The Law No. 106 of 30/11/2018 defines a Beneficial Owner as “any natural person, who actually and ultimately owns or controls, directly or indirectly, an activity implemented by any natural person or legal entity on the Lebanese territory, regardless of his place of residence”.

Article 5 of Law No.318 /2001 on fighting money laundering requires:

Financial institutions to identify their permanent clients and the beneficial owners of the accounts, in addition to conducting an identity verification process of transient clients when the value of the operation exceeds a certain threshold.
1. "Placement stage: Where cash derived directly from criminal activity (for example, from sales of drugs) is first placed either in a financial institution or used to purchase an asset."

2. "Layering stage: The stage at which there is the first attempt at concealment or disguise of the source of the ownership of the funds."

3. "Integration stage: The stage at which the money is integrated into the legitimate economic and financial system and is assimilated with all other assets in the system."

The three steps of the money laundering process:
Accountants and auditors should perform a Risk Assessment on their clients to identify any financial crimes.

Risk Assessment is affected by several variables, the below is a non-exhaustive list of these variables:

1. Nature of the client: Beneficial owner, Legal person, Legal entity;
2. Nature of the structure of the company: Institution, Company, Corporation…;
3. Type of service provided to the client: advising, taxing, accounting, financial management;
4. The country of operation;
5. Type of transactions and financial operations performed by the client: cash, bank transfers, electronic payments…;
6. Types of currencies used: foreign currencies, payments in kind, electronic currencies…;
7. Types of clients: ordinary or Politically Exposed Person (PEP).
Money laundering examples

There are several ways to launder money, the list below provides examples of the most encountered ways.

1. Cash-based Business:
   Among the most common ways used internationally is the establishment of a Cash-based Business. The business would only accept cash payments in relatively small amounts that will constitute a significant sum at the end of the month. Launderers will then inflate their monthly receipts by a non-noticeable margin and will deposit the money with a bank after mixing it with illegal cash, an operation financially called “blending of funds”.
   Most common examples of cash-based businesses used in this field are hotels, nightclubs, retail shops, restaurants, camping sites, café, amusement parks...

2. Smurfing:
   Smurfing is also a great refuge for launderers, it is the act of fracturing a huge amount of cash into small amounts which will usually be below the customer identification threshold.
   This amount is deposited into different accounts in different banks, it might also be done by different people or in different countries, this way money will be hard to spot or locate.

3. Shell Companies:
   Using Shell Companies, money launderers assimilate their dirty money into the system. These legal entities are registered companies that do not own any significant assets and have no registered operations of significant amounts of money.
   Launderers use Shell Companies for selling services that are usually paid in cash that will be deposited later in the company’s bank account.
Money laundering examples

There are several ways to launder money, the list below provides examples of the most encountered ways.

4 Trusts and Bearer Shares:

Launderers use financial instruments such as Trusts and Bearer Shares to launder money. A trust is a fiduciary arrangement by which the first party or beneficiary allows a third party, or trustee, to hold assets on their behalf. A Bearer Share is an equity security that is completely owned by the entity or person who physically possesses the stock certificate. The company of issue does not have the name of the holder registered; the bearer will receive their dividends when the physical coupon is presented to the firm and the transfer of ownership of the stock is done physically through passing the document. Because of the vague ownership and the absence of registrations, these financial means are widely used in money laundering.

5 Cryptocurrencies:

One of the most recent ways used in money laundering has emerged in the past 10 years, through the use of Cryptocurrencies. The secret behind its wide success as a money laundering instrument is the fact that cryptocurrencies are traded peer to peer. This feature is not available in other currencies that are governed by third-party organizations such as governments, and financial administrations that have strict rules and regulations governing them, in other words, it operates outside the international financial system.