

United Nations Office on Drugs and Crimes

Topic: *Money laundering for the profit of illegal belligerent groups in tax havens.*

Glossary

Money Laundering: The process of making illegally- received money appear to me legally-received money.

Belligerent Groups: An individual, groups, country, or other entity that acts in a hostile manner, such as engaging in combat.

Tax Havens: A country that offers foreign individuals and businesses little or no tax liability in a political and economically static environment.

Introduction

Money laundering itself has become a colossal problem in all parts of the world as an estimated amount of money laundered in one year is around 2-5% of the global GDP (Gross Domestic Product) which is equal to around \$800 billion - \$ 2 trillion in current US dollars. Much of these monetary resources end up in bank accounts located in countries that are considered tax haven where bank supervision is often very poor. On the other side, belligerent groups have always been the propulsors of many conflicts from all around the world. Groups such as ISIS have cost the lives of thousands and billions in repairs. Combining all these two situations, we identify then another problem which arises: The money laundering of belligerent groups in tax

havens. These belligerent groups have the capacity of hiding monetary resources that are illegally opt aimed in offshore bank accounts.

Historical Context

Years ago, drug cartels had the tendency to store their financial resources in countries which had offshore bank accounts which were considered tax havens. It was easier to store without being



caught. One of the most famous cases was one of the infamous drug lord, Pablo Emilio Escobar. The narco-terrorist laundered the Medellin cartels money in tax havens located in Europe. The French historical bank called LCL (Crédit Lyonnais) was implicated with a total of US\$1,658,894. Additionally, the Luxembourg Banque Générale with US\$2,037,400 and the Union Bank of Switzerland with a balance of \$1,037,000 were involved too.

In the 1980s, money was sent to many accounts around the globe. Bank accounts in countries such as Panama were added up to at least US\$30 million.

This money laundering was one of the reasons that the Medellin cartels were able to obtain so much profit of illegal drug trafficking, and for the same reason, similar situations are happening with belligerent groups nowadays.

Current Context

In today's world belligerent groups store their resources in bank accounts, this is still a big problem just as it was decades ago and not much has changed. Nowadays, a lot of these accounts are used to fund and finance terrorist organizations in many parts of the world. This, of course, means that all the offshore accounts have always been essential for being able to build up and sustain belligerent groups. For example, Al Qaeda's operations require between \$30 million and \$50 million each year. Regardless of how many resources are spent, funding these groups is easily done under the cover of shell companies which makes discovering these accounts a very difficult process. Luckily, many countries have created laws that make it difficult for terrorist groups to hide as in the cover of shell companies such as the United States of America and The Patriot Act, but the same can not be said about every country.

Approach

Delegates should focus on a solution on how to find these offshore havens taking into consideration the

countries that are considered tax havens. With the intention of achieving a solution, everyone can agree with.

Sources

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