

MONEY LAUNDERING

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Abstract: Money laundering is the process of transferring illegally acquired money into legal financial flows. The authors analyze the legal criminalization of money laundering in the criminal legislation of Republika Srpska, the stages of money laundering, as well as the methods and procedure of money laundering in individuals and legal entities, pointing out the importance of prevention and suppression of this crime. The paper particularly emphasizes the problem of organized crime committed by organized crime groups, which further complicates the process of prosecuting money launderers.

Keywords: *money laundering, crime, stages, methods*

INTRODUCTION

The very concept of money laundering comes from the English word money laundering, which means the legalization of capital acquired through criminal activity, that is, financial transactions in order to conceal the true origin of money and other forms of capital in the market. It consists in forging financial documentation and manipulation in the interbank transaction system. Money laundering is seriously disrupting the economic and monetary system of every country, and Bosnia and Herzegovina is no exception. This act is carried out in several stages and it is the obligation of all bodies involved in the process to work on the prevention and suppression of this act.

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Money laundering is a link between general and commercial crime and is one of the more important factors of organized crime, which further complicates the detection and suppression of this crime. Money laundering can be defined as a type of property crime, the goals of which are to conceal the existence and origin of illegally acquired funds, by including those assets by transforming, transferring, exchanging, concealing purpose, mixing with legal means or otherwise into legal financial flows, thereby excluding origin. illegally acquired funds conceals criminal activity and achieves the ultimate goal of money laundering, namely the smooth use of proceeds from criminal activity and the avoidance of punishment for criminal offenses.

ELEMENTS OF MONEY LAUNDERING OFFENSES AND LINKS TO ORGANIZED CRIME

All four criminal laws in Bosnia and Herzegovina are aware of the criminal offense of money laundering. Prescribing this act provides protection for the economic and monetary system as well as for the stability of each country. Enforcement action is criminalized in almost all criminal laws. We will focus our attention on the criminal legislation of Republika Srpska. Namely, money laundering in the Criminal Code of the Republic of Srpska (Criminal Code of the Republika Srpska, 2017) was criminalized by Article 263 and classified as criminal offenses against the economy and the payment system.

The basic form of the act is committed by those who receive, exchange, hold or dispose of the money or property known to have been obtained through the commission of a criminal offense prescribed by the laws of Republika Srpska, use it in commercial or other business, convert or transfer it or otherwise conceal or attempt conceal their nature, source, location, distribution, movement, ownership, or other right. A prison sentence of one to five years and a fine are prescribed for this form. The object of protection is the financial system, and the object of attack is money and property obtained through the commission of a criminal act, whether only by the perpetrator or another person (Jovasevic and Kokolj, 2011).

The Legislature provided for the 3rd more severe forms that differ in qualifying circumstances and the penalty provided. The first gravity is

provided for when the perpetrator of the basic form of the offense is at the same time the perpetrator or accomplice in the criminal offense in which the money or property referred to in paragraph 1 was obtained. This form prescribes imprisonment for one to eight years and a fine. Another qualifying form exists if the value of the money or material gain referred to in paragraphs 1 and 2 of this Article exceeds the amount of KM 200,000, for which imprisonment for a term between one and ten years and a fine are prohibited. The value of the object at which the crime is committed is a qualifying circumstance (Jovasevic and Kokolj, 2011). It is determined on market terms at the time the enforcement action is taken.

The most serious form of this crime exists if the above-mentioned acts were committed by a number of persons who have joined forces for the purpose of money laundering or money laundering was carried out for the purpose of financing terrorism (paragraph 4). A prison sentence of three to fifteen years and a fine are prescribed for this form. The perpetrator of this act can be any person, and with regard to guilt, intent is necessary.

The legislator also prescribed the privileged form of this criminal offense if, in the execution of the offense referred to in paragraphs 1 and 2. the offender acted negligently in relation to the fact that the money or material gain was obtained through the criminal offense. The prescribed punishment for this form is a fine or imprisonment of up to three years. The last paragraph prescribes a security measure of confiscation of objects, ie. money, property gain, income, profit or other gain arising from the proceeds of crime shall be forfeited.

