

**Federal State Autonomous Educational Institution
for Higher Learning**

**THE NATIONAL RESEARCH UNIVERSITY
HIGHER SCHOOL OF ECONOMICS**

Faculty of Law

Approved at the Academic Council of Master Program
session “Law of International Trade, Finance and
Economic Integration” (Protocol N 4, 30 May 2018)

**INTERNATIONAL LEGAL REGULATION OF COUNTERING MONEY
LAUNDERING AND CORRUPTION
Course Syllabus**

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ETC	3
Contact hours	28
Self-study hours	86
Year of study	2
Format of course learning	Without use of online-course

1. Course Description

a. Title of a Course

International Legal Regulation of Countering Money Laundering and
Corruption

b. Pre-requisites

The Course draws on students’ knowledge acquired during their preceding years of university bachelor degree training in law or other social sciences, as well as skills developed through their prior university studies as necessitated by academic curricula including, specifically, academic skills of critical thinking, critical reading, critical writing and reviewing, proficiency in general English and legal English.

c. Course Type (compulsory, elective, optional)

Elective

d. Abstract

The global system of international legal regulation of combating money laundering and financing of terrorism is barely 30 years old, but about 200 countries in the world now have AML/CFT legislation, which is largely derived from international agreements, such as the UN Conventions of Vienna and Palermo, and the FATF Standards. The common core of AML/CFT measures uses not only the criminal law, but also the regulation of relevant businesses and professions in order to prevent and combat money laundering and financing of terrorism at every stage. Lawyers, working at government agencies, banks, financial institutions, as well as advocates and notaries should have knowledge of international and national legal regulation of combating money laundering and financing of terrorism, understand the role of global regulation and national specifics. Russia is an important part of the international AML/CFT system, member of FATF, EAG, MONEYVAL, Egmont Group.

Due to the efforts of the UN and the OECD the international system of combating corruption was gradually formed. Not only public but also private sector is more and more involved in this process. During the last 10 years Russia has enacted legislation to implement provisions of UN and OECD conventions. Harmonization of AML/CFT and anti-corruption laws and regulations, developing compliance standards and guidance for business sector are important preconditions for cooperation, integration and investment protection in the Eurasian Economic Space.

The main objective of the proposed course is to familiarize students with norms of international law, norms of Russian and foreign legislation in the fields of countering money laundering, terrorist financing and corruption. They will also receive practical skills for implementing AML/CFT and anti-corruption compliance in financial institutions, public and private companies. The target audience is both students of the Master's Program "Law of International Trade, Finance and Economic Integration" and foreign exchange students.

The course is taught in English.

2. Learning Objectives

The course main objectives comprise:

- analyzing general concepts of preventing and combating money laundering, financing of terrorism and corruption;
- study of the main international conventions on countering money laundering and corruption;
- study of the main international standards and guidance on AML/CFT and anti-corruption compliance (OECD, ICC, ISO, FATF)
- enhancing students' skills of application of international and national legal norms in the fields of preventing and combating money laundering and corruption;

- extending skills required for designing and implementing AML/CFT and anti-corruption compliance programs in companies and financial institutions.

3. Learning Outcomes

Students must get knowledge on:

- general international legal norms, standards and guidance on preventing and combating money laundering, financing of terrorism and corruption;
- the role of international organizations and groups: UN, Council of Europe, OECD, FATF, FSRB's, Egmont Group;
- implementation of international legal norms and standards in national laws and judicial practices;
- implementation of AML/CFT and anti-corruption compliance in companies.

Skills and abilities:

- to apply legal norms in the fields of preventing and combating money laundering and corruption;
- to design and implement AML/CFT and anti-corruption compliance programs in companies and financial institutions;
- to conduct due diligence, mitigate the risks of money laundering and corruption, identify suspicious transactions and conduct financial investigations.

