

China punishes 12 financial institutions for money laundering

The People's Bank of China punished 12 financial institutions involved in money laundering in the first half of this year with fines totaling 2.25 million yuan (328,654 U.S. dollars), the central bank revealed late Friday.

"We have checked a total of 1,084 financial organizations, which include 907 banking institutions, 71 securities and futures institutions and 106 insurance institutions," said head of the bank's anti-money laundering bureau, Tang Xu.

Tang would not name any of these organizations but did say he has seen more money flowing in and out of underground private banks through questionable dealings in recent years.

Those banks make illegal transactions by collecting idle capital and then promising high interest rates. They then lend money at even higher interest rates to reap profits.

"This illegal foreign currency dealing, money laundering, money lending at high interest and illegal fund raising has disturbed the country's economic stability," Tang said.

The central bank branches and foreign exchange regulators have helped police crack 42 money laundering cases involving about 84.4 billion yuan since last September.

China initiated anti-money laundering checks in the banking sector. The country set up an anti-money-laundering bureau in the central bank in 2003 and passed its first anti-money-laundering law in 2006.

Financial institutions violating the law could be fined as much as five million yuan. Co-conspirators face fines of up to 500,000 yuan.

Tang said China will strengthen anti-money-laundering checks in securities and insurance sectors as criminals began to shift their focus.

Source: Xinhua
