

Money laundering in Dubai: Strategies and future directions

Belaisha Bin Belaisha and Graham Brooks

Introduction

The United Arab Emirates (UAE) is a developing financial centre located in the Persian Gulf. Its economic development, political stability, and business environment has attracted an influx of people and international capital in recent years. However, due to its geographic location and 'liberal' business laws and trade 'relationships' with other Gulf States, east Africa, and south Asia, and its expanding trade with Balkan states, the UAE has the potential to be a major conduit for money laundering (Overman, Redding and Venables, 2003). Furthermore, due to its close proximity to Afghanistan, where most of the world's opium is produced, the UAE is vulnerable to organised crime and terrorism and the narcotics trade. All of these criminal elements are attracted to the UAE financial liberal business environment (Blanchard, 2009, 2009).

Following the September 11 attacks in the United States, however, and amid revelations that money had been moved via the UAE to help fund the attack, the UAE imposed a freeze on the known funds of organisations with links to terrorism, including Al-Barakat, which was then based in Dubai. Since 2001, the UAE, at federal and emirate-level has put in place a far more comprehensive system to prevent and reduce money laundering. Two acts serve as the foundation for anti-money laundering (AML) in the UAE; these are the Anti-Money Laundering Law (2002) and Counter Terrorism Law (2004) (See IMF, 2009). Therefore, since 2002 onwards the UAE has developed procedures, processes and laws to combat money laundering. There has, however, been little or no assessment of these laws, procedures and processes effectiveness in preventing and reducing money laundering in the UAE. It is these issues which this paper addresses.

We therefore review the current practices and strategies employed in the UAE to combat money laundering. This is then followed with the key issues we encountered undertaking research in the financial sector and police in Dubai. The results from our work are then presented. These are broken down into relevant sections reflecting the content obtained in the interviews; these are factors encouraging money laundering in the UAE, know your customer policy, the investigation of cases and arrests and cooperation and information sharing. Finally there is a discussion of the key issues raised by this research.

As Levi noted (1996:3), however, finding an effective regulatory regime for the financial world is problematic. 'The trick of regulation is to minimise the illegitimate exploitation without wrecking economic dynamism'. This is applicable to the UAE as elsewhere.

Anti-money laundering in the UAE

Although the United Arab Emirates has recognised, and is currently responding to, the continued challenges that are posed by increasingly well-resourced and organised international crime networks (Schulte-Bockholt, 2006; Wing Lo, 2010), the rate at which its anti-money laundering systems, and processes are followed remains a challenge both at the strategic and implementation levels. Due to the relative autonomy of individual emirates within the UAE, however, there are different approaches to anti money laundering enforcement. Furthermore, the approach to preventing money laundering in the UAE reflects the official approach often associated with the USA, which is that globalisation has permitted the accumulation of immeasurable sums of illegal money originating in illegal international markets (United Nations 1988; FATF 1990), and that such wealth is now so vast that moving a fraction of it may pose a systemic danger for the strongly interconnected international financial system (Tanzi 1996) and that illegal income is somehow different to legitimate income and thus ‘performs’ in a different way when placed into the officially recognized financial sector (i.e., it forces the official financial system to alter prices, interest and exchange rates, and leads to unfair competition (Tanzi 1996; Steinko, 2012) in legitimate international financial markets. None of these conjectures is, however, yet empirically corroborated. But these conjectures are what Dubai has based its system of prevention on. This research suggests that most of the quantitative and qualitative assumptions on the money laundering are partly, if not, mostly incorrect (see Reuter and Truman 2004; Levi and Reuter, 2006; Steinko, 2012).

Regardless, the UAE established a National Anti-Money Laundering Committee (NAMLC) responsible for coordinating anti-money laundering policy across and within the different emirates. It is chaired by the governor of the Central Bank, with representatives from the Ministries of Interior, Justice, Finance, and Economy; the National Customs Board; the Secretary General of the Municipalities; the Federation of the Chambers of Commerce; and five major banks and money exchange houses; these latter members, however, are allowed access as observers and only when policy is discussed. The penalty for breaking NAMLC regulations ranges from fines to imprisonment on officers, employees and managers of financial institutions that fall short of reporting suspected money laundering. However, the NAMLC is also able to offer immunity from criminal prosecution, civil or administrative action if correct procedures were followed.

Furthermore, the establishment of the Anti-Money Laundering and Suspicious Cases Unit (AMLSCU) in the UAE was aimed at investigating fraud and associated suspicious transactions. Established by the Anti-Money Laundering Act 2002 and designed to enhance the actions of the UAE Central Bank, which aims at supporting international attempts to combat money laundering as well as the financing of terrorism, it is considered as the Financial Intelligence Unit (FIU) of the Central Bank and is charged with examining and coordinating the release of information to law enforcement and judicial bodies – this expected coordination, however, is yet to be achieved (see research section).

