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### RESEARCH ARTICLE

#### PENALTIES FOR THE CRIME OF MONEY LAUNDERING IN THE KINGDOM OF SAUDI ARABIA

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#### Abstract

Money laundering is one of the practices harmful to international trade, and it is one of the economic crimes associated with organized crime that has developed with technological development. The crime of money laundering is committed by ordinary and legal persons, Therefore, this research article aims to identify the penalties for the money laundering crime committed by ordinary persons in the Kingdom of Saudi Arabia and the competent court for that. The study followed the descriptive approach and comparative analysis. The most important recommendations are the necessity of allocating a competent court in the Kingdom of Saudi Arabia to consider cases of money laundering crime.

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#### Introduction:-

##### Definition of money laundering:

A set of operations and financial and in-kind transfers of funds derived from illegal sources aimed at changing their illegal character in the legal system and making them legal with the purpose of concealing the sources of criminals' money and transforming them afterwards to appear as legitimate (Al-Omari.2007).

It was defined as: Committing or attempting any act with the intent of concealing the true origin of money acquired contrary to the law and making it appear legitimate (Mahmoud. 2016).

Money laundering is defined in Article (3) of the United Nations Convention against Illicit Traffic in Psychotropic Substances and Narcotics for the year 1988 AD as "the transfer or transfer of funds knowing that they are derived from any crime... or an act of participation in this crime or crimes with the aim of Concealment or disguise of the illegal source.

The United Nations Convention against Transnational Organized Crime, 2002, stated in Article (6), including the following:

Each State Party shall adopt, in accordance with the basic principles of its domestic law, such legislative and other measures as may be necessary to criminalize the following acts: When committed intentionally:

- Transfer or transfer of property, knowing that it is the proceeds of crime, for the purpose of concealing or disguising the illegal source of such property.
- Concealment or disguise of the true nature of the property, its source, location, or how to dispose of it.

The Saudi legislator organized this crime for the first time in 2012, then reorganized it and updated its rules in the Money Laundering Law 2017, which defined it in its first article as

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“Committing or attempting any act with the intention of concealing or disguising the true origin of funds acquired contrary to the law or the system, and making them appear as if they were from a legitimate source.”

When the intent of this behavior is to conceal money, disguise its nature, source, location, owner, or the right holder in it, change its reality, or prevent its discovery or obstruction, it is considered money laundering. The money resulting from this trade in legitimate commercial contracts, such as the purchase of goods and companies, with the aim of severing the link between the money obtained from a crime and its illegal source, in any form of transaction contracts (Basheer. 2015).

The Saudi legislator defined funds as: assets, economic resources, or property of whatever value, type, or method of ownership - whether tangible or intangible, movable or immovable and documents, deeds, documents, transfers and letters of credit, whatever their form; Whether inside or outside the kingdom. This includes electronic or digital systems, bank credits that indicate ownership or interest in them, as well as all types of commercial and financial papers, or any interests, profits or other incomes resulting from these funds.

According to Article 2 of the Saudi Anti-Terrorism and Money Laundering Law 2017

Whoever commits any of the following acts shall be deemed to have committed a money laundering crime:

1. Transferring, transferring or performing any operation of funds, knowing that they are the proceeds of a crime; In order to conceal or disguise the illicit source of such funds, or in order to assist any person involved in the commission of the predicate crime from which the funds were obtained, to evade the consequences of its commission.
2. Acquisition, possession or use of funds, knowing that they are the proceeds of a crime or an illegal source.
3. Concealment or disguise of the nature, source, movement, ownership, location, method of disposal or rights associated with funds, knowing that they are the proceeds of crime.
4. Attempting to commit any of the acts stipulated in Paragraphs (1), (2) and (3) of this Article, or participating in its commission by agreement, providing assistance, abetting, providing advice, guidance, advice, facilitation, collusion, or concealment or conspiracy

It is clear that the Saudi money laundering system considers any sale or purchase of a commodity or service or money or proceeds with the person knowing that it resulted from criminal activity or an illegal or irregular source as a money laundering crime

