the role of junkets; and, the Wynn casino prosecution in California resulted in the largest criminal forfeiture for an American casino and highlighted the risks posed by agents. Finally, the chapter will look to future issues and challenges for the sector, including the role of AI and quantum computing.

Canadian lawyer Jeffrey Simser was Canada's first director of civil forfeiture and served with the Ministry of the Attorney General in Toronto, Canada for over thirty years. He is a senior associate fellow at RUSI, the Royal United Services Institute and one of Canada's leading experts on money laundering and asset forfeiture law. He holds law degrees from Queens University at Kingston and Osgoode Hall Law School. Mr. Simser is the author of two published books, Canadian Anti-Money laundering Law: The Gaming Sector and Civil Asset Forfeiture in Canada (loose-leaf). He has published dozens of peer-reviewed articles. Mr. Simser was twice qualified as an expert witness at the Commission of Inquiry into Money Laundering in British Columbia (the Cullen Commission) and recently testified before Canada's Standing Committee on Finance to address money laundering issues. Mr. Simser provides advice, training, and support to law enforcement in jurisdictions across Canada and around the world (including South Africa, the Democratic Republic of the Congo, the Philippines, Guatemala, and Kenya).

8. Corrupt elites and godfathers in Nigeria

Em Prof Dr Petrus C van Duyne and Em Prof Dr Jackie Harvey

Corruption would appear to be almost 'hardwired' into the fragile democracy of Nigeria. Well-endowed with natural resources, Nigeria should have been one of the wealthiest countries in West

Africa. Instead, it has one of the highest levels of inequality with a large part of the population living below the poverty line in contrast to a small elite that has reserved access to the national wealth. Based on a review of literature on the subject that is supported by documentary analysis of media sources and of known cases, our chapter seeks to understand the social historical context of corruption of the ruling elite.

Within many countries there is an inevitable tension between the ideals of equality across the wider population and the favourable position of a far smaller group of political elitist entrepreneurs. A small part of it manifest itself as 'godfathers', wealthy political patrons, who form the political elite class. Of interest is the position of this godfatherism in Nigerian society, whether that be within the political or economic sectors, and how they are able to influence decisions of social and economic importance by influencing the instalment into high positions of their nominees (godsons). But the godson remains dependent as he must pay back the investment. This can lead to rigged election outcomes and processes. When elitism becomes corrupted in this manner, we find that established norms and traditional hierarchical deference to authority actually protect those politically powerful elitist entrepreneurs, which would place them 'above the law'. This position will only change when there is far greater transparency within the decision-making process as currently the case.

9. Corruption Without Borders: Transnational Patterns of State Capture

Nick Donaldson and Christian Leuprecht

State capture – where private interests collude to systematically subvert public institutions to shape laws, policies, and regulations for their benefit – is intensified by globalisation and endures due to systemic failures in states legal regimes. Despite repeated warnings from oversight bodies and financial authorities such as the World Bank, containing state capture has proven difficult. While recent research has sought to establish a holistic framework and clear global metrics, little attention has been paid to globalization and offshore financial networks as enablers of state capture. Contemporary state capture is transnational in nature, crossing jurisdictional, financial, and physical borders. This chapter provides a conceptual basis for understanding state capture as an inherently globalized and transnational process. Drawing on existing research, case law, and financial authorities, it critically evaluates the systemic failures of legal regimes and law enforcement strategies. Inadequate regulatory frameworks and inconsistent policy responses have produced a legal vacuum that incentivizes state capture. Captured jurisdictions often lack the necessary legal tools and capacities to define, identify, and prosecute it due to its complexity and collusive characteristics. Prosecutions are pursued under existing legal regimes, narrowly focused on AML/CTF or the U.S. Foreign Corrupt Practices Act. Moreover, states have largely failed to hold intermediaries—such as major banks and Big Four accounting firms—accountable for their roles in shielding assets and facilitating corrupt networks. This chapter proposes targeted domestic and international reforms to bolster identification, prosecution, and enforcement across jurisdictions. However, politicisation and the collusive nature of state capture as a process risk upending efforts to disrupt the status quo.

