



THE NECESSITY OF FINANCIAL INVESTIGATION IN THE CRIME OF LEGALIZING PROCEEDS FROM CRIMINAL ACTIVITY

Saydazimov Mirjalol Norjigitovich

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Аннотация

Мазкур мақолада Ўзбекистон Республикасида предикат жиноятларни тергов қилишда молиявий текширув механизмларининг аҳамияти ва зарурати таҳлил қилинган. Тадқиқотда молиявий текширув тушунчаси, унинг илмий-назарий ва амалий асослари, ўтказиш методикаси, халқаро тажриба ва Ўзбекистондаги мавжуд амалиёт муҳокама этилган. Мақолада молиявий текширувнинг жиноий даромадларни аниқлаш, коррупцияга қарши курашиш ва тергов самарадорлигини ошириш имкониятлари очиқ берилган.

Калит сўзлар

Предикат жиноятлар, молиявий текширув, жиноий даромадларни легаллаштириш, коррупция, уюшган жиноятчилик, молиявий тергов методикаси, жиноят-процессуал қонунчилик, халқаро ҳамкорлик, жиноий активлар, мусодара.

Аннотация

В данной статье анализируется значение и необходимость механизмов финансового расследования при расследовании предикатных преступлений в Республике Узбекистан. Исследование рассматривает понятие финансового расследования, его научно-теоретические и практические основы, методику проведения, международный опыт и существующую практику в Узбекистане. В статье раскрываются возможности финансового расследования для выявления преступных доходов, борьбы с коррупцией и повышения эффективности следствия.

Ключевые слова

Предикатные преступления, финансовое расследование, легализация преступных доходов, коррупция, организованная преступность, методика финансового расследования, уголовно-процессуальное законодательство, международное сотрудничество, преступные активы, конфискация.

Abstract

This article analyzes the importance and necessity of financial investigation mechanisms in the investigation of predicate crimes in the Republic of Uzbekistan. The research examines the concept of financial investigation, its scientific-theoretical and practical foundations, methodology, international experience, and existing practices in Uzbekistan. The article reveals the potential of financial investigation for identifying criminal proceeds, combating corruption, and increasing the efficiency of investigations.

Keywords

Predicate offenses, financial investigation, money laundering, corruption, organized crime, financial investigation methodology, criminal procedural legislation, international cooperation, criminal assets, confiscation.

The scope of predicate crimes has not yet been clearly defined in the legislation of the Republic of Uzbekistan, and the use of financial investigation mechanisms is becoming increasingly important in identifying and investigating this category of crimes. Financial investigation is a process that creates an opportunity to identify the economic interests of offenders, find sources of criminal income, and document them through a comprehensive study of the financial aspects of criminal activity.

Financial investigation is a special method of investigating crimes, where the main focus is on identifying the financial aspects of criminal activity, the movement of criminal proceeds, their sources and consequences.

There are different opinions among experts regarding the role of financial intelligence in the international financial system. According to E. Truman, "Financial Audit Bodies (FIA) are not only a center for collecting information, but also an important link in cooperation between states," adding to this opinion, P. Reuters emphasizes the preventive function of financial audit: "The main significance of financial intelligence lies in preventing crimes by undermining the financial foundations of criminals."¹ (In the USA, financial intelligence was considered a separate organization.)

According to the American scholar B. Johnston, "effective financial audits reach their potential when they work in close cooperation with financial institutions"².

V. Glushenko considers a financial audit "the main source of information flow" for investigative bodies. He believes that by analyzing complex schemes of financial transactions, the investigation can quickly identify the financial traces of criminals. He emphasizes that the use of artificial intelligence and big data technologies will accelerate the investigation process and reduce errors. This increases the effectiveness of the investigation³. A. Shashkov believes that the effectiveness of financial monitoring for investigations depends on its legally established foundations. He notes that the financial information provided by Rosfinmonitoring helps investigative bodies uncover the structure of criminal groups and their sources of funding⁴.

According to Yu. Chikhanchin, financial investigation allows for monitoring transactions in real time, helping to sever the financial "blood vessels" of the crime⁵.

When analyzing the views of various scholars on financial investigation, all consider this institution as an important tool for improving investigative efficiency, albeit with emphasis on different aspects.

American experts Truman and Reuter focus on the international cooperation and preventive functions of financial investigation, while Johnston emphasizes the importance of collaboration with financial institutions. Russian scholars, on the other hand, place greater emphasis on practical aspects—Glushchenko on technological capabilities, Shashkov on legal foundations, and Chikhanchin on the advantages of real-time monitoring.