It should be noted that this work is most often related to the activities of organized criminal groups, where profit as the primary objective of organized crime comes from the concealment of the illegal origin of money or property acquired through crime. In cases where the proceeds of crime have been obtained, the criminal or organized criminal group seeks to use the money or property acquired in such a way that their activities do not attract the attention of the competent authorities. Therefore, they carry out a whole series of transactions with the ultimate aim of presenting the said money or property as lawfully acquired. Money in this process often changes shape and moves from one place to another. The infiltration of illicitly acquired profits into the financial and banking flows

of a country can greatly affect its security.

Money laundering as a form of organized crime is a global problem that has feedback effects on the economic, political, security and social structures of the country. Namely, this offense is typical of organized crime when its profits are injected into legal financial flows by drug dealers, arms smugglers, racketeers, or it came from other organized crime activities (Ignjatović and Skulić, 2010). The majority of crimes with elements of organized crime are committed precisely and solely with the motive for obtaining material gain, whereby money laundering is a derivative form of crime, ie. an incidental crime in which prevention measures and detection procedures require special competence, expertise, commitment, organization and coordination of the bodies involved in its suppression (Bjelajac, 2013).

MONEY WASHING PHASES

Money laundering is a process in which the proceeds of crime are transformed into seemingly legitimate money or other assets (Duhaime, Christine, 2019). Yet in many legal and regulatory systems, the term money laundering is sometimes no different from other forms of financial crime, and is sometimes used by the generalist to denote financial system abuse (including things like securities, digital currency, credit cards and traditional currency), including and financial terrorism, tax evasion and evasion of international sanctions. In order to get the impression of “legality”, it is necessary to insert it directly into the legal financial system or indirectly through the non-financial system, further complicating the disclosure of its owner or the true source of money. It follows from the foregoing that money laundering is a very complex process and very complex. As early as 1991, a report by the Australian National Crime Authority explained the process as “a scheme that should include: the net proceeds of criminal activity in the possession of the criminal, which would be maneuvered in such a way as to clear the trail or source of money after what money should be returned to that same criminal. Money is now “pure”, has its origin and is ready for further use (FATE, 2014).

The placement phase is a real phase of money laundering, that is, creating the illusion of the legality of illegally acquired funds and

concealing an illegal source. At this stage, proceeds (usually cash) from criminal activity are either transferred into the financial system or converted into another type of property. In the first phase of money laundering, launderers expose illegal assets by investing in financial, non-financial or other alternative systems, which is why this phase is crucial for detecting dirty money (Bejakovic, 1997). “The Virginia payment method, that is, the use of payment instruments, requires the detection and identification of the originator and recipient, which is not the case with cash, and the very nature of criminal transactions represents innumerable small amounts of cash (street drug sales) or substantial amounts of cash (weapons, corruption, looting). As the effective is not suitable for further use due to attention and suspicion, at this stage, efforts are being made to transform it into another form as soon as possible, more suitable for future use. “ Recognizing dirty money is especially helpful in identifying suspicious and illogical transactions.

Table 1: Division of indicators

DIVISION OF INDICATORS	
1. BY TYPE	- indicators related to the transaction - indicators related to persons
2. BY CONTENT	- indicators pertaining to the financial sector - indicators for the non-financial sector - indicators for independent professions and professions

Source: (Written by Cindora, 2010)

The variety of methods and techniques of action that involve the flow of money through the financial and non-financial sectors gives priority to the deposit phase and emphasizes the importance of preventing money laundering and terrorist financing. Given that the financial system is a bloodstream, the entities and institutions involved in money laundering and terrorist financing are attempting to misuse capital movements and the provision of financial services, which poses a threat to the stability of the financial system as a whole.

Layering phase - In the second phase, washers seek to cover the true source of illicit funds through numerous transactions. In terms of size, frequency and complexity, legitimate transactions are most often carried out with the aim of separating funds from an illegal source. The main techniques of the second stage of money laundering include: currency conversion, smuggling, offshore operations, conversion to other forms (checks, bills, stocks or any form of securities, as well as conversion into tangible assets such as real estate and real estate), funds transfer, electronic money transfer (electronic banking) setting up shell companies, casinos, use of insurance companies, use of box office and resident post office, use of import-export companies, manipulation of accounts, manipulation of guarantees, bonds, securities, as well as falsification of documentation, that is, a paper trail of money (source, ownership, location, or purpose) (Bosanc, 2001).