Nick Donaldson, Leiden University

Christian Leuprecht, Royal Military College of Canada & Queen's University

10. Beyond Compliance: The Role of Leadership and Culture in Combatting Financial Crime

Rachel Southworth and Jamie Ferrill

The global Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) risk and control landscape is characterized by continuous evolution, driven by diverse and shifting regulatory frameworks, societal expectations, and emerging threats. This chapter investigates the critical role of leadership in navigating this complex environment, offering theoretical insights and practical outcomes for improving financial crime risk assessment and strategic response.

Drawing on contemporary leadership theories, the chapter analyses how diverse leadership styles can influence financial crime risk management practices. A case study of organisational success illustrates the tangible benefits of strategic leadership for financial crime prevention, including the implementation of risk assessment frameworks that enhance compliance capabilities. The discussion emphasizes evidence-based strategies that have led to measurable improvements in organisational resilience and regulatory alignment.

The chapter further explores the influence of organisational culture, arguing that a culture aligned with adaptive and ethical principles is essential for effective AML/CTF risk management initiatives. It highlights how leaders can cultivate such a culture to meet evolving regulatory demands and societal pressures. Additionally, the analysis offers practical guidance on fostering environments that are receptive to innovation as well as proactive regulatory compliance.

To ground these insights in real-world challenges, the chapter examines a high-profile failure case, offering a critical analysis of leadership and cultural missteps that resulted in regulatory breaches, organizational fallout, and an increased risk of financial crime. This case study serves as a cautionary tale, providing lessons on what can go wrong and how such failures can be mitigated through improved leadership and cultural strategies.

Ultimately, this chapter bridges academic literature with practical implications, proposing a framework for leaders and policymakers to enhance financial crime control and prevention efforts. It calls for a rethinking of traditional leadership models and a greater emphasis on the application of adaptive, culturally aware strategies to keep pace with the evolving AML/CTF risk and control landscape.

Rachel Southworth: Dr Rachel Southworth has a Ph.D. in 'Financial Crime Control: Risk, Regulation and the Role of the UK Banking Sector' from Cardiff University, Wales. Rachel is an Adjunct Lecturer at Charles Sturt University, Australia, where she specialises in leadership and strategic thinking in financial crime control. Rachel has worked internationally in a range of Financial Crime Compliance, Risk and Operations positions for major financial institutions in Australia, Hong Kong and the UK. Prior to working in the banking sector, Rachel has also worked in various policy roles, with the UK Regulator, the Financial Services Authority (now Financial Conduct Authority); the UK Treasury in Financial Crime Policy; and Surrey Police in Policing Policy. Rachel is alumni of the London School of Economics and Political Science (LSE) where she was awarded her MSc in Criminal Justice Policy and BSc in Sociology.

Jamie Ferrill: Dr Jamie Ferrill is a Senior Lecturer and Head of Financial Crime Studies at the Australian Graduate School of Policing and Security, Charles Sturt University and a research fellow with the Financial Integrity Hub (FIH). Before transitioning to academia, she gained nearly a decade of experience in law enforcement, serving with the Canadian federal government. Jamie's research addresses threats to national and economic security, with a particular interest in the intersection of financial crime with border governance frameworks, international cooperation, and organizational effectiveness. Jamie has been a visiting fellow at the Academy of International Affairs NRW and the Border Policy Research Institute, and she is a fellow of the Financial Integrity Hub and the Institute of

Intergovernmental Relations at Queen's University. Her latest book is titled Dirty Money: Financial Crime in Canada (McGill-Queen's University Press).

11. Correspondent terrorism financing – an emerging threat or a glaring omission?

Nic Ryder

The chapter critically evaluates the effectiveness of the counter terrorism financing (CTF) mechanisms of 'The Financial War on Terrorism' (FWT) considering the threat presented by 'correspondent terrorism financing'. The chapter is divided into four parts. The first part defines the FWT and identifies the legal mechanisms used to address terrorism financing considering the al Qaeda terrorist attacks in the United States of America (US) on September (US) 11th 2001 (9/11). The second part of the chapter appraises the initial impact of the FWT on the traditional funding typologies of terrorists. The third part adopts a case study methodology (including for example Boko haram, Al Shabaab, Hamas, and Hezbollah) that defines and identifies a new terrorism financing typology – 'correspondent terrorism financing'. The final part of the chapter offers several recommendations.