The AMLSCU further exchanges information with international FIU and since December 2000, the Central Bank has referred 108 cases to international FIUs. From December 2000 to December 2005, the AMLSCU has received and investigated 3031 suspicious transactions reports (STRs) and from December 2004 to December 2005 alone, the AMLSCU received and investigated 772 STRs. No freeze orders were issued in 2005 based on STR submissions, but from December 2000 to December 2005, the Central Bank has issued 27 freeze orders based on AMLSCU and law enforcement investigations. Twelve of these cases are in process with prosecution

planned for money laundering and confiscation of all illegal proceeds. Since 2000, the Central Bank has frozen (US dollars) \$1,348,381 in 17 different accounts.

However, the problem of preventing money laundering in the UAE is compounded by cash based sectors. Gold and diamonds, especially in the markets in Dubai, are extremely vulnerable to money laundering. Aware of this problem, the UAE has participated in the Kimberley Process Certification Scheme for Rough Diamonds (KPCS) since November 2002. The certification process is under the control of the Dubai Metals and Commodities Center (DMCC), a quasi-governmental organisation that employs four individuals full-time to administer the programme to estimate 50-diamond traders in Dubai

The UAE has also become sensitive to organisations claiming charitable status as well, with fears that these are fronts for terrorist organisation/cells. It therefore change the law that all licensed charities interested in transferring funds overseas must do so via one of three umbrella organizations: the Red Crescent Authority, the Zayed Charitable Foundation, or the Muhammad Bin Rashid Charitable Trust. These three quasi-governmental bodies are in a position to ensure that overseas financial transfers are sent to a legitimate, recognised party. As an additional step, a list of recognised acceptable recipients for UAE charitable assistance is compiled by the state.

Furthermore, the Free Trade Zones (FTZs) and Financial Free Zones (FFZs) in the UAE also compound the problem of anti-money laundering. With 17 FTZ already in operation and plans to establish eleven more, the potential for money laundering is high. Every emirate except Abu Dhabi has at least one functioning FTZ and these zones are monitored at emirate, as opposed to federal-level. However, there are over a hundred multinationals located in these FTZs, with thousands of individual trading organisations. The FTZs permit 100 percent foreign ownership, no import duties, full repatriation of capital and profits, no taxation, and easily obtainable licenses. Those located in the FTZ are treated as offshore or outside the UAE for legal purposes. However, UAE law prohibits the establishments of a shell company and/or trusts, and does not permit non-residents to open bank accounts in the UAE.

In September 2004, the UAE also established its first financial free zone (FFZ), known as the Dubai International Financial Center (DIFC). The FFZs are exempt UAE federal civil and commercial laws. They are still, however, subject to the Anti-Money Laundering and Counter Terrorism Law. The DIFC established an independent regulatory body - the Dubai Financial Services Authority (DFSA), which reports to the office of Dubai Crown Prince and an independent Commercial Court. The DFSA is the only authority responsible for licensing firms providing financial services in the DIFC.

The DFSA has licensed 21 financial institutions and 13 ancillary services within the DIFC. The DFSA's rules prohibit offshore casinos or Internet gaming sites in the UAE, and require all firms to send STR to the AMLSCU (along with a copy to the DFSA). Although firms operating in the DIFC are subject to anti-money laundering laws, the DFSA issued its own anti-money laundering regulations and supervisory regime, creating some ambiguity as to the authority of the Central Bank and AMLSCU within the DIFC.

To prevent and/or reduce the incidence of money laundering is difficult to achieve. However, with predominantly cash-based economy, different emirates competing for business, free trade zones and different supervisor regimes in financial sectors the problem is only multiplied. This is highlighted in the interviews. However, before we present the information discovered by our research a review of the key

issues we encountered trying to obtain this information is needed to explain the context and environment in which the research occurred.

Researching in Dubai: Methodological Issues

Due to the nature of this research a combination of methods were used; a semi-structured interview schedule with 5 sections was designed that focussed on preventing money laundering in Dubai. The 30 respondents interviewed included 10 people working in the financial sector, 10 officials from the AMLSCU and 10 Dubai police officers working in the Anti-Organised Crime Department (AOCD). There was little response from Central Bank of Dubai personnel originally, however, further communication was sent via a personal contact to secure access to potential interviewees. The methods used were therefore a combination of a semi-structured interview schedule and a snowball sample (Mason, 1996; see also Moloney et al, 2009 and Mason and Pulvirenti, 2013) and direct and negotiated access.

The personal contact that helped with the negotiated access worked in the police and has contacts within the financial sector. Access to such people and their social networks and set of contacts (Thomson, 1997) is a delicate matter. This process is based on the assumption that a 'bond' or 'link' exists between the initial sample and point of contact and that others in the same social population, allow a series of referrals to be made within a circle of acquaintances (Berg, 1988; Broadhead and Rist, 1976, Brooks, 2012). Furthermore, in this case one of the researchers was from a similar social and cultural background to those interviewed; this helped secure access under which this research was conducted but also raised some methodological and ethical issues (Farooq and Brooks, 2013). While a snowball sample is to some extent limited, it is, however, often used for those 'hard to reach' research subjects such as 'elites' (Atkinson and Flint, 2001) and it was thought appropriate to approach a personal contact to 'sound out' the possibility of interviewing people employed in the Central Bank, if they were, and thought that other 'colleagues' in this sector were willing to respond to questions on matters of money laundering in Dubai.