At this stage of money laundering, funds that have been invested in either the financial or non-financial system or smuggled across the border in any of these ways begin their path of concealing the trail to the right source. To this end, the financial system is the most appropriate source of numerous opportunities for further money laundering. It is most commonly used in the form of depositing cash into one or more accounts, of the same or different persons, all for the purpose of shredding larger sums of money, directing to different natural or legal persons and changing its form or currency. Money transfer is also possible through smuggling, ie physical transfer of money across the state border (Richards, 1998). Transferring funds from account to account, at home and abroad, transformation from one form to another takes place primarily with the aim of making it difficult to trace their source. In this light, it would often take several months of analytical work and investigation of a financial intelligence unit or other competent authority to connect an intercontinental transaction with the entire money laundering chain.

Integration Phase - The third phase of money laundering involves the integration of funds into the economy and the financial system, in which case it is most difficult to detect the act of money laundering and the perpetrator himself. Illegal means are transformed into forms that are harder to follow, or mixed with legitimate means. Such treatment makes it difficult to gather evidence. In the third phase, money laundering will

usually end with the purchase of movables and real estate, securities as well as spending on luxury goods (Mitsilegas, 2003). After the completion of the third phase, it will be difficult to see the origin of the money, which is especially interesting in case such funds will serve to start a new, legal business.

A crime can only be successful if, in the final analysis, the true source of the illegal means is concealed. However, with the end of the money laundering cycle, criminal activity does not cease but continues to expand, as “laundered” assets are often reinvested in new, legal work. In addition to providing support to drug dealers, terrorists, arms dealers and other criminals in carrying out illegal activities, money laundering also encourages further action, which in the end has negative social consequences. Very often, the money laundering process takes place not only within the territory of one country or within its financial system, but also extends to several countries, during which it changes its shape. This is understandable given the advancement of technology and the speed and ease of transactions. Therefore, new forms of money laundering are related to e-commerce and transactions that are realized through correspondent accounts, credit cards, Internet banking, smart cards, etc.

However, the sophistication, inventiveness and imagination of various forms of money laundering also encompasses the services of various financial professionals (tax advisors), brokers, investment firms, consultants and lawyers. Money is usually sought to be transferred from the country of origin, through payment for goods and services. It is subsequently integrated into the international payments system and tries to cover its source in as many transactions as possible. After the washing cycle, it returns to its country of origin. The deposition, refinement and integration phases are an ideal example of the money laundering process. However, in practice, the phases often overlap, the lawfully acquired money is mixed with dirty money at all stages, sometimes some phases are skipped and some are repeated, depending on the mode of action chosen, the amount of “dirty money” and the legislation set.

In this regard, Katherine Oswald exhibits several other models of money laundering:

a) two-phase model - distinguishes between money laundering arising in the first phase directly from an illegal act, while the second

phase is characterized by medium- and long-term actions of “legalizing” the laundered money and joining the financial system for the purpose of re-laundering,

b) “circular laundering” - a more complex system comprising nine stages of money laundering,

c) four-sector model - in which each sector contains a money laundering process,

d) teleological model - based on various goals of money laundering (eg integration, investment, tax evasion, organized crime financing, etc.) (Mitsilegas, 2003).

Methodology of money laundering

According to the definition of money laundering, there is a different methodology relating to the methodology of legal entities and private individuals. The modalities of money laundering vary depending on the amount of money that is to be laundered, the legislation, the economy and the financial market, the mode of action chosen and the stages of the money laundering process itself. Recently, the issue of preventing the financing of terrorism, which is also indicative of electronic money transfer, the activities of non-profit organizations, insurance companies and the like, is often linked to the problem of money laundering. as well as the entire non-financial sector (freelancers and professions).

Corporate typology

The *modus operandi* of money laundering through legal entities is broader than that of natural persons, however, the separate methods are most commonly used in the international context: off shore zones, non-resident accounts, fictitious contracts and fictitious account printing, investing cash in the financial system, front or shell companies, some of them will be covered in the paper.

Offshore zones are very often in the first place by the strength of indications of suspected money laundering, given the frequency of transactions and the size of transfers. These are, by definition, areas that have very liberally defined legislation regarding the operation and opening of banks and companies, with a very small percentage of tax liabilities and a very strong and secret banking secrecy. The main feature of the offshore zone is the entry of goods or money, as well as the establishment of non-resident enterprises. The anonymity of the subsequent financial transactions

is particularly conducive to illegal activities such as money laundering, terrorist financing, tax evasion, fraud and the like. The exploitation of financial benefits, offshore zones, has further negative consequences for the international financial system as well as for the country itself, which offers such benefits. In fact, these are historically poor countries that have only been present on the world financial market since 1950.