With an international reputation for excellence in policy-oriented research in financial crime, Professor Nic Ryder has played advisory roles both nationally (Home Affairs Select Committee, Home Office, National Crime Agency, Law Commission, the Nationwide, Transparency International, Synalogik, and the Foreign and Commonwealth Office) and internationally (NATO, United Nations, Cepol, Europol, EUROMED Police, the Dutch Police, the France Telecom Group, the Law Reform Commission of Ireland). Between 2023 and 2024, he acted as a Special Advisor for the Home Affairs Select Committee during its investigation into fraud.

12. Re-evaluating the status of human rights in global counter-terrorism financing

Yusuf Sulayman

This article discusses the balance between the enforcement of Counter-Terrorism Financing (CTF) laws and the protection of civil liberties and human rights. In light of escalating threats to world peace, countering and suppressing the financing of terrorism is a desideratum to delegitimize terrorism and protect citizens and the financial system. At the heart of this, however, are measures such as terrorist finance tracking programme that raise the question of priority between national security and human rights. I critically examine the human rights implications of the current CTF measures against the three-pronged test of effectiveness, susceptibility, and proportionality. The findings suggest many CTF measures can defeat decades of human rights gains if not properly contextualised. The study concludes that CTF measures must be coordinated within a framework that effectively balances enforcing security and safeguarding civil rights and liberties.

Yusuf Sulayman, Graduate Researcher, Portsmouth Law School, UK yusuf.sulayman@port.ac.uk. Formerly a law lecturer at the University of Abuja, Nigeria and the University of Chichester, UK. orcid.org/0000-0003-2958-6618.

13. FATF, Recommendation 8 and the NFP sector: Perception-based Regulation

Jeanne Nel

The not-for-profit (NPO) and charity sectors have experienced a significant increase in regulatory oversight in the 21st century. Policymakers hold that the regulation is informed by two linked concerns: to preserve trust in the sectors and to mitigate the sectors' vulnerability to abuse for terrorist financing. As a result, NPOs and charities have faced increased regulation, higher operational barriers, and a loss of access to financial services. This affects their funding and creates barriers to effective operation.

The FATF's labelling of the NPO sector as 'particularly vulnerable' to terrorist financing in its Special Recommendations on Terrorist Financing in 2001 and its linked requirement that countries should review the adequacy of laws and regulations that apply to NPOs and other related entities that can be abused for the financing have played a major role to drive increased NPO regulation globally. The FATF has, however, realised that this vulnerability-labelling was too general and that it was interpreted by countries as broader than intended. FATF therefore rephrased the NPO recommendation (Recommendation 8) in 2016 to make it clear that not all NPOs and charities pose a high risk. Concerned about the continuing unintended consequences of their standards on NPOs and charities, the FATF amended and clarified Recommendation 8 again in 2023 and issued clearer guidance. However, correcting and winding back more than twenty years of institutionalised over-regulation, partly based on erroneous perceptions of the sector's lack of integrity and vulnerability to abuse, is proving challenging.

This chapter examines the history and impact of the FATF's approach. In parallel, it also addresses messaging about declining public trust in NPOs and charities to justify stricter regulations. It considers the evidence base of the trust concerns and the possibility that governments are repeating the FATF's 2001 error by generalising valid, but not universally applicable, trust concerns. The chapter calls for lessons to be drawn from the Recommendation 8 experiences and for the adoption of an improved regulatory approach that is evidence-based rather than perception-driven.

Jeanne is a senior lecturer in the Department of Business Law and Taxation at Monash University in Melbourne. She is a governance law scholar with a PhD in Law focused on the corporate regulation of volunteer charity directors' duty of care and diligence. Jeanne, an advocate of the High Court of South Africa, has lectured at several universities, including Monash and the University of Johannesburg in South Africa and Deakin and La Trobe University in Australia.

