



Shell Companies - White Collars Mafia

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Abstract: Money laundering is a topical issue, as it concerns both society as a whole, in terms of the public interest, and the individual, in terms of private interest. Money laundering, according to various established definitions, is a criminal way of making a profit from activities specific to the underground economy for which one wants to hide the forms and sources through which they take place. The forms, tools, ways and/ or techniques of money laundering know a variety of typologies, which adapt and modernize as they are discovered, analyzed and countered by the bodies and institutions empowered to eradicate them. One tool or means of money laundering, which can be said to be a prerogative of white-collar workers, is the use of "shell" companies, which are registered and operate legally, have no assets and no activity, only real financial assets. being an intermediary in the money-hiding circuit. These companies are professional organizations, acting in collusion with other commercial or non-commercial entities, banking or non-banking, financial or non-financial, the list being long and varied, intermediaries that also have apparent legality, usually internationally, in countries with jurisdictions. which can hardly be combated.

Keywords: apparent legality; banking; intermediary; jurisdiction; money laundering; shell companies; underground economy; white collar

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1. Introduction

In the current stage of globalization, including economic, money laundering in a modern way tends to follow the same trend of internationalization because the transfer of money through and between various foreign currencies and through as

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many transactions in different jurisdictions is one of the most effective ways to hide money. their.

The expansion of digitalization and in the monetary field transposed by the appearance of virtual currencies, amplifies the process of dematerialization of money and implicitly the real-time circulation of capital, slowing down the action of well-intentioned authorities to identify and counteract the effects of money laundering.

Comparing this money laundering phenomenon over time, it is totally different today from 1920, when Al Capone and his evasive acolytes, for money laundering, opened several legally active laundries in Chicago, where money circulated only in Chicago. liquid form.

Over the years, this laundering process has undergone various modern forms according to the means and methods used, of which the tax havens, the casino, bearer shares, non-profit organizations, shell companies and many others are illustrative.

Regarding shell companies, the question is what are they and how can they influence the underground economy?

To understand this paradigm we must start from the fact that the rich of the planet, intoxicated by the power of money and their specific desire to have as many as possible, try to multiply them by avoiding the payment of tax obligations, turning to lawyers, accountants, financiers reputation, etc., in most cases with the complicity of government officials at various levels of decision-making.

2. Data Analysis. Theoretical Fundamentals

Starting from this desideratum stated above and as it simply results from this phrase, shell companies are registered and legally operating entities, do not own assets and have no activity, hold only financial assets, in reality being intermediaries in the circuit of hiding money . Hence the completion of the name with the word shell (shell) which defines the fact that they are hollow inside, without intrinsic economic substance.

Shell companies are usually found in poor, underdeveloped countries and in tax havens, behind them hiding businessmen, arms dealers, live meat, politicians, dictators and other categories of the wealthy class or in cahoots with them.

They are professional organizations represented by commercial or non-commercial entities, banking or non-banking, financial or non-financial, the list being long and varied, a kind of intermediaries acting in coexistence with apparent legality, usually at international level, in countries with different jurisdictions. can hardly be combated.

The characteristics of a shell company are the following:

- it is registered from a commercial point of view according to the legislation of the location/ state where it is established;
- the registered office is rented, or it is to the lawyer/ agent who took care of its establishment;
- in principle it is established in offshore areas or states/ areas subject to banking secrecy and/ or in areas where not much information about its owner is required;
- sometimes there are screen shareholders, elected by lawyers/ agents specialized in such operations;
- usually has a bank account, opened with its own or recommended bank;
- it is registered/ registered from the fiscal point of view at the fiscal authority, having total transparency;
- keeps the accounting up to date according to the accounting regulations applied to the respective location/ state;
- all tax returns are submitted within the legal deadlines, in accordance with the normal procedures;
- contracts loans to own or recommended banks;
- pays up to date all its tax obligations;
- has very few employees, whom he changes periodically;
- it does not have important assets, only those strictly necessary, in principle only the calculation technique;
- is part of the category of closed companies, it is not traded on the capital market. However, there are situations when, in conjunction with the authorities and institutions concerned, for the sake of legality, they can also be traded on the capital market.
- it operates for a limited period of time considered optimal in order not to be detected operatively by the authorities concerned;
- in many cases they are interconnected with other shell companies in the world to make it as impossible as possible to reconstruct the money laundering route.

From the above described an important role is played by the lawyer/ specialist who deals with the establishment of the company and administrative matters, because not future owners in reality are not involved at all in these companies, they have a figurative role.

So being a prerogative of the rich, they are made, according to the Romanian, with the help of those with book science, or euphemistically speaking of white-collar

workers, lawyers, notaries, accountants, financiers, who can very effectively disguise the apparent legality.

A good lawyer and accountant is a way to hide in the wide world, through legal means, benefiting from weak or intentionally left ineffective links of the regulatory chain of operation of companies with the help of the governors of those places where they are registered.

Huge industries of specialists in the legal concealment of income and wealth have been created in the world, real armies of lawyers and experts, very well paid and with connections in all spheres of political, economic, financial, etc. decision-making, globally.

At the international level, there are already agents or agencies for setting up such companies, which operate in almost every area of the globe and are real schools in terms of tax optimization.