This research produced some interesting results and provided some explorative, qualitative and descriptive data. While it is beneficial to have a personal contact as a 'gatekeeper' it can, however, influence the direction and sample of the research in a number of ways; they can limit access and conditions of entry in a social community, limit access to people and data and restrict the scope of analysis (Bulmer, 2003, Brooks, 2012). In this research it was felt appropriate that one of the research team conduct all the interviews, which could be in Arabic and/or English, or a combination of the two, as this researcher is multi-lingual and aware of the cultural roles in this context.

To access key personnel, it was agreed that the interview schedule would be sent to all potential interviewees before an interview could be arranged. While this no doubt affected the interview and the data we obtained, it was necessary to access and interview our respondents. There are, however, problems with this approach; i.e., prepared statements by the respondent, a lack of 'fluid' conversation and an organisational view rather than that of the respondent (Brooks, 2012; Farooq and Brooks, 2013). This approach, however, was necessary as we were informed, particularly by our 'gatekeeper' that no interviews would be forthcoming without showing 'respect' in our respondents positions, and a willingness to be 'open' in our research objectives and 'faith' in our respondents to answer questions honestly.

Once the interview schedule was checked by our respondents it was made clear, however, that the only some of the questions would be answered, as others were of a 'sensitive nature' and they were unable or unwilling to respond to them. None of the interviews were recorded as requested by the respondents; however due to the nature of the work of the people interviewed and some of the legal and commercial interests involved, this was also understandable. Therefore, it was difficult to commit full attention to the interview and some of the more subtle elements of the interviews were lost (Bell, 2005). Rather than assume 'understanding' from the notes some of them were returned to the relevant individual to clarify all elements of the cases mentioned in the interviews were correct.

The UAE has developed rapidly and as such its international legal system and controls are in the process of adjusting to international commerce. Even though laws were passed years ago, it is in the process of developing a clear anti-money laundering strategy putting pressure on the financial sector to implement and tighten controls on the transfer of funds within and across jurisdictions to comply with international laws and conventions the UAE has signed. This process of updating laws and controls, however, is ongoing and in this sense the UAE and Dubai in particular, is no different to other jurisdictions. The context in which the interviews were secured, however, reflected the results below, as anti-money laundering is presently a sensitive political issue in the UAE as some of its geographical neighbours are experiencing social disorder, with suspected flights of capital to a close-by financial safe haven sharing a similar cultural background.

The subsequent five sections from our interview schedule illustrate this current context in which the police and financial institutions 'work' in Dubai and the pending issues in need of attention.

Factors Encouraging Money Laundering in the UAE

The problem with money laundering in the UAE, as expressed by our respondents, is that it is seen as more of an external cause by others – individuals and nations -rather than an internal issue. The factors presently contributing to this is the political instability of the region. While the UAE has remained calm and settled other neighbouring nations have experienced unrest and turmoil. In this context those with legal and/or illegal funds seek a route to transfer money to a stable, and close-by, country that is easy to reach and travel to without the need for a visa.

As one senior executive in the financial sector said *'you know any cross-border transactions incoming and outgoing with Afghanistan, Iraq, some African states and others would raise suspicion. It is very hard for us to decide on the legality of these funds. It is impossible to say if there is no money laundering from other places, which do not have any internal conflicts or what you called them: developed states'*. He further went on to say, and contradict himself, *'we don't have any organised crime here in the UAE. However, the UAE, being one of the important financial centres, has always been on the list of these organised criminals in order to launder their money'*.

There appeared to be a consensus of opinion in the financial sector and AMLSCU officials, however, that 'black money' enters the UAE as a result of two main organised criminal activities: illicit drugs and arms smuggling. It was reluctantly admitted by the police in particular that due to its geographical location and diverse population that *'there are chances that these criminals bring their illegal money to the UAE to launder it through our banking or Hawala system'*.

Preventing money laundering is also an integrity issue, and as one respondent indicated: *'Yes...It is difficult to determine the source of the funds sometimes due to the instability of the country from which they came and lack of proof of the source of the funds'*. This problem, yet again, is not one peculiar to the UAE; it is one that plagues the international financial system (Alldridge, 2008, Levi, 2007, Levi and Reuter, 2006).

The 'Know Your Customer' Policy

All those interviewed were keen to point out that there is no 'hard and fast rule' in spotting money laundering. Each case has to be approached based on the existing evidence available. After all, even if a case of money laundering, it will be unclear at what stage in the process it would be. Therefore, those interviewed were cautious about identifying an account early on as one that had used laundered funds and proceeded with caution. Once a customer has established a 'pattern' it is easier to track a customer's behaviour. Evidence then is both the knowledge and data on customer's interests and the ability to review account information and unusual activity.