14. Illegal wildlife trade as a method of financing terrorism

Cayle Lupton

The economic, societal and environmental harm associated with the illegal wildlife trade is well documented and uncontroversial. The same, however, does not hold true of the link between the illegal wildlife trade and terrorism. During the past decade, several media houses and non-profit organisations have claimed that a strong link exists between the illegal wildlife trade and terrorism in East Africa. Most notably, that the Somali terror group, Al-Shabaab, has received up to 40 per cent of its operational costs through the illegal ivory trade. In a 2015 report by the Royal United Services Institute for Defence and Security Studies, commonly known as RUSI, this claim was investigated and debunked with convincing argument and evidence. The report resolves that the claim rests on weak, unverifiable evidence and may divert attention from the trade's main facilitators and, counter-intuitively, from Al-Shabaab's known funding sources. However, the report in no way suggests that such a link would be inconceivable in all instances. In fact, given the increasing demand for wildlife and wildlife products, coupled with the limited knowledge of the financial flows associated with the illegal wildlife trade, the trade may increasingly appeal to terrorists in the financing of their activities.

The purpose of this chapter is to position the illegal wildlife trade as a viable terrorism financing method and to lay a foundation for further research in this regard. The point is made that the combating of terrorism financing requires a proactive and contextual approach in accordance with international best practice. Africa in particular must be alive to the unique threats facing its financial ecosystem. This includes the illegal wildlife trade and its relevance to terrorism.

Cayle Lupton is a senior lecturer of law and director of the Centre for Banking Law at the University of Johannesburg. He is also an attorney of the High Court of South Africa, a member of the Global South Dialogue on Economic Crime and was recently appointed as chairperson of the Banking Commission of the International Chamber of Commerce South Africa. His research interests fall within the domain of international banking law, with a particular focus on trade finance, financial crime and targeted financial sanctions. His expertise in these areas has been recognised at the international level, most recently by the Court of Appeal of Singapore and the United Nations Office on Drugs and Crime. Prior to joining academia, Cayle practiced as a commercial lawyer with a particular focus on litigation and regulatory compliance.

Cayle holds the degrees LLB, LLM and LLD from the University of Johannesburg as well as a Certificate in Trade Finance Compliance from the London Institute of Banking and Finance.

15. Financing Forest Crime in Papua New Guinea – deploying AML tools and criminal law strategies in defence of the environment

Hannah Harris

The relationship between financial crime and environmental crime is becoming increasingly clear and well documented on a global scale. The term forest crime usefully extends to both illegal logging and the financial crimes that facilitate this harmful activity. This article examines the forest-finance nexus, by analysing the extent of forest crime in Papua New Guinea (PNG), as well as the scope of the harms generated by forest crime in this jurisdiction and the opportunities that exist for streamlining the regulatory response to each. The chapter identifies critical gaps in PNG's Forestry Law Framework, including inadequate enforcement mechanisms, insufficient oversight of regulatory bodies, and limited integration of financial crime laws. Money laundering, corruption, and tax evasion are highlighted as key enablers of illegal logging, underscoring the need to deploy tools such as the Anti-Money Laundering and Counter-Terrorist Financing Act (AML/CTF Act) and the Proceeds of Crime Act to disrupt illicit financial flows and improve accountability in the forestry sector.

The chapter emphasizes the role of transnational financial networks and corporate structures in perpetuating forest crime and advocates for targeted enforcement of anti-money laundering and related criminal law regimes. It recommends enhanced collaborations between domestic and international enforcement bodies, enhancing transparency and accountability in financial and forestry governance, and strengthening corporate liability frameworks to better address the forest-finance nexus. The chapter also highlights opportunities for multilateral action, including engagement with corresponding banks and international agencies, to combat the financial underpinnings of forest crime and deter illicit flows of timber and funds across borders.