The case of the Mossack/ Fonseca law and consulting agency involved in the most popular financial-economic scandals, of which the evasive Panama Papers was eloquently mediated, is also well known.

Shell companies are linked to financing, implicitly to global, supranational financial capitalism, which escapes state control and influence.

Corresponding to this network of entities, the typology of shell companies is very diverse, from a company interposed on a simple structure vertically or horizontally, to several shell companies interspersed in a very complex economic-financial chain, pyramidal (vertical/ horizontal), conglomerate (different activities) or mixed (different activities/ locations/ shareholders).

The diagram below is a theoretical, hypothetical structure to illustrate the multitude of possibilities and criteria that underlie a very well thought out network, approached by both privately owned multinationals and state-owned companies in capitalist, socialist countries. or dictatorial, companies with different objectives, with diversified activities in one or more states, with owners of natural persons, legal entities, institutions, controlled internationally but owned nationally, or with international control and ownership, etc.

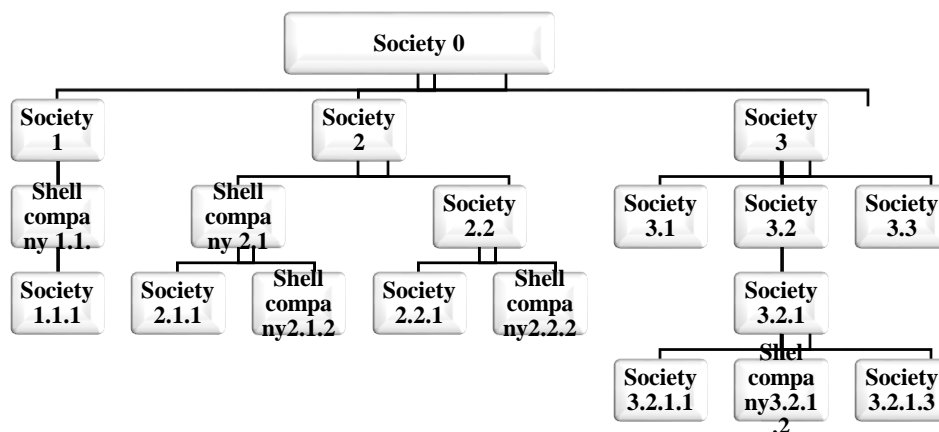


Figure 1.1. Mixed Structure
 Source: own conception

Hence a legitimate question, are shell companies established in Romania, or can shell companies operate from abroad in conjunction with Romanian companies? The answer is yes in both cases, and it has been very pronounced since the very first years after 1989.

A typical example is the following, a foreign shell company, which has money to be laundered, buys a Romanian company with huge accounting losses but very large assets, so the book value is negative or zero, in most cases at ridiculous amounts. *Figura nr. 1.2.*

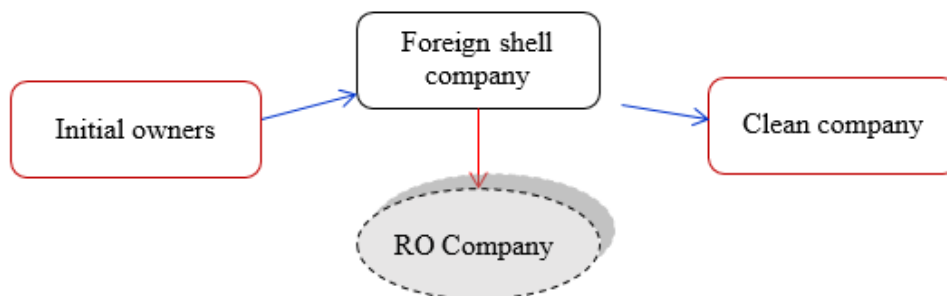


Figure 1.2. Example
 Source: own conception

The well-intentioned investor company makes a beneficial capital infusion as a contribution to the share capital, becomes the owner of the Romanian company, pays the debts and releases the real estate patrimony from all the risks of execution.

The Romanian company proceeds to cover the accounting losses from the share capital by reducing it, the shell company registering a loss from the depreciation of

the shares, being the owner of a small share capital. In this way, the loss was transferred from the Romanian company to the shell company. The shell company sells the shares of the Romanian company to another white company, at a reduced price according to the share capital and the net assets, after which the shell company is liquidated.

3. Conclusions

In conclusion, the circulation of money in the global underground economy, its recycling through legislative filters of cleaning and bleaching is a very complex process that must cover the origin of criminal activities that are part of the real economy, mixed with those of the formal economy. and shell companies.

Money laundering through shell companies is a modern day practice used by the rich of the world with the help of an army of specialists, the so-called white-collar workers, consisting mainly of lawyers, accountants, financiers, experts in their field of competence in complicity with government officials. governmental and political issues.

Shell companies, with the help of white collars, meet and are used in all 3 phases of the money laundering circuit, namely moving/ placing profits from the fraudulent area, by accounting for them and bank transfers and integrating them into the clean area of the economy.

Applicants for such companies vary according to their motivations and purpose based on a multitude of possibilities and criteria, from privately owned multinationals to state-owned companies, from capitalist, socialist or dictatorial countries, with different objectives. , with diversified activities in one or more states, with owners of natural persons, legal entities, institutions, controlled by the state or privately, at international level but held nationally, or with international control and possession, etc.

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