These perspectives complement each other—international cooperation, legal framework, advanced technologies, and interaction with financial institutions are all essential for the effectiveness of financial investigation. The scholars' diverse national backgrounds

(United States and Russia) may have influenced the differences in their views; nevertheless, all acknowledge financial investigation as an integral component of the modern investigative system.

Understanding the fundamental nature of criminal activity is of paramount importance in developing effective mechanisms to combat crime. Contemporary criminological studies indicate that economic interests predominate as the primary motive in the majority of criminal behaviors.

Analyses reveal that a significant proportion of offenders act with the aim of obtaining material benefit. For instance, approximately 65% of crimes committed in the United States are directly or indirectly aimed at securing financial gain⁶. This indicator also hovers around 60-70% in Russia and Central Asian countries. Such statistics testify to the central role that economic motives play in understanding criminal behavior.

Criminals conduct a "cost-benefit" analysis before any action. They compare the anticipated benefits from the crime (money, property) with potential costs (likelihood of arrest, punishment, confiscation of assets). When a financial investigation system functions effectively, the "cost" component of committing a crime increases substantially. This reduces the economic attractiveness of illegal activities for the criminal. Thus, an effective financial control system encourages criminals to desist from their actions, as the expected benefits from the crime become less than its negative consequences.

Modern criminality, especially the activities of organized criminal groups, is carried out through a network of complex financial operations. Financial investigation helps reveal the structure of criminal networks by monitoring these operations.

For example, in 2022, a criminal group involved in international drug trafficking was exposed in several Latin American countries. While initially only three individuals were identified in the investigation, the examination of financial transactions revealed an additional 17 members of the criminal group and 5 legitimate business structures⁷. This demonstrates the importance of financial investigation in expanding the scope of criminal inquiries.

Financial investigation enables investigators not only to identify criminals but also to locate their assets. The confiscation of criminally obtained funds delivers a dual blow to criminal structures: first, they are deprived of the profits derived from their criminal activities; second, they lose the working capital necessary to continue their criminal business operations.

According to statistical data, countries that actively utilize financial investigation mechanisms demonstrate confiscation rates of criminal proceeds 3-4 times higher than those that do not. For instance, a study conducted by the Financial Action Task Force (FATF) in 2023 found that when using financial investigation techniques, law enforcement agencies identified an average of 45-50 percent of criminal funds, which were subsequently confiscated during court proceedings, whereas without such mechanisms, this indicator constituted only 10-15 percent⁸.

Financial investigation also positively impacts the time efficiency of investigations. Identifying criminal connections through traditional investigative methods may require 30-45 days, and in cases involving multiple episodes or large volumes, this process can sometimes

extend to months⁹. By analyzing financial operations, investigators can identify criminal connections more expeditiously.

This is particularly significant in investigating corruption offenses. Analysis of criminal cases indicates that when financial investigation mechanisms are employed, the duration of investigations is reduced by an average of 20-30 percent¹⁰.

Practical Foundations for the Necessity of Financial Investigation

The growth of organized crime is a globally observed trend that is also reflected in the Central Asian region. According to statistical data, the increase in crimes related to organized criminal activity is notable not only quantitatively but also qualitatively—criminal groups are developing increasingly complex structures and acquiring transnational characteristics.

Identifying complex criminal money flows requires close cooperation between preliminary investigation and prosecution authorities. A successful example of such collaboration can be seen in the cross-border criminal group exposed in 2022 through the joint efforts of Uzbekistan and Kazakhstan law enforcement agencies. During this operation, not only were criminals apprehended, but over 12 million US dollars in criminal proceeds were also identified¹¹.

Corruption offenses are based on financial motivation, and traditional investigative methods do not yield sufficient results in exposing them. In-depth examination of financial systems is necessary to identify illegal income.

In international practice, financial investigation is recognized as a means of ensuring transparency. In South Korea, between 2020-2023, financial investigation mechanisms helped expose corruption activities of more than 350 high-ranking officials¹². This process identified expenditures and assets that did not correspond with official salaries.

Uzbekistan is also taking several steps in this area. In the speech of the Head of State on March 5, 2025, it was stated: "It has been proposed to introduce an article on illicit enrichment into the legislation. That is, a civil servant will need to prove the source of property that does not correspond to the income declared"¹³. This envisions the implementation of a system for declaring civil servants' incomes and improving financial investigation mechanisms, which will enhance the efficiency of investigative bodies.