The chapter provides a roadmap for leveraging anti-money laundering mechanisms and other anti-financial crime tools to combat forest crime in PNG – with generalisable insight for a coordinated global approach. The chapter concludes that it is essential that efforts to combat financial crime and forest crime must not proceed in a vacuum. Instead, the forest-finance nexus must be leveraged to hold criminal enterprises accountable for the social and environmental harms generated through their unscrupulous pursuit of profit, at the cost of the environment.

Dr Harris is a Senior Lecturer at Macquarie Law School and a research fellow with the Financial Integrity Hub (FIH). Her research area is transnational law and corporate regulation. Her current work includes analysis of legislative responses to transnational challenges, including illegal logging and modern slavery, and the impact of foreign bribery enforcement action on corporate compliance policies and practices.

16. Deception in money laundering

Ben Scott

The concept of deception is integral to financial crime in many of its forms. The criminal offence of money laundering, defined in the United States Criminal Code in 1986 and incorporated into criminal law around the world in similar forms, involves knowingly conducting transactions, movements of funds or dealings in property that are derived in various ways from criminal activity. Concealing or disguising the criminal origins of crime-derived wealth is one of the acts which distinguishes money laundering from simply spending the proceeds of crime. But how does deception operate in money laundering activity, and how has this form of crime evolved over time?

This chapter examines the evolution of deception in the crime of money laundering over the 25-year period since the year 2000. Money laundering existed as a criminal offence before that time. However the period from 2000 onwards saw a significant expansion in global efforts to combat financial crime. Global anti-money laundering regimes expanded to target a broader range of transnational crimes including tax evasion and terrorism financing, while the United States government's 'war on terror' drove financial crime enforcement and the use of sanctions as a foreign policy tool. Alongside these changes came important developments in communications technology, the financial system and the global economy.

This chapter begins with a global review of the criminal law of money laundering, focusing on the common law jurisdictions of Australia, Canada, the United States and the United Kingdom. This review examines how the offence of money laundering has been defined in these jurisdictions, focusing on the ways they have dealt with the concept of deception in legislation and cases. We go on to examine the practice of deception in key money laundering cases, using a taxonomy of deception developed by Rothstein and Rowe to classify the most prevalent types of deception used in money laundering. The main case studies explored in this section are the Liberty Reserve, Russian Laundromat, Toronto Dominion Bank and 2023 Singaporean money laundering cases. Having articulated the practice of deception in money laundering, the chapter then identifies key technological, financial, legal and political enablers of money laundering and assesses how they have influenced the evolution of money laundering practice in this period.

17. Surveilling the citizen: crime control policies, national security discourses and money laundering regulation in Canada

Sanaa Ahmed

Anti-money laundering regulation allows global and local regulators as well as states to amass volumes of data on the private, financial affairs of citizens without disclosing how the data is used. The regulation also strips away many constitutional and procedural safeguards and amplifies the potential for enhanced policing and/or abuse. Is the resemblance with national security laws justified and how does financial-sector surveillance affect Canada's commitment to constitutional freedoms?

This issue acquires even greater complexity in light of 'partnerships' with private sector actors (both institutions such as banks as well as individual 'enablers' such as lawyers, accountants etc) that are set up to enforce AML regulation and/or to police laundering. First, the privatization of enforcement/policing functions is both constitutionally infirm and has led to severe encroachments on civil liberties in the jurisdictions that have experimented with the same. Second, with several states bringing pressure to bear on 'enablers' to give up, for example, Russian and/or Chinese clients represents a problematic consolidation of the roots of AML law when ostensibly global regulation was used to deliver on the domestic political agendas of certain powerful states of the Global North such as the US, the UK and a few others.

Sanaa Ahmed is an assistant professor of law at the University of Calgary, where she teaches courses on money laundering and criminal law. Her research takes an interdisciplinary approach to money laundering and terrorism financing regulation and focuses on the intersection of law, public policy and economics. Through a critical appraisal of questions of power at the national and transnational level, Ahmed's work examines the regulatory, constitutional and governance issues at the heart of global regulation.