In short, offshore zones offer benefits in terms of investment, e-banking, international trade, property protection, and the confidentiality of bank account information. Particularly of interest is the confidentiality of bank account traffic data, as various barriers, requests or restrictions are usually found to provide the requested information. The significance of the offshore zone is, first and foremost, the intention to avoid the tax liability. One way to legally avoid paying income taxes is through transfer pricing that moves profits to a more favored-country country. Partially for the same reasons, offshore zones are also very suitable for money laundering (namely, money laundering from numerous illegal activities such as tax evasion, arms trafficking, drug sales, prostitution, etc.) with the benefits of strict banking secrecy, few restrictions on foreign business, territorial positioning near drug transit routes, etc. Offshore zones have different statuses, some are completely transparent, others are just a tax haven, and the most popular and intelligence units are most critical of those non-transparent ones where the principle of anonymity is a major feature.

In accordance with the International Community Recommendations (FATF - NCCT criteria), with the beginning of the new millennium, non-transparent countries have found themselves in so-called non-cooperative countries: Cook Islands, Egypt, Grenada, Guatemala, Indonesia, Myanmar, Vincent and the Grenadines, Nauru, Nigeria, Philippines and Ukraine. As the status of a non-cooperative state brings negative publicity, distracts parties, and thus capital, most countries have harmonized their legislation by 2006, demonstrating the ability and willingness to combat money laundering and terrorist financing. Nigeria was taken off the list of non-cooperative countries in 2006. (Klasens, 2006). The status of a non-cooperative state brings only negative consequences, a decrease in the number of investors in those countries, a decrease in the number of foreign direct investment and a decrease in capital. There are a number of

advantages to the negative opportunities offered by offshore zones. Offshore zones operate to a large extent in the financial world, and thus various European countries, including Bosnia and Herzegovina, do business with them through their offshore subsidiaries, offshore subsidiaries and through funds.

Despite the fact that certain offshore zones are completely transparent today, some are just tax havens, while others are very non-transparent, non-communicative and hard to reach. Anonymity as a basic feature and obstacle to the prevention of money laundering continues to be a problem. Efforts and traces of a possible solution can be seen through the International Monetary Fund - Risk Assessment and Technical Assistance Program to improve offshore zone monitoring standards.

However, since offshore zones are ideal locations for international money laundering transactions, the international community is seeking, through a number of measures, instruments, conventions and political influences, to act on their alignment through the United Nations (GPML), the Council of Europe (Special Committee on Moneyval), The Developed Countries Financial Action Groups (FATFs), the Offshore Banking Controller Groups and the Caribbean Countries Financial Action Groups (CATFs). In particular, the Egmont Group, as a worldwide association of financial intelligence units, is constantly pushing for offshore zones in terms of their greater cooperativeness and approximation to global standards for the exchange of customer and transaction information.

Non-resident accounts - Another significant indicator of suspected money laundering, although not as indicative as off-shore zones, is that it is a distinctive, modern and widely used way of doing modern banking, certainly non-resident accounts. Non-resident accounts are often very closely related to offshore zones as transactions occur through open non-resident offshore zone accounts, in proximity countries, developed banking systems and established communications channels. The following is a very simple way of transfer: an offshore company with an open non-resident account in another country issues an invoice that is legally paid through domestic banks to the said account, so that the transferred funds are freely used for personal purposes, inserted into the reproduction cycle of criminal activity or attempted to legalize (washed) in the form of investment funds intended for investment in the domestic economy and infrastructure.

Fictitious contracts and fictitious billing - Creating fictitious contracts and issuing fictitious bills on such a “legal basis” is a frequent occurrence. This area is divided into two sections:

- issuing fully fictitious bills for the most part, services that cannot and will not be performed or performed (consulting, market research, etc., mostly most non-core payments), and
- delivery of invoices with greater or lesser amounts than actual (so-called under-invoicing and invoicing) for goods or a smaller part of the service.

Making fictitious contracts or fictitious invoices is one of the “classic” methods of money laundering whereby a person or company will establish a company or branch in the country from which the illicit income comes, or into which the money is invested and placed on the market. If a sale of a good or service is actually carried out, a certain amount of money will be paid into the company account, but increased by the actual value of the good or service. In this case, the difference between the real value of the goods or services and the amount paid into the company account is actually the amount of money laundered.