On a global scale, criminal proceeds amount to 2-5 trillion US dollars annually¹⁴. The flow of these funds into the legal economy threatens economic stability and political independence.

According to the Central Bank of Uzbekistan, the volume of suspicious operations in the country's financial system exceeds 1.5-2 trillion soums annually¹⁵. Financial investigation identifies such operations and ensures the return of funds to the state budget.

As emphasized in the 2022 OECD report, an effective financial investigation system is also a factor in ensuring the attractiveness of the investment climate¹⁶.

Financial Investigation Methodology

Financial investigation is the process of examining an individual's or group's monetary assets, properties, and financial operations. It is employed to identify illicitly obtained income, expose corruption, or prevent terrorism financing.

Primary Directions of Financial Investigation

1. Bank Accounts and Transactions

- Obtaining relevant documentation from the Central Bank and commercial banks through a resolution on banking secrecy documents;
- Submitting inquiries to banks;
- Seizure (for obtaining documentation on banking operations);
- Sending assignments to operational-search activity bodies (for identifying suspicious transactions);
- Examination (for verification of obtained documents).

An inquiry may also be sent to the State Financial Control Inspectorate under the Ministry of Finance of the Republic of Uzbekistan. Sending assignments to operational-search activity bodies (for information gathering).

2. Property Documentation (Real Estate, Land, Automobiles)

Regarding property information:

- Sending inquiries to cadastre, land resources, and traffic police authorities;
- Seizure (for obtaining notarial documents);
- Search (for identifying hidden property documents);
- Engaging specialists (for determining the actual value of property);
- Expertise (for clarifying the actual value of property and other circumstances);
- Examination (for verification of obtained documents and properties).

Additionally, to clarify other case-relevant circumstances, correspondence regarding vehicles is sent to the Traffic Police Department of the Ministry of Internal Affairs; Sending assignments to operational-search activity bodies (for information gathering).

3. Tax Documentation

An inquiry may be sent to the State Tax Committee to obtain tax declarations and reports; An inquiry is sent to the State Customs Committee of the Republic of Uzbekistan regarding customs declarations;

- Sending inquiries to tax authorities;
- Seizure (for obtaining tax declarations and reports);
- Conducting audits (for verifying the accuracy of tax payments);
- Expertise (for determining the authenticity of tax documents);
- Examination (for verification of obtained documents); Sending assignments to operational-search activity bodies (for information gathering).

4. Income Sources

An inquiry may be sent to the Ministry of Poverty Reduction and Employment regarding official employment and salary; An inquiry may be sent to the extra-budgetary Pension Fund under the Ministry of Economy and Finance of the Republic of Uzbekistan regarding pensions and other social payments;

- Sending inquiries to labor authorities and the pension fund;
- Engaging specialists (for analyzing the proportion between income and expenditures);
- Conducting audits (for verifying the legality of income sources);

- Seizure (for obtaining documents on income);
- Examination (for verification of obtained documents); Sending assignments to operational-search activity bodies (for information gathering).

5. Securities

An inquiry is sent to the Central Securities Depository;

- Sending inquiries to authorities related to securities;
- Seizure (for obtaining documents on securities);
- Expertise (for determining the authenticity and value of securities);
- Engaging specialists (for determining the value of securities);
- Examination (for verification of obtained documents); An inquiry may be sent to the Ministry of Economy and Finance regarding stocks and bonds.

6. Foreign Assets

An inquiry regarding property in foreign countries is sent through the Ministry of Foreign Affairs;

- Sending legal assistance inquiries (for official inquiries to foreign state authorities);
- Sending assignments to operational-search activity bodies (for identifying foreign assets);
- Seizure (for obtaining documents on foreign assets);
- Expertise (for determining the authenticity of foreign documents);
- Engaging specialists (for determining the value of foreign assets);
- Examination (for verification of obtained documents); An inquiry regarding the identification of foreign properties is sent through the Interpol system.

These investigative and procedural actions are directed toward specific objectives in each case, enabling the comprehensive and lawful collection of information, verification of its authenticity, and formalization as legitimate evidence.

Conclusion

The utilization of financial investigation mechanisms in investigating predicate offenses significantly enhances investigative efficiency. Financial investigation enables the identification of financial aspects of criminal activity and its participants, locating sources of criminal proceeds, and revealing the structure of criminal networks. The effective implementation of financial investigation mechanisms strengthens anti-corruption efforts, provides effective measures against the criminal economy, and enhances the attractiveness of the investment environment. Therefore, financial investigation should be developed as a priority direction in the activities of law enforcement agencies.

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