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LINKS BETWEEN MONEY-LAUNDERING AND DRUG TRAFFICKING

I am here as part of the delegation of World Federation Against Drugs (WFAD), an NGO in consultative status with ECOSOC, but the work I will present today is that of Parent-Child Intervention Centre (PCIC). PCIC is an NGO in Nigeria working in the areas of Drug and substance abuse prevention, Mitigation of Sexual and Gender based violence and Good Governance. PCIC is a member of WFAD, Civil Society Network on Substance and Drug Abuse Prevention, Nigerian Network of NGOs and more.

There is a close relationship between money- laundering drug trafficking, corruption and other forms of organized crime, including trafficking in persons, trafficking in firearms, cybercrime and, terrorism and financing of terrorism. This poses a significant and growing threat to national and international security, with dire implications for public safety, public health, democratic institutions, and economic stability across the globe. Not only are criminal networks expanding, but they also are diversifying their activities, resulting in the convergence of threats that were once distinct and today have explosive and destabilizing effects.

Drug trafficking is the cultivation, manufacturing, distribution and sales of prohibited drugs while money laundering is the illegal process of making large amount of money generated by a criminal activity such as drug trafficking.

Drug traffickers have derived ways of launder drug money and the process generally involves three basic stages. The first stage, placement stage which has to do with disposal of the drug proceeds into domestic banks and foreign financial institutions. The second stage is the layering stage, which involves moving funds between multiple financial institutions to hide their source of making money to cover up the audit trail. The third stage is the integration stage and at this stage, a legitimate justification for the funds is produced. This can be done through false invoicing, purchase of financial instruments like stocks or investment in real estate, tourism, and other legitimate businesses.

There are quite number of methods to conceal the large sums of currency that are generated by illicit drug sales. Another method is the structuring method which also has to do with breaking up of large amounts of cash into transactions that amount to less than \$10,000 to avoid currency-reporting requirements. Other laundering methods are also through casinos, wire transfer companies, and smuggling currency out of the United States. Despite numerous laws, treaties, multilateral agreements, and public pronouncements, large-scale trafficking and money laundering continues because the demand is high, profits are enormous, and detection is difficult.

However, the detection of money laundering is impeded by various national laws that protect financial, communication, and data privacy. In a significant number of countries, bank secrecy laws hinder obtaining comprehensive information about financial transactions by prohibiting banking officials from releasing customer information to persons outside the financial institution, or simply by prohibiting access by foreign law enforcement agencies on the grounds of national sovereignty. Additionally, under data protection laws such as the European Union's Data Protection Directive, information may be prohibited from leaving a signatory country if it is being sent to a country with less stringent data protection laws.

Most illicit drugs are grown and processed in poor countries where economic opportunities are scarce, law enforcement is weak, and officials can be bribed or eliminated. The globalization of trade, finance, and communications has made it easier to transport illicit drugs and launder the proceeds and Nigeria

remains one of the major drug transshipment point and a significant center for criminal financial activity.

Individuals, such as internet fraudsters, corrupt officials and businessmen, as well as criminal and terrorist organizations take advantage of the country's location, porous borders, weak laws, corruption, inadequate enforcement, and poor socioeconomic conditions to launder the proceeds of illicit drugs. The proceeds of illicit drugs in Nigeria are derived largely from foreign criminal activity rather than domestic activities. Drug traffickers reportedly use Nigerian financial institutions to conduct currency transactions involving U.S. dollars derived from illicit drugs. Money laundering in Nigeria takes many forms, including: investment in real estate; wire transfers to offshore banks, political party and campaign financing, deposits into foreign bank accounts and bulk cash smuggling.

Parent-Child Intervention Centre (PCIC) as an NGO with focus on Drug and Substance abuse prevention in Nigeria has not only been working with the National Drug Law Enforcement Agency (NDLEA) we are also working in partnership with the Nigerian Economic and Financial Crimes Commission (EFCC). This is because we know that drug trafficking and money laundering will be reduced if demand for illicit drugs is reduced in consumer countries like Nigeria. In the course of our work in Nigeria as an organization, we have also carried out activities in partnership with HEDA Resource Centre in the tracking of illicit financial flows by the Nigerian elites. PCIC and HEDA are working towards training and involving Nigeria University students to also get involved in tracking of the illicit financial flows in Nigeria and we are optimistic that if the Nigerian Government will be more serious in prosecuting the offenders of both drug trafficking and money laundering, there will be reduction in crimes and terrorism funding.

Our Recommendations:

We understand that a wide variety of social factors ensure that drug trafficking and money laundering will continue to thrive for the foreseeable future and money laundering is difficult to detect because of the high volume of banking transactions and because laundered transactions largely resemble legitimate commerce.

And we therefore recommend that domestic and international anti-money-laundering cooperation and regulations be strengthened.

There should be an increase in funding for treatment, prevention, and economic development programs to reduce drug production, sales, consumption, and trafficking.

Thank you!

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