Students should gain the following competences:

- ability to work with information (search, evaluate, use information, necessary for fulfillment of academic and professional tasks, from various sources, including application of the systematic approach);
- ability to carry out professional activities in the international environment;
- ability to search, analyze, and work with legally relevant information by using the juridical, comparative and other specific methods,
- ability to describe legal problems and situations in the fields of international legal regulation of countering money laundering and corruption.

4. Course Plan

SUBJECT 1.

Transnational Organized Crime, Corruption and International Terrorism – Global Threats for International Peace and Security

1. Global criminal market.
2. Transnational organized crime.
3. Money laundering: definition, goals and influence on the legal economy.
4. International terrorism.
5. Distinctive features of modern terrorism.
6. International legal framework of combating international terrorism.

7. The problem of responsibility of international terrorist organizations and states.
8. Cyberterrorism as a new challenge for international law.
9. Introduction to the study of corruption.
10. Corruption, transnational organized crime and terrorism.

SUBJECT 2.

Money Laundering: The Main Models and Typologies

1. Main models of money laundering.
2. Definition and main elements of typologies.
3. Three groups of typologies.
4. Research of typologies in FATF and FSRB's.
5. Risk-based approach.
6. Misuse of cash-transactions.
7. Money laundering in insurance sector.
8. Misuse of real estate market.
9. VAT-fraud and money laundering.
10. Laundering of proceeds gained from illegal drug trafficking.
11. Laundering of proceeds gained from corruption offences.
12. Specifics of typologies in the Eurasian region.

SUBJECT 3.

Financing of Terrorism

1. General overview of the financing of terrorism.
2. Typologies of the financing of terrorism.
3. Misuse of non-profit organizations.
4. Alternative remittance systems.
5. Cash-couriers.
6. Regional specifics.

SUBJECT 4.

The International AML/CFT System

1. The Role of UN Convention 1988 in the establishing of international AML/CFT system.
2. Development of international AML/CFT system.
3. Structure of AML/CFT system.
4. The Role of UN-General Assembly and Security Council resolutions in countering money laundering and financing of terrorism.
5. Listing of terrorists and assets freezing.
6. Regional cooperation.

7. Cooperation with private sector. Obligations of financial institutions and designated non-financial businesses and professions.
8. Main problems and perspectives.

SUBJECT 5.

The Financial Action Task Force on Money Laundering (FATF) and FATF-style Regional Bodies

1. Establishing and development of the FATF.
2. Structure of the FATF.
3. The FATF – standards and their impact on national laws.
4. Mutual evaluation process.
5. Non-cooperative countries and territories.
6. Research of typologies.
7. Prohibition of proliferation financing.
8. FATF-style regional bodies.

SUBJECT 6.

Financial Intelligence Unit (FIU). Egmont Group

1. Egmont Group's definition of Financial Intelligence Unit (FIU).
2. FIU in international conventions.
3. Types of FIU.
4. Goals of FIU.
5. Financial investigations.
6. Supervision.
7. Egmont Group and international cooperation.

SUBJECT 7.

Compliance in Financial Institutions and Companies. Organization of AML/CFT Compliance

1. Compliance in companies: current trends and development.
2. Organization of AML/CFT compliance.
3. Identification of customer, representative of customer, beneficiaries and beneficial owners.
4. Risk assessment and mitigation.
5. Reporting obligations.
6. Listing of terrorists.
7. Assets freezing.
8. Rights of financial institutions.
9. Specifics of AML/CFT compliance in various sectors.

SUBJECT 8.
Business Game on Preventing Money Laundering

SUBJECT 9.
International Legal Regulation of Countering Corruption

1. UN conventions against corruption.
2. Regional conventions against corruption.
3. OECD convention.
4. Main directions of countering corruption.
5. OECD Working Group on Bribery.
6. International Anti-Corruption Academy.
7. International standards and guidance.

SUBJECT 10.
Transnational Application of National Anti-Corruption Laws

1. Transnational application of national anti-corruption laws as a current trend in combating corruption.
2. US Foreign Corrupt Practices Act of 1977.
3. UK Bribery Act of 2010.
4. Anti-bribery policies in private sector under UK Bribery Act of 2010.
5. French anti-corruption law.
6. The role of US and UK anti-corruption laws in the global anti-corruption system.