A Killam Laureate, Ahmed holds a PhD from Osgoode Hall Law School York University, an LLM from University of Warwick and a BA LLB from University of Karachi. Her doctoral dissertation investigated the asymmetries of power in the global regulatory architecture on money laundering and terrorism financing. She is the author of peer-reviewed articles published in the Journal of Modern African Studies, Oxford Bibliographies in Criminology and the Vienna Journal of International Constitutional Law as well as book chapters published in edited volumes published by the University of Toronto Press, McGill-Queen's University Press and Irwin Law.

18. Unexplained Wealth Orders: Surveying the Rights-Based Landscape

Michelle Gallant

Amidst the many tools deployed in the financial war on crime, a recent addition is unexplained wealth orders. Chiefly developed to capture the proceeds of corruption, the device has gradually gained credence as an essential piece of the forfeiture architecture used in connection with any serious criminal activity. Although there is no single global model, unexplained wealth orders, or unexplained wealth regimes, generally displace the traditional obligation that the state prove its case to a criminal or civil legal standard. Rather, property owners whose ownership claims have been tainted by some link to crime must prove that that entitlement is lawful, *qua,* that the property has a lawful origin.

A relatively new tool, unexplained wealth orders invite questions about their compliance with the rule of law. Aspect of this rights-based story have begun to mature in England and Wales, Ireland and other jurisdictions but none has completely settled. Canada and New Zealand have newly minted devices. Organized around these two jurisdictions, this essay explores the rights-based tensions provoked. Importantly, such devices can be subtlety similar and radically different. Throughout, this essay points out some similarities and differences and asks how these might shape the rights discourse.

Michelle Gallant is a professor in the Faculty of Law, University of Manitoba, in Winnipeg, Canada. She teaches, researches and publishes in the areas of money laundering law, tax law, and philanthropy. Among other work, Michelle was a member of the Research Cluster of 2022 Public Order Emergency Commission and contributed to the 2023/2024 Public Inquiry into Foreign Inference.

19. De-banking 'risky' customers: contractual exclusion of customers by financial institutions and AML/CTF ramifications

Megan Styles

This proposed chapter will examine the exiting of customers by financial institutions in furtherance and in the context of AML/CTF obligations imposed on such institutions. De-banking is undertaken by financial institutions under the contractual terms and conditions entered into by those customers upon signing up for banking products. When a bank declines or withdraws services from a customer, this can have significant reputational and financial impacts. When a bank decides to 'exit' a customer, there is no evidentiary threshold in play, nor is there necessarily always a contractual requirement that reasons for the decision be given. In some cases, s 123 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) can prohibit the giving of any reasons. There may be no legal redress for an exited customer, ever where they may not have been involved in any criminal activity. In the context of this apparent lack of procedural safeguards or accountability, the ramifications of debanking can be significant. On the other hand, financial institutions must be held accountable, and hold customers to account, when banking systems can be utilised for significant money-laundering and illicit purposes. The proposed chapter will consider this tension and consideration will be given to the impacts and interactions of de-banking on the AML-CTF framework, challenges for reporting entities and potential legal remedies for legitimate bank users adversely impacted by de-banking measures. Consideration will be given to how financial exclusion and its effects can be balanced with the need to target and adequately address financial crime and money laundering. The chapter will consider such issues primarily in the context of AML/CTF regulations and financial institutions operating in Australia but with reference to case studies from the international context.

Megan Styles is a barrister with the Victorian Bar with a particular interest in financial crime and corporate offending. Megan is currently undertaking her PhD on proceeds of crime with Monash University. She was previously employed as a Principal Litigation Lawyer with the Australian Federal Police Criminal Asset Confiscation Taskforce.