A special type of money laundering is payment based on completely false invoices, where, unlike under-invoicing or over-invoicing, the entire amount of money paid includes money laundered. Since the payment of goods on the basis of false invoices inevitably requires a paper trail of crossing the state border and other records of the actual existence of goods and their sale, the exposed method of money laundering for the services rendered will be more often used as it is very difficult to estimate their real value (eg consulting services) (Masnjak, 2000.).

Investing Cash into the Financial System - Using the payment system in the country also appears as one form and method of money laundering. Namely, the fourth money laundering technique is investing cash in the financial system, in the giro accounts of companies, in the form of loans of all kinds, credit relations between employees and partners of companies, depositing a fictitious daily market, as well as transactions from corporate accounts in individual accounts (and vice versa).

Practice shows that this is a “school example” of carrying out the first stage of the money laundering process, and it is the stage of depositing

dirty money in a legal financial system, with the aim of concealing its illegal source. And this method of money laundering can be classified as classic methods because the modern methods of money laundering include investment in the non-financial sector, reliance on modern technology, electronic banking and investment funds. However, it is not impossible for these modes to appear together, linked together into one interactive money laundering process, including numerous money laundering techniques and different time periods.

“Front” and “shell” companies - Although there are differences in terms of “front” or “shell” because “shell companies” are fraudulent companies that serve to conceal money laundering agents, while “front companies” perform legal business activities to conceal money laundering, they have a common characteristic of doing legal work and the primary role of screens for the flow of money on the way to conceal its illegal source. In this role can be found any company suitable for the “transportation” of dirty money, regardless of size: restaurants, travel agencies (Richards, 1998), insurance companies, casinos, exchange offices and the like. Their roles may be different, depending on whether they are established domestically or abroad (eg in the offshore zone), and are suitable both at the stage of refining and in the phase of integration into the legal system (Gilmore, 2004). From the content of the role that emerges after the money laundering cycle has been completed, its advantages over conventional methods of money laundering can be seen.

Significantly, it does not attract the attention of educated officials in the banking and non-banking sectors, which puts it at a lower risk of suspicion and disclosure. Certainly, occasional, smaller amounts of cash will be easier to sink into the regular operations of a cash-strapped business than exposing dirty money to a financial or non-financial “no cover” system. The situation is further complicated if the illegally acquired income is brought into the offshore zone where the front or shell company is located, whether it is engaged in legal business and thus conceals the illegal activity of a money launderer or exists solely for flow of dirty money to a name e.g. consulting services. It is also possible to have a combined role, that is, to set up a company whose main activity is, e.g. buying and selling real estate and actually buying real estate for the rightful owner of illegally acquired assets, hidden behind several natural or legal persons (Masnjak, 2000).

The consequence of the exposed methodology of corporate money laundering is reflected in direct damage to the financial system of the country in order to reduce or completely avoid tax liabilities, bring companies into bankruptcy and illegal outflow of funds (foreign currency remittances). In the case of financial institutions, direct damage to depositors and clients of banks and other institutions is evident. More broadly, the consequences are also felt on budget items. Certainly, the inflow of dirty money from international organized crime and its introduction into the domestic financial system must not be neglected, resulting in the destruction of the financial system, financial stability and credibility of the country as a whole.

TPOLOGY IN INDIVIDUALS

In addition to the developed methods and techniques of legal persons' money laundering, in practice, there are also frequent forms of money laundering of individuals, residents and non-residents. Although the very essence of money laundering most often contains "countless, diverse, complex, mysterious" (Gilmore, 2004.) methods and techniques of money laundering, launderers always have the same goal: "concealing the true ownership or source of money laundering, retaining control of the money laundering process and the need to change the form of illegal detergents" (Gilmore, 2004). With a wide variety of money laundering opportunities by individuals, only the most common methods and techniques, as well as the most commonly used ones, were identified and processed: unusually large deposits of money, remittances from abroad, currency exchange, credit line use, and money smuggling (Jovanovic, 2016). As mentioned earlier, the main objective of a money laundering process is to conceal its illegal source and such money laundering through individuals is not as common as money laundering through legal entities.