SUBJECT 11.
Legal Regulation of Countering Corruption in the Russian Federation

1. Legal framework of countering corruption in the Russian Federation.
2. Criminal and administrative liability.
3. Obligations of public officials.
4. Declarations of incomes and assets.
5. The role of financial monitoring.
6. Obligations of organizations to prevent corruption.
7. Collective Action initiatives against corruption.

SUBJECT 12.
AML/CFT and Anti-Corruption Compliance

1. Corruption and money laundering.
2. AML/CFT and anti-corruption compliance: two approaches to regulation.

3. Common elements and main differences.

SUBJECT 13.
Anti-Corruption Compliance Management System

1. Ethical and legal framework of anti-corruption compliance.
2. Compliance beyond the law.
3. Designing and implementing anti-corruption compliance program.
4. Anti-corruption compliance management system.
5. Codes of business ethics.
6. Anti-corruption compliance programs.
7. Best practices in anti-corruption compliance.

SUBJECT 14.
Collective Action against Corruption

1. The concept of Collective Action.
2. Types of Collective Action initiatives.
3. Incentives for various stakeholders.
4. Main activities in the framework of Collective Action
5. Monitoring and evaluation.

SUBJECT 15.
Business Game on Preventing Corruption

The role play is based on previously learned materials. The special materials for preparation will be distributed by the lecturer.

5. Reading List

a. Required

1. FATF Report 2018. Professional Money Laundering [Electronic resource]. Available at: <http://www.fatf-gafi.org/media/fatf/documents/Professional-Money-Laundering.pdf>
2. ISO Standard 37001 Anti-bribery management systems – Requirements with guidance for use [Electronic resource]. Available at: https://www.iso.org/files/live/sites/isoorg/files/archive/pdf/en/iso_37001_anti_bribery_mss.pdf
3. Ivanov E. AML/CFT and anti-corruption compliance regulation: two parallel roads? [Electronic resource] // IACA Research Paper Series No. 2/2018 Available at:

http://iaca.int/images/Research/Research_paper_02_Eduard_Ivanov_final.pdf

4. OSCE, 2016. Handbook on Combating Corruption [Electronic resource]. Available at: <https://www.osce.org/secretariat/232761?download=true>
5. Rho H.-K. A Review of Benchmarking Studies on Anti-Corruption Compliance Programmes [Electronic resource] // IACA Research Paper Series No. 1/2018 Available at: https://www.iaca.int/images/Research/Research_paper_01_Han_Kyun_Rho_final.pdf

b. Optional

1. Aiolfi, G. The value and importance of Collective Action, IBA Anti-Corruption Committee Law and Practice Report [Electronic resource]. Available at: https://www.baselgovernance.org/sites/collective.localhost/files/publications/anti-corruption_report_may_2017.pdf
2. Kroll and Ethisphere Institute. The Year of Global Expansion and Enforcement. 2016 Anti-Bribery and Corruption Report [Electronic resource]. Available at: <http://www.employmentlawalliance.com/service-provider-alliance/kroll/Articles/2016-anti-bribery-and-corruption-benchmarking-report>
3. Liability of Legal Persons for Corruption in Eastern Europe and Central Asia. OECD Anti-Corruption Network for Eastern Europe and Central Asia Report 2015 [Electronic resource]. Available at: <https://www.oecd.org/corruption/ACN-Liability-of-Legal-Persons-2015.pdf>
4. Nero, W. Collective Action to tackle corruption [Electronic resource]. Available at: https://www.baselgovernance.org/sites/collective.localhost/files/publications/eb6_baselgovernance_0.p
5. PwC State of Compliance Study 2016. Laying a strategic foundation for strong compliance risk management [Electronic resource]. Available at: <https://www.pwc.com/us/en/risk-assurance/state-of-compliance-study/assets/state-of-compliance-study-2016.pdf>

c. Legal Acts

1. UN Convention for the Suppression of the Financing of Terrorism of 1999 [Electronic resource]. Available at: <http://www.treaties.un.org/doc/db/Terrorism/english-18-11.pdf>
2. UN Convention against Transnational Organized Crime of 2000 [Electronic resource]. Available at: http://www.uncjin.org/Documents/Conventions/dcatoc/final_documents_2/convention_eng.pdf
3. UN Convention against Corruption of 2003 [Electronic resource]. Available at: <http://www.unodc.org/unodc/en/treaties/CAC/>

4. OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 1997 [Electronic resource]. Available at: <http://www.oecd.org/corruption/oecdantibriberyconvention.htm>
5. International standards on combating money laundering, the financing of terrorism and proliferation (the FATF Recommendations) [Electronic resource]. Available at: <http://www.fatfgafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%20%28approved%20February%202012%29%20reprint%20May%202012%20web%20version.pdf>
6. UK Bribery Act of 2010 [Electronic resource]. Available at: <http://www.legislation.gov.uk/ukpga/2010/23/contents>
7. Foreign Corrupt Practices Act of 1977, PL 95-213, Title 1; 91 Stat 1494, Dec 19, 1977 [Electronic resource]. Available at: <http://www.complianceonline.com>
8. Guidance about procedures which relevant commercial organizations can put into place to prevent persons associated with them from bribing (section 9 of the Bribery Act 2010) [Electronic resource]. Available at: <http://www.legislation.gov.uk>
9. Bribery Act 2010: Joint Prosecution Guidance of the Director of the Serious Fraud Office and the Director of Public Prosecutions [Electronic resource]. Available at: <http://www.legislation.gov.uk>

6. Grading System

Self-study control:

- Work at seminars;
- Two business games (disclosure, analysis and legal assessment of money laundering and corruption cases in business sector).

Final control:

- Written exam – graded assessment of the level of acquired knowledge and developed skills during the Course. The exam will include written questions covering syllabus material, i.e. theoretical and practical dimensions (test).

7. Guidelines for Knowledge Assessment

The overall course grade (10-point scale) is calculated as a sum of $G = 0,5 E + 0,2 BG1 + 0,2 BG2 + 0,1 S$

The overall course grade G (10-point scale) includes results achieved by students in their written exam (E), business game 1 (BG1), business game 2 (BG2) and seminars (S); it is rounded up to an integer number of points.

Attendance, active participation and in-class discussion: 10%

Each student is expected to attend all the sessions having read and thought about the assigned material, including the questions and any problems in the text which are assigned, and actively participate in class discussions, ask questions and make analytical comments about the readings. Students may be called at random to answer particular questions.

Business game 1: 20%

Students will be divided into groups. They shall analyze a money laundering case and play various roles (legal advisers, AML/CFT compliance officers, financial investigators). They should demonstrate knowledge of the anti-money laundering laws and regulations and skills of application of legal norms to the practical situation.

Business game 2: 20%

Students will be divided into groups. They shall analyze a corruption case and play various roles (legal advisers, anti-corruption compliance officers, investigators). They should demonstrate knowledge of the anti-corruption laws and regulations and skills of application of legal norms to the practical situation.

Written exam: 50%

Students will write a test consisting of 10 questions.

8. Methods of Instruction

Classes are split into lectures and seminars. The course is based on the method of comparative legal analysis. Students will analyze norms of international law, international standards and guidance, national laws and judicial practices in Russia, USA, UK and other countries. The author also uses interdisciplinary approach. Students will discuss modern studies on terrorism, corruption, and money laundering conducted in legal and political sciences, economics, and criminology. Lectures on compliance will include particular aspects of management. Important role in the course will be played by case-study method based on the experience of law enforcement bodies from various jurisdictions, and compliance departments of multinational companies and financial institutions. Seminars are aimed at combining interactive methods and spontaneous individual and group debates on specified problem areas. The course includes two business games. During the games students will work in groups and apply their knowledge and skills in the practical situations.

9. Special Equipment and Software Support (if required):

Computer/laptop, projector.