

## Markets

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### Report: China Uncovers Money Laundering

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SHANGHAI, China — Chinese authorities have found seven big underground banks involved in money laundering cases worth more than 14 billion yuan (US\$1.75 billion; euro1.3 billion), the official Xinhua News Agency said Tuesday.

Police arrested 44 people suspected of involvement in the underground banks, found in Shanghai, Guangdong, Inner Mongolia, Liaoning and Heilongjiang, Xinhua cited Han Hao, an economic crime investigator with the Ministry of Public Security, as saying.

China has sought to crack down on illicit financial activities, seeking to reinforce the stability of its developing financial systems and to prevent possible involvement in terrorist financing. Suspected links between China and international drug trafficking syndicates have added urgency to the issue.

"The fight against money laundering will help control other crimes closely connected with it, such as organized crimes, drug trafficking, terrorist activities, smuggling, corruption and fraud," Han was quoted as saying.

The biggest case so far, reported earlier this month, involved a money laundering operation operated by a Singaporean in Shanghai, suspected of handling 5 billion yuan (US\$630 million; euro481 million).

That underground bank was offering transfers, foreign exchange and other banking services between Singapore and 25 major Chinese cities, Han said.

In the course of investigations, authorities have seized or frozen accounts worth 58 million yuan (US\$7.4 million; euro5.6 million), he said.

According to state media reports, that case was discovered amid a probe into falsified business registrations by the central bank and other government agencies.

The national legislature recently enacted the country's first anti-money laundering law, giving the central bank greater investigative power. One of the biggest changes was to include bribery in the list of crimes covered — a crucial step given the corruption that pervades many aspects of Chinese life.

The law, which takes effect Jan. 1, widens the scope of monitoring to include insurance and securities firms, law firms, accounting companies and other businesses, including real estate companies and auction houses.

Banks and other companies are required to keep a data base of clients' background information and to report large and suspicious transactions.

The government's China Anti-Money Laundering Monitoring and Analysis Center reported 683 suspicious cases involving the equivalent of US\$18.6 billion had been handed to police by the end of 2005. More recent figures were not available.



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