This 'real time' assessment of transactions, if used correctly, helps expose some potential frauds. This communication of 'evidence,' however, is also a problem. Due to the established approaches to preventing money laundering substantial information is passed on and processed. Information is coming from computerised notification, personal contacts and external sources etc. The Know Your Customer regime has thus evolved into a set of precautionary measures involving reassessment of client accounts based on a gathering of information for differing sources of credibility (Gill and Taylor, 2002, 2003, 2004).

One respondent described the process of 'knowing your customer' by explaining that *'from our new clients, we ask them to produce a copy of their passport, a driving license, their employment status and the company for which they work, and any other documents that show their name, date of birth, nationality [and so on]. To what extent these documents are real or forged, we don't know, especially in the case of non-UAE documents'*.

It was clearly the case amongst many in the financial sector that procedures were followed more as a 'defensible decision' (Kemshall, 1999) or 'defendable compliance' (Ericson, 2006). One respondent interviewed simply said *'we play by the rules of the game'. I can understand if someone lower down {meaning below executive level} passed everything on as a way to protect his self'. He won't want to be blamed if some piece of information that he did not pass on is found out to be important in a case later on.*

Furthermore, a different respondent in the financial sector suggested that *'some bank managers argue that the competition amongst banks to attract customers has meant that the verification of a client's documents is sometimes not as thorough as it should be...and we can't know the intention of the person who wishes to open a bank account. It could be an ordinary person'*. Some financial managers accepted that the system is not totally free of corruption, in spite of the provisions put in place to ensure that transactions are properly recorded.

Two key important issues further developed from this part of the interview schedule. Due to the vast wealth of some of the people that used the financial sector in

Dubai it was suggested that some transactions were briefly reviewed. This 'light-touch' approach, however, is something that can be levelled at the financial sector elsewhere i.e., Nat West Bank in United Kingdom and lead to money laundering. In addition there was some concern from the police in particular about Political Exposed Persons (PEP). As one respondent said *'we know there are some people that bank here that are involved in illegal activity but some of the banks don't seem to mind.'* This view echoes Gill's and Taylor's (2004) where 'Know Your Customer' rules can have negative implications and alienate established customers.

There are conflicting views then between those representing law enforcement bodies and those in the financial sector; the financial sector tended to play down the level of corruption whilst law enforcement bodies were aware of some corruption but limited in what could be done without the necessary evidence.

Furthermore, requests for information on customers, particularly from policing bodies encountered obstacles. This, however, is not clear if the financial sector was obstructive or disorganised or both in some cases. However, the financial sector was aware of the role that it had to play in identifying potential money laundering, but the procedure for identifying high-risk accounts is an ongoing process, applied to new and existing customers. Any transaction that is not compatible with the economic status of the customer is considered suspicious and is reported by financial institutions to the Central Bank for further investigation. However, there was no indication that the amount of money was a key element in the decision regarding a transaction as suspicious. One respondent made it clear by saying that *'a suspicious transaction has nothing to do with its amount. I know the common sense approach lead us to believe that any big transaction could be suspicious, which is wrong. The criminals are very clever and they know that bank officials will monitor any big transaction'*.

The Investigation of Cases and Arrests

The financial sector respondents felt that they were part of the solution rather than the problem and willingly worked with the criminal justice system, if required. They were keen to also emphasise that it is not in the interests of the financial sector to be party to money laundering. Therefore, the respondents were vociferous in defence of the financial sector, which would be expected, but produced a sound, logical case, that if they had a vested interest, if at all, it was to see banks as honest and trustworthy to attract customers.

It was also suggested that the police needed to do more regarding the 'policing' of money laundering. This was particularly the case when provided with overwhelming information from the banks that suspicious activity had occurred regarding an event. Often it was felt that some type of investigation would be useful, but as was pointed out by one police respondent the 'banks' did not always seem keen to expose corruption in their business and so were vocally supportive but official obstructive. This, though, is similar to other business sectors that discover internal frauds (Cunningham, 2004; Levi, 1987; Brooks et al, 2013).

Furthermore, everyone interviewed agreed on the necessity of contributing to the struggle to prevent money laundering, organised crime and terrorism, however, opinion differed on the 'small-scale' misappropriation of funds with no clear view from either law enforcement or the financial sector. In addition views diverged on the emphasis of punishment and persuasion as part of a regulatory regime (see

Braithwaite, 1990). Law enforcement preferred unsurprisingly punishment to deter future acts whilst those in the financial sector suggested a more light-touch approach to wayward acts and actors. As illustrated elsewhere, getting the right balance is weighed down with practical problems (Braithwaite, 1993, Croall, 1992, Levi, 1987).

Developing a sound case of money laundering, however, is difficult, particularly if a successful arrest is to be made and subsequent conviction. One police officer explained *'first gather information and then continue to build the criminal case based upon your initial investigation. Our job is to start looking for the mistakes they have made to find foolproof evidence; it is not an easy job, honestly'*. The police officers interviewed found it more convenient to focus on the criminal element of the crime, in other words, to ascertain that the suspect has indeed committed the crime. The majority of police officers said that the financial aspect of the money laundering was of less concern to them than the criminality of the act itself.

