

Money laundering

What is money laundering?

Money laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activities.

Turning dirty money from criminal activities into clean money, or supposedly legitimate assets.

There are three stages of money laundering.

1 Placement

Money from criminal activity is placed into the financial system. For example, a bank account.

2 Layering

Multiple transactions are used to hide the true origin of the funds. For example, splitting the money and moving it through lots of accounts in various locations.

3 Integration

Money passes from the layering stage and is mingled with legitimate money and assets. For example the purchase of property which can later be sold for legitimate funds.



Why must money laundering be stopped?

Money laundering must be prevented in Samoa because it poses several risks to the country, including:

- Economic and social stability
- The reputation of the financial sector
- Stability of financial institutions
- The country's ability to prevent large scale corruption
- The country's reputation with regards to adoption of international standards and best practices

Money laundering prevention

Samoa's Money Laundering Prevention Act is administered by the Central Bank of Samoa

The Governor of the Central Bank of Samoa is the Money Laundering Prevention Authority.

The Money Laundering Prevention Task Force is the advisory body to the Authority, and works closely with government agencies, departments and the Financial Intelligence Unit.

The Task Force makes recommendations to the Authority regarding issues relating to money laundering or the financing of terrorism.



MLP Task Force Members

- The Governor as the Chairperson
- The Attorney-General
- The Commissioner of Police
- The CEO of the Samoa International Finance Authority
- The Head of the Customs Department
- The Head of the Immigration Department
- The Director of the FIU
- The CEO of the Ministry of Commerce, Industry & Labour
- The CEO of the Ministry of Finance

Border Currency Report

The border currency report is one measure used to protect against money laundering in Samoa.

The report is filled out by any person who leaves or enter Samoa carrying cash or negotiable bearer instruments (for example a cheque or promissory note) with the combined value of \$20,000 or more.

The penalty for not properly complying can be up to \$10,000 in fines and five years in jail.



Obligations of Financial Institutions

Under the Money Laundering Prevention Act, all financial institutions must comply with certain obligations to help prevent financial crime.

These include:

Keeping relevant records (i.e. “business transactions records”) for a minimum period of five years

Proper identification of customers (commonly known as “know your customer” or KYC)

Developing clear customer acceptance policies and procedures

Documenting and enforcing policies for identification of customers and those acting on their behalf

Establishing a systemic procedure for identifying new customers, no new relationship should be established until the identity of a new customer is satisfactorily verified

Enforcing extra precautions on transactions received/sent to jurisdictions that do not have adequate AML systems in place.