#### **Punishment for money laundering crime in Saudi law:**

##### **First: the prison:**

- According to Article 26 of the Saudi Money Laundering Law 2017, anyone who commits a money laundering crime stipulated in Article (II) of the system shall be punished; Imprisonment for a period of no less than two years and not exceeding ten years, or a fine not exceeding five million riyals, or both.
- According to Article 27 of the Saudi Money Laundering Law 2017, anyone who commits a money laundering crime - stipulated in Article (II) of the system - shall be punished with imprisonment for a period of no less than three years and not exceeding fifteen years, or a fine not exceeding seven million riyals, or with both penalties; If the crime is associated with any of the following:
  - 1- It was committed by an organized criminal group.
  - 2- Use of violence or weapons.
  - 3- Its connection with a public position occupied by the offender, or its commission by abusing power or influence.
  - 4- Human trafficking.
  - 5- Exploitation of a minor and the like.
  - 6- Committing it through a correctional, charitable or educational institution or in a social service facility.
  - 7- Issuance of any previous local or foreign judgment convicting the offender.

The Saudi regime punished the crime of money laundering with imprisonment and a fine or with both. As for the other bona fide contractor who does not know the source of this money, there is no penalty for him with the judgment confiscating the funds and tracking them in any foreign country

The United Nations Convention against Transnational Organized Crime of 2002 specifies measures to combat money crimes in Article (7) of it by establishing a comprehensive internal system for the oversight of banks and

financial and non-financial institutions, including legal persons that provide regular or irregular services in the field of money transfer. ... It is in agreement with the United Nations Convention against Corruption of 2003 in establishing an internal system for oversight. This is what the Saudi regime went to in the money laundering system for the year 2017 by establishing the Financial Intelligence Unit that is affiliated with the Ministry of Interior

Since most of the contracts for international commercial transactions are done through banks. It was necessary to verify the true identity of the permanent customers of banking and financial institutions and transients, and to keep a copy of the documents related to all operations and copies of the official documents of the identity of the dealers .with obligating banking and financial institutions not to give statements that are not true, the rest mislead the administrative or judicial authorities (Abdul Karim. 2007).

The Saudi law to combat the crime of money laundering decided to deport the foreigner who committed the crime, while preventing the citizen from leaving Saudi Arabia. This is evident in the text of Article (28) of the system, which decided the following:

- A Saudi who is sentenced to imprisonment for a money laundering crime shall be prevented from traveling outside the Kingdom for a period similar to the period of imprisonment for which he is sentenced.
- A non-Saudi who has been convicted of a money laundering crime shall be expelled from the Kingdom after the execution of the sentence imposed on him, and he shall not be allowed to return to it

**Second, the penalty for confiscation:**

The Saudi legislator decided the penalty for confiscating funds used in money laundering in the event the accused are convicted in accordance with Article 30 of the system, which stipulates the following:

Without prejudice to the rights of bona fide third parties, the following shall be confiscated by a court ruling in the event of conviction of a money laundering crime or a predicate crime:

- A- Laundered money.
- b- Proceeds. If it is mixed with money acquired from legitimate sources, then the equivalent of its estimated value shall be confiscated.
- C- the media.
- b -The competent court shall rule for the confiscation of funds related to a money laundering crime regardless of whether it is in the possession or ownership of the perpetrator or another party. It may not be confiscated when the owner proves that he obtained it for a fair price or in return for providing a service commensurate with its value or obtained it on the basis of other legitimate reasons and that he was ignorant of its illegal source.

**Publication of the ruling in the daily newspapers:**

After the judgment has acquired final status, the criminal court may publish its summary in the daily newspapers at the expense of the person convicted in the crime of money laundering Article (32) of the system

The court competent to consider the crime of money laundering is the Criminal Court.

A department has been established in the Kingdom of Saudi Arabia to combat money laundering in order to protect the financial stability in the Kingdom and to monitor all suspicious operations. One of the most important tasks and responsibilities of that department:

Follow-up and study international and regulatory practices and standards related to the commitment to combat money laundering and terrorist financing.

Cooperating with other competent authorities in local discussions related to compliance policies and combating money laundering and terrorist financing.

Follow-up on issues that require joint cooperation between all parties and organizations with regard to combating money laundering and terrorist financing

**Conclusion:-**

The research article dealt with the penalties for money laundering crime in the Kingdom of Saudi Arabia: imprisonment and confiscation of crime funds, with deportation of the foreigner. The study reached a number of

results: that Saudi law applies strict penalties to combat crime, and the study recommends the necessity of allocating a specialized court in the Kingdom of Saudi Arabia to consider cases of money laundering crime. While encouraging research in the field of combating money laundering crime, due to the lack of studies that research this crime in all its legal and economic dimensions, with a focus on Arab conferences that support such research.

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