Thus, whilst accepting the relevance of effective laws to prevent money laundering, many of the officers said that this should be complemented by a better system of criminal investigation in which police officers are trained in, and able to use, more sophisticated methods of criminal and financial investigation. Some of the police officers also mentioned, as a very important hindrance to an effective money laundering investigation, the fact that the Dubai Police do not have access to all financial data and information. As suggested, *'if the Dubai Police is given direct access to the database of STRs and CTRs, it will improve our efforts in fighting organised crime... and money laundering in particular'*. However, many of the respondents said that the transfer of cases from the AMLSCU to the Attorney General and the Public Prosecutor and then onto the police takes far too long for a case to reach its conclusion.

Furthermore, even when knowingly victimised, individuals and organisations fail to report money laundering and other acts. An individual may feel embarrassed and fail to report the crime; an organisation might investigate in-house and decide that it would be best to resolve the matter internally, even though a crime has been committed, to protect its public reputation, rather than open a 'Pandora's box' (Levi, 2002) and expose the level and depth of corruption in their company.

The police respondents recognised, however, that some institutions had considered the problem of money laundering and were trying to 'do something' about it. These organisations, however, appeared to have had little success, and acted 'after the event' rather than prevent it, which is necessary to protect the integrity of business. The problem, however, appears to be one of integrity within some financial institutions as one part of the tripartite structure – legal framework, private financial sector and police - needed to work together to help prevent/reduce money laundering.

When asked 'do you find it easy to discover money laundering, and arrest suspects', an AMLSCU representative suggested that there is *'a general consensus of opinion amongst the bank managers and the AMLSCU officials that money laundering is not an easy crime to detect. Criminals use different tactics in order to hide the true origin of black money'*.

However, the respondents from all sectors interviewed were aware that the UAE is committed to sharing financial information with its overseas partners in order to strengthen mutual cooperation to prevent money laundering and the financing of terrorism. The AMLSCU were particularly aware though, that criminal elements were taking full advantage of the cash-based economy in the UAE to launder money in the region. One respondent made it perfectly clear when they said *'If, for example, a person suddenly becomes rich without having any proper business or employment,*

there is no mechanism in place to ascertain the source of that person's money'. It was further believed that criminals are also taking advantage of the weak immigration control systems increasing the problem of policing a growing illegal population and cash payments and transfers via the Hawala system (Levi, 2010).

Pursued on the matter of how they would arrest someone investigated for money laundering, the police generally agreed on the complex nature of this process. All agreed that money laundering is a different and unique type of crime; it varies from one case to another depending upon the nature of the case. In some cases one respondent said, *'we arrest people on the spot, whereas in other cases we have to search homes, offices [and so on]. In some cases, we do not even manage to arrest the accused person for years. All the officers agreed that, 'generally, cases referred to them via the Customs Authority are easier to handle than cases that have come via the AMLSCU', as suspects in former cases could be arrested immediately at the port of entry.*

The only available information, however from the Dubai police released by the Director of Investigation was from 2002, with 16 cases associated with money laundering reported to relevant authorities. Nonetheless, some of the cases are still pending as they require detailed investigation years after they were discovered.

Cooperation and Information Sharing

It was also suggested by those working for police institutions that the financial sector needed to do more regarding the 'policing' of money laundering. This was particularly the case when provided with overwhelming information from the Anti-Money Laundering Suspicion Cases Unit (AMLSCU) that suspicious activity regarding transactions had occurred regarding an event.

The role of the AMLSCU was made clear from one respondent: *'we receive suspicious cases and we study the situation and if there is any inquiry, we notify the bank. And if it is proved that the transaction is illegitimate, we notify prosecutors and police and establish procedures to prove evidence to the court'*.

This sharing of information and communication is a necessary part of the system of preventing money laundering. All of the respondents interviewed agreed that without 'sound' information and clear channels of communication the UAE leaves itself open to money laundering, particularly from some of its neighbouring cash-based nations and those with a reputation for corruption. A few of the respondents named specific states and some even specific regions of a country as problematic. However, no evidence was forthcoming to substantiate these claims, and as such, it was decided keep such information anonymous rather than speculate on the personal judgement of a few respondents.

This communication, however, is a dual exchange of information. For example, one respondent from the AMLSCU made it clear how important the financial sector is in preventing money laundering. It is not a role the *'police and law enforcement' bodies can achieve unless cooperation is forthcoming*'. As one officer said *'we receive information from the banks because they are the backbone of all business in the state... we also receive suspicious cases from exchange houses, and from public or private enterprises...receiving reports from all financial, commercial and economic development in the state'*.

However, one respondent from AMLSCU said that *'all...operating in the country, whether commercial or industrial...if suspect suspicious transactions must notify the Central Bank of suspicious cases...but they tend to receive information from the private sector once an issue is exposed and gets publicity'*.

These competing views were typical of the interviews where personal experience and contacts made a difference on the question of communication and information sharing. It appears that a system of communication needs to move beyond its informal system of information sharing to one of a more formal and standardise system. There was no concern about the use of technology and the spread of what is referred as to 'soft security', 'dataveillance' or 'surveillance (See Levi and Wall (2004) and Lyon (2006) in either sector, however. This is perhaps because the informal system is part of the cultural context of Dubai. It was made clear, however, that *'this system is not available to everyone'*. There appears to be two present systems running parallel depending on customer; the formal or informal.