Money smuggling - One of the oldest and simplest money laundering techniques is money smuggling. It occurs at the very beginning of the money laundering process, thereby directly breaking the visible link between money, the owner and the illicit source. On the one hand, it can be said to be the most effective because it leaves no written trace, but also the most risky, especially for a person who physically transfers it across

the state border. Illegally acquired assets are most often transferred: (1) in bundles of banknotes via heel, (2) on the same routes as drugs (by truck, aircraft, ship) or (3) by changing cash to another security with the bearer, (check) (Richards, 1998). Illegal assets are most often transferred to a foreign country that has strict bank secrecy laws, or to offshore zones for easy purchase or incorporation, purchase of shares and securities, establishment of banks or other means of manipulating funds.

Long-term money laundering services may be provided by funds invested in companies, tourist facilities or casinos. If the money laundering cycle is completed, the money will be returned most often through correspondent banking to their country of origin, in accordance with international payment transactions.

Money smuggling is particularly favored by offshore zones in which money is transferred, the reason being that they are very attractive for starting new companies and for buying stocks or securities.

Cash Transactions - Although modern technology has picked up momentum and marketed new money transfer techniques on a daily basis, most countries base their preventive strategy on the problem of money laundering on cash transactions. In this world, it is mandatory to declare regular and related cash transactions to the statutory limit, which still recognizes the frequency and importance of cash transactions in the analytical processing of received data on transactions and persons.

Unusually high cash deposits - as a typology of money laundering by individuals, they relate to cash deposits in accounts of all kinds, and deviate from standard client account turnover. They represent substantial items and have no coverage in the party's legal business and income. Most transactions of this type do not have a logical sequence, analyzing economic and economic criteria.

This method of money laundering by its very name reveals that it is a cash deposit, that is, a cash transaction. However, since the term "unusual" (high amounts) varies from party to party and is related to a business background, it is often suspicious or illogical transactions that by their nature do not reach the statutory limit for cash transactions and have the character of suspicion. For the identification of this form of suspicious transactions, it is important to be trained by employees of financial and non-financial institutions, who, in addition to indicators for identifying

suspicious transactions and knowledge of the client's business, will be able to distinguish whether it is an illegal business.

The provision of Article 8 of the Third Directive (EU Directive 2015/849), which insists on conducting a due diligence of the party (which includes gathering information on the purpose and foreseeable nature of the business relationship and constant monitoring of the business relationship), as a basis for making good reasons is significant for recognizing money laundering by cash deposits. for suspected money laundering. In order to identify money laundering through cash deposits, it is important to conduct an in-depth customer analysis, which involves gathering information about the purpose and nature of business relationships.

Related transactions - Unusual or large deposits of cash easily capture the attention of officers and open up further opportunities for rapid detection of the money laundering process, which is why they are more commonly used. "Related transactions". It's about breaking up a large amount of money into several smaller amounts (to avoid the cashback limit) because smaller cash deposits seem to give you the impression of choosing a good money laundering technique. Article 20 of the Third Directive also covers this type of transaction. Accordingly, special attention should be paid to any activity where it is very likely to be related to money laundering or terrorist financing. It further warns, in particular, of complex and unusually large transactions and of all unusual patterns of transactions which have no apparent economic or apparent legal purpose.

Breaking a transaction into smaller amounts and creating "related transactions", in order to avoid the statutory limit, is referred to as "structuring" in English literature. In the term "construction", the same term is used by Hersak in the sense of "a large financial operation that breaks down into a series of small operations with small amounts of money." (Hersak, 1993) A useful definition is the same term offered by Richards: "a person constructs a transaction if, acting alone or in conjunction with others or for the benefit of others, he conducts or seeks to conduct one or more transactions in money, of any amount, at one or more financial institutions, in one or more days, by any means, in order to avoid reporting requirements ..." (Richards, 1998). If the term "structuring" is defined in this way, it is also useful to base the suspicious transaction indicators on identifying a part of the related transactions that is resilient in itself due

to the complex nature of the implementation and the inability to strictly limit legal provisions.

Overseas Remittances - With regard to overseas remittances as an indicator of suspicious transactions (Article 8 of ZSPN BiH, 2016.), those that come to the accounts of residents, especially in favor of non-residents, large amounts of remittances, from offshore zones and those with no justification, by account or by turnover creditworthiness of the client. The exceptions to this are regular monthly inflows from abroad into foreign currency accounts of domestic natural persons, originating from pensions earned abroad, rents, salaries of seafarers sailing on foreign ships, salaries of workers, domestic legal entities performing foreign investment works - for part of the salary in foreign currency, etc., because it is a regular income, the same payer and payee, often unchanged.