20. To and From Russia with Love - Global Financial Implications of the Evolving DPRK-Russia Coalition for International Non-Proliferation and Sanctioning Regimes

Ariel Burgess and Christian Leuprecht

This chapter postulates that variation in cooperation between nuclear-armed states during times of international conflict bears increased risk of proliferation finance for the global financial system. Only nuclear-armed states have an interest in engaging in nuclear proliferation. Nuclear proliferation, and associated proliferation finance, is thus a very particular subset of illicit global financial flows that is limited in scope to small subset of states. The evolving coalition between the Democratic People's Republic of Korea (DPRK) and Russia offers a unique opportunity to study variation in proliferation financing patterns, and implications for global counter-proliferation efforts: comparing proliferation financing patterns during the conflict with those before. Their partnership has undermined international oversight and counter-proliferation mechanisms, including multilateral sanctions against the DPRK, while bolstering proliferation networks, and associated financial enablers.

The chapter thus contributes to the sparse literature on nuclear proliferation and conflict. Existing research tends to focus on stockpiling behaviours by newly minted nuclear states, motivations for nuclearization tied to conflict outcomes, or weapons proliferation and technology sharing. Little attention has been paid to coalitions between nuclear-armed states during periods of large-scale conflict. How variation in coalitions affects proliferation financing networks has received even less

attention. Focusing on illicit financial flows as its subject, rather than the weapons they help proliferate, this chapter addresses a gap in the literature on counter-proliferation in general, and proliferation finance in particular, by proposing a new framework to study vulnerabilities of the global financial systems during times of international conflict involving nuclear-armed states.

The chapter finds that conflicts such as the ongoing Russia-Ukraine war expose vulnerabilities in financial systems that end up weakening global counter-proliferation regimes. Enablers of proliferation finance include economic destabilization, diversion of international resources and distraction of the international community from other priorities. The findings highlight vulnerabilities in existing measures, particularly multilateral sanctions as well as sanctions enforcement and oversight mechanisms, which are ill-equipped to manage coalitions between proliferators. The chapter concludes on the nexus of international conflict, proliferation financing, and state behaviour, which fundamentally challenges current approaches to and assumptions about counter-proliferation in general, and proliferation finance in particular.

Ariel Burgess, Royal Military College of Canada

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21. Challenging Risk: The Case of Maples Corporate Services v CIMA

Derwent Coshott

The risk-based approach is at the core of the international AML/CTF regime. However, there has always been an inherent tension in the way that the ascertainment, and determination, of risk has been allocated. On the one hand, businesses are responsible for determining what risks they face, and how best to mitigate them. On the other, regulators have the power to oversee such decisions; and, most importantly, to question them. This leads to a tension in which businesses are told to decide what is best for themselves, but are subject to such being second-guessed by regulators, who may take a very different view. This issue has notably arisen in the Cayman Islands case of *Maples Corporate Services Ltd v CIMA*, in which Maples Corporate Services ("Maples") successfully challenged CIMA's assessment that the former had failed to meet its obligations with respect to Customer Due Diligence. This was on that basis that Maples was permitted to exercise its own judgment regarding the making of risk assessments with respect to customers, and their transactions, and what appropriate CDD measures should be deployed as a result. The judgment, and what it represents, represents in important case study which calls into question the differing roles held by businesses and regulators under the risk-based approach, and not just for the Cayman Islands. Accordingly, this chapter examines the decision, and its reasoning, to determine what lessons it holds for regulators and businesses elsewhere. The chapter argues that such challenges are inherent to the risk-based approach, but that it is still superior to more prescriptive methods. However, in order for the risk-based approach to be properly implemented, the decision in *Maples* militates in favour of both greater guidance from regulators, and cooperation between them and businesses, elsewise we can expect to see more of the like.

Dr Derwent Coshott is a Senior Lecturer at the University of Sydney Law School, and a Research Fellow at the Financial Integrity Hub (FIH). He is an expert in the fields of AML/CTF, trusts, property and contract law. His scholarship has appeared in leading international journals, and he has written extensively on the use of trusts in offshore jurisdictions. He is a sought-after speaker on AML/CTF and trust law issues, appearing regularly at conferences and industry events, and regularly engages with businesses to assist and educate them on AML/CTF, property and contract matters.

The Financial Integrity Hub (FIH) relies on a network of experts across business, government and higher education. It promotes an interdisciplinary understanding of financial crime by bringing together perspectives from the fields of law, policy, security, intelligence, business, technology and psychology.

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