One Dubai police officer made his views clear when claiming that *'it is not easy to find evidence in a money laundering case because criminals have thought about the way of hiding money from us. So we need to access to bank records or any financial information but there is too much trouble in the investigation to obtain and swap records'*. Most tellingly *'he added you cannot fight money laundering effectively by introducing laws alone. You need effective implementation of the law'*.

Furthermore, an AMLSCU official said, *'the facts that the police are not trained in the investigation of financial data do not have expertise in understanding banking records. However, they {the banks} would never welcome the police coming to them and asking for their clients' records. It does not give a good impression of the bank'*.

The majority of the interviews ended on a positive note, however, with many saying it is, *'my responsibility to share information or SARs if relevant'. Money laundering as a crime could possibility be used against us (as a country). I believe that sharing of information would help our department and solve and combat money laundering. But we need to give each department chance to do fulfil their objectives in the way that helps investigation to bring the cases to justice'*.

Key Issues: Building Strategies for the Future

As with all research there are limitations to what it achieves. This research is no different. Firstly, interviews are sometimes time consuming as they require careful preparation, such as making the necessary arrangement(s) to visit premises and confirming and keeping appointments and securing the necessary permission (Robson, 1993). Secondly, the main problem encountered in the interviews was that so many of the respondents were busy and had limited time available. This was because many important cases are pending and as such time was limited. The interviews were, however, valuable, and it was important to interview a broad section of people involved in preventing money laundering in Dubai rather than from one agency. The final and perhaps most contentious part of the interviews was interview bias with one of our team a Captain in the Dubai Police. This, however, is a problem for all research which can affect the outcome from access, interview to final data obtained. Whilst this is a problem, this research would not have been possible without one member of the team from a similar cultural background in a position to access the respondents.

There was also the problem of analysis and examination of secondary data such as official crime statistics and cases of money laundering in the UAE, which was limited. This in turn affected the basis for interviews with key personnel in the AMLSCU, AOCD and Central Bank, in order to evaluate to what extent the prevention of money laundering is to be enhanced in the UAE. This included examining whether the current system is 'fit for purpose' in the age of international trade and commerce.

However, the rate/percentage of money laundered is difficult if not impossible to assess. As illustrated by the percentage of money coming from the proceeds of wholesale illegal narcotics trade that actually gets laundered is a multiple of the sum that has been confiscated, and the value of that multiple depends on how efficiently anti-laundering regime confiscates illegal money (Steinko, 2012).

Furthermore, money launderers do not always use the legal banking system. If they do it has been established that they purchase fiscally opaque products, meant to secure future medical coverage and personal pension plans. Only a marginal portion of the financial assets is assigned to speculative financial risk (van Duyne and Levi 2005) in the legal system with laundered money used elsewhere illustrated (i.e., gold market). This research, similar to other research (Steinko, 2012) confirmed that money launders and productive legal financial sector sometimes have very little in common and that launderers prefer to place money in a shell company with no activity to those that are formally capable of developing a regular productive business activity. The problem of competition in legal banking sector was also a concern raised by a few police officers: *'in the search for more money, profits, these banks will not always do what is necessary and tell us what is happening with some accounts.'*

The problem encountered in this research is that most of the secondary data was either withheld for security reasons i.e. ongoing cases or private considerations i.e. protecting integrity of own company, which is understandable or, and this was the most common theme, there is little available data on money laundering in the UAE, which needs to be addressed. What data was obtained was nonetheless still helpful but it is suggested that recording practices need some attention before we can tackle the problem of money laundering from a policy-type-approach to disseminate practice within and across different sectors in the UAE that deal with money laundering. Data, and particularly criminal justice data is, however, open to criticism (Box, 1983, Bulmer, 1984 and Jupp, 1989) and acts of fraud and corruption are difficult to detect (Slapper and Tombs, 1999; Brooks et al 2009, Brooks et al, 2013).

Regardless of this problem, however, some understanding of the level of money laundering – even if an estimate - in a certain domain is important. From this research it would appear that to varying extents and in various ways money laundering could be, but was rarely assessed (both directly and indirectly) for its prevalence at particular moments, as well as over periods of time. It is still doubtful, however, as to what extent assessments reflect the level of money laundering. There is also similar disquiet regarding the effectiveness of anti-money laundering measures due to its multi-dimensional character. In the UAE efforts have been undertaken to prevent and reduce money laundering. There is, however, little official data, as yet, that illustrates that this is happening. This research is a contribution to this 'gap in knowledge' in highlighting the paucity of data that needs to be addressed in the UAE.

However, a lack of official data is not a problem that is specific to the UAE, it is a worldwide problem. Objective 'criminal' data is difficult to obtain, either on a national or international level. One of the problems of drawing on secondary data then is trying to gather international comparison of money laundering with initiatives that

do not take into account the variations that exist in the world of international finance (Brooks et al, 2013). In saying this we hope that this original research is step in the right direction in producing some background to present strategies in preventing money laundering in Dubai.