However, in these cases, they can also be interesting in the case of transactions that by their nature deviate from the usual ones (two or more inflows in the same month, two or more inflows paid into different foreign currency accounts of the same individual, unknown ordering party, etc.) suggesting illogical activities or a clear suspicion of money laundering or terrorist financing.

Currency Exchange - Because they are involved in a wide range of money transactions, the currency exchange business in developed countries is subject to stricter legislative regulation. Namely, foreign exchange deals are used extensively to cover the trail of dirty money, especially money from the sale of drugs (which is usually in small denominations and in different currencies), both in the world and in BiH. As with casinos, there is a danger that exchange offices may not be used to launder money indirectly, by buying foreign currency, but indirectly. With the establishment of an exchange office with several subsidiaries, the money laundering process will take place fully and under the immediate, full control of the criminal milieu. For the same reason, most legislation in the world requires the licensing of exchange offices and their vigilance.

In Republika Srpska, the "Law on Security Measures in the CASH and Other Values" is in force, the very supervision of exchange offices is carried out by authorized officials of the RS Ministry of Interior, pursuant to Article 14 of the said Law of exchange offices and their vigilance.("Law on Security Measures in the CASH and Other Values, 2015).

Using a Line of Credit - Considering a line of credit as another of many ways of money laundering, it is important to note that there is a fundamental difference between using an existing line of credit to repay illicitly acquired funds and, quite the opposite, withdrawing a loan from which funds will be disbursed for illicit purposes. First and foremost, raising a loan, regardless of the amount and ultimate purpose of its assets, is not subject to an indicator for identifying suspicious transactions because of a known source of money. The second situation is where the existing open line of credit is used to repay funds before the expiry of the agreed period. In this case, the illegally obtained money is returned with a net loan, whereby the evident conversion of dirty money is apparently legal. The ultimate goal of the money laundering process is achieved and fully legal documentation of the origin of the money is provided.

Repayment of a loan before the agreed deadline, with a previous transfer of funds between, the parent bank and the daughter, a model of repayment of a loan with a deposit or a loan deposit is one of the possible ways of money laundering. The parent bank from abroad approves loans and deposits to its daughter banks in the long-term state, which are continuously returning with new borrowings. The purpose of withdrawing new loans or deposits is the alleged favorable maturity of the loan, which in reality is often only three months longer than the loan repaid early. Finally, the price of the loan is actually identical to the price of the deposit, which confirms that the transactions do not have an economically justified and logical objective. The aforementioned methods and techniques of money laundering represent only a theoretical model because practice brings new modes of action daily, while the existing ones are often intertwined.

Although the exposed money laundering options may also individually indicate money laundering or terrorist financing, the very notion of a suspicious transaction also requires a rationale for its substance. For this reason, taxpayers are obliged to substantiate any reporting of suspicious or illogical transactions by explaining the illegality of the transactions performed and the transactions which are not in accordance with the activity of the legal entity in the usual business of the party, ie are not legally or economically logical and justified (Reuter, Truman, 2004.). This money laundering technique is most effective because it is the easiest way to achieve the ultimate goal of the money laundering process.

CONCLUSION

Bosnia and Herzegovina has met the European Union's requirements to comply with the anti-money laundering criteria and has therefore been removed from the EU list of high-risk money laundering third countries. A major step forward was the adoption of an umbrella law at the level of BiH Law on Prevention of Money Laundering and financing terrorist activities. We can say that money laundering is a process that goes through several stages, such as the deposition, stealth and integration stages, and there is an obligation of all the bodies involved in this process to respect legal judgments. There are different ways and modalities of money laundering and differ between individuals and legal entities.

With a wide variety of money laundering opportunities by individuals, the most commonly used ones are: unusually large deposits of money, remittances from abroad, currency exchange transactions, credit line use and money smuggling. Corporate money laundering has a broader scope than that of individuals, the ones most commonly used in the international context are: off shore zones, non-resident accounts, fictitious contracts and fictitious account printing, investing cash in the financial system, front or shell companies.

For the purpose of prevention, we believe that continuous cooperation of all bodies involved in this process is required, as well as more frequent checks on the origin of money.

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