Furthermore, it was discovered that in Dubai, new forms of exchange found elsewhere in Europe, USA etc. instituting a joint form of surveillance - the financial sector and law enforcement - is hardly developed in Dubai. It was as one respondent said '*work in progress*'. Elsewhere the hybridization of money laundering with public and private sector connections (i.e., police work in financial sector) is also absent in Dubai. Here there is a clear demarcation of roles. However, communication between sectors is on more of an informal, familial basis than official, and personal, familial contacts keep the flow of information going. A respondent did, however, raise the issue that the internationalisation of the financial sector is '*leading to a stage where informal and personal contacts were becoming less important as people from outside {other cultures} were increasingly employed*'.

A telling final difference we discovered is that the homogenisation of procedures such as training, network exchange and the use of information technology were not always so obvious. These procedures were in place but perhaps because of the cultural context and personal, familial networks that are part of 'Dubai life' had not reached the stage of homogenisation highlighted in previous research (Favarel-Garrigues, Godefroy and Lascoumes, 2008). This, however, is something that is changing.

This paper then is a snapshot of current strategies to tackle money laundering in Dubai. Many issues were highlighted with some – sharing information and professional communication – perhaps in need of immediate attention. However, we are aware that legislative and cultural changes are slow regardless of the jurisdiction. There is also a fear that the cultural context and '*way we do it here*' is lost due to globalisation; as a few of our respondents in the police and financial sector in reference to anti-money laundering practices said '*we work in the same industry but different environment*', '*you can't expect everyone around the world to be the same*' and the more vociferous '*the international community* (meaning western interests) is '*not always right*' and '*at times, it is if we are some backward state in need of help*'.

Since money laundering is an international problem working relationships with other jurisdictions is necessary if this crime is to be prevented in anyway.

Conclusion

At the start of this paper it was made clear that the aim was to highlight the problem of preventing money laundering in Dubai. Much has changed in a few decades with some nations located in the Gulf. In the interviews it became apparent that core themes emerged that money laundering was a problem that needed to be dealt with, and that much has, and is now done, to prevent this crime.

This paper offered anonymous employees a chance to express their views regarding money laundering in Dubai. These views are not necessarily representative of all employees or across the sector, but they offer a snap shot of professional views on the prevention of money laundering in Dubai from those working 'on the inside'. In this way these interviews help highlight the present approach and attitude towards preventing money laundering in Dubai, and should be read in-conjunction with other developing research.

References

- Alldrige, P. (2008), 'Money laundering and globalisation', *Journal of Law and Society*, 35/4:437-63.
- Atkinson, R., and Flint, J. (2001), Accessing hard to reach populations: Snowball research strategies, *Social Research Update*, University of Surrey, Issue 33.
- Bell, J. (2005), *Doing your research project*. Open University Press: Maidenhead.
- Berg, S. (1988), 'Snowball sampling', in S. Kotz, and N., L. Johnson, eds., *Encyclopaedia of Statistical Sciences* Vol. 8, pp-528-532.
- Blanchard, C., M. (2009), *Afghanistan: Narcotics and US Policy*. Washington: Congressional Research Service.
- Box, S. (1983), *Power, Crime, and Mystification*. London: Routledge.
- Braithwaite, J. (1990), 'Convergence in Models of Regulatory Strategy', *Current Issues in Criminal Justice*, 2: 59-65.
- Braithwaite, J. (1993), 'Beyond Positivism: Learning from Contextual Integrated Strategies', *Journal of Research in Crime and Delinquency*, 30: 383-99.
- Broadhead, R., S. and Rist, R., C. (1976) 'Gatekeepers and the Social Control of Research', *Social Problems*, 23/3: 325-336.
- Brooks, G. (2012), 'Online gambling and money laundering: 'views from the inside'', *Journal of Money Laundering Control*, 15/3: 304-315.
- Brooks, G., Button, M., and Frimpong, K. (2009) 'Policing fraud in the financial sector, a survey of the FTSE 100 companies in the UK', *International Journal of Police Science and Management*, 11/4: 493-504.
- Brooks, G., Walsh, D., Lewis, C., and Kim, H. (2013), *The Prevention of Corruption: Investigation, Enforcement and Governance*. Basingstoke: Palgrave
- Bulmer, M. (1984), *Sociological Research Methods: An Introduction*. New Jersey: Transactions Press.
- Bulmer, M. (2003), *Sociological Research Methods: An Introduction*. New Jersey: Transactions Press.
- Croall, H. (1992), *White Collar Crime*. Buckingham: Open University Press
- Cunningham, L, A., (2004) 'The Appeals and Limits of Internal Control to Fight Fraud, Terrorism, Other Ills', *Journal of Corporate Law*, 29, 268-300
- Ericson, R. (2006), 'Ten Uncertainties of Risk-Management Approaches to Security', *Revue Canadienne de Criminologie et de Justice Pénale*, 48:345-59
- Farooq, K., and Brooks, G. (2013), Arab fraud and corruption professionals views in the Arabian Gulf, *Journal of Financial Crime*, 20/3:338-347.
- FATF (1990), *Financial Action Task Force on Money Laundering*. Paris: FATF.
- Favarel-Garrigues, G. Godefroy, T., and Lascoumes, P. (2008) Sentinels in the Banking Industry: Private Actors and the Fight against Money Laundering in France. *British Journal of Criminology*, 48/1:1-19
- Gill, M., and Taylor, G. (2002), *Tackling Money Laundering: The Experiences of the UK Financial Sector*. Leicester, The Scarman Centre: The University of Leicester.
- Gill, M., and Taylor, G. (2003), Can Information Technology Help in the Search for Money Laundering? The Views of Financial Companies, in M. Gill, eds., *Managing Security, Crime at Work Series*, Volume 3, Leicester: Perpetuity Press.
- Gill, M., and Taylor, G. (2004), 'Preventing Money Laundering or Obstructing Business? Financial Companies' Perspectives on "Know Your Customer" Procedures, *British Journal of Criminology*, 44: 582 – 94

- International Monetary Fund (2009), *United Arab Emirates: Detailed Assessment Report on Anti-Money Laundering and Combatting the Finance of Terrorism*. Washington: IMF.
- Jupp, V. (1989) *Methods of Criminological Research: Contemporary Social Research*. London: Unwin Hyman.
- Kemshall, H, (1999), 'Risk Assessment and Risk Management: Practice and Policy Implications', *The British Journal of Forensic Practice*, 1/1: 27-36
- Levi, M. (1987), *Regulating Fraud*. London: Tavistock
- Levi, M. (1991) *Customer Confidentiality, Money-Laundering and Police-Bank Relationships: English Law and Practice in a Global Environment*. London: British Police Foundation.
- Levi, M. (1996) 'Money Laundering: Risks and Counter-Measures', in A. Graycar and P. Grabosky., eds., *Money Laundering in the 21st Century: Risks and Countermeasures*. Canberra: Australian Institute of Criminology
- Levi, M. (2002), Money laundering and its regulation, *American Academy of Political Science*, 582/1: 181-194.
- Levi, M. (2007), 'Pecunia non olet? The control of money laundering revisited', in F. Bovenkerk and M. Levi (eds), *The Organised Crime Community*. New York: Springer pp.161-82.
- Levi, M. (2010), 'Combating the Financing of Terrorism: A History and Assessment of the Control of 'Threat Finance'', *British Journal of Criminology*, 50/4: 650-669.
- Levi, M., and Reuter, P. (2006), 'Money laundering, *Crime and Justice: A review of research*', 34:1-90.
- Levi, M., and Wall, D., S. (2004), 'Technologies, Security, and Privacy in Post 9/11 European Information Society', *Journal of Law and Society*, 31: 194 – 220.
- Lyon, D., ed. (2006), *Theorizing Surveillance: The Panopticon and Beyond*. London: Willan Publishing.
- Mason, G. and Pulvirenti, M. (2013), Former Refugees and Community Resilience: 'Papering Over' Domestic Violence, *British Journal of Criminology*, 53/3: 401-418.
- Mason, J. (1996), *Qualitative Researching*. Sage: London
- Moloney, M., MacKenzie, K., Hunt, G. and Joe-Laidler, K. (2009), 'The Path and Promise of Fatherhood for Gang Members', *British Journal of Criminology*, 49/3: 305-325.
- Overman, H., G. Redding, S. and Venables, A. (2003), 'The economic geography of trade, production and income: a survey of empirics', In: Choi, E. Kwan and J Harrigan, eds., *Handbook of International Trade*. 353-387, Massachusetts: Blackwell Publishing.
- Reuter, P., and Truman, E. (2004), *Chasing Dirty Money*. Washington, DC: Institute for International Economics.
- Robson C. (1993), *Real World Research. A Resource for Social Scientists and Practitioner-Researchers*. Oxford: Blackwell Publishers.
- Schulte-Bockholt, A. (2006), *The Politics of Organised Crime and Organised Crime of Politics*, Lanham: Lexington Books,
- Slapper, G., and Tombs, S. (1999) *Corporate Crime*. Harlow: Longman.
- Steinko, A., F. (2012), 'Financial Channels of Money Laundering in Spain', *British Journal of Criminology*, 52/5: 908-931.

- Tanzi, V. (1996), *Money Laundering and the International Financial System*, Working Paper 96/55. Paris: IMF.
- Thomson, S. (1997), Adaptive sampling in behavioural surveys, *NIDA Research Monograph*, 296-319
- United Nations (1988), *United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances*. Vienna: United Nations.
- Van Duyne, P., and Levi, M. (2005), *Drugs and Money: Managing the Drug Trade and Crime – Money in Europe*. London: Routledge.
- Wing Lo., T. (2010), 'Beyond Social Capital: Triad Organized Crime in Hong Kong and China', *British Journal of Criminology*, 50/5:.851-872