

COMPLIANCE AND CORPORATE ANTI-MONEY LAUNDERING REGULATION

Pietro Pavone *, Francesco Parisi **

* Corresponding author, Faculty of Economy, eCampus University, Italy
Contact details: Via Paolucci di Calboli Fulcieri, 10 – 20162 Milano, Italy

** Faculty of Economy, eCampus University, Italy



Abstract

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This paper, having traced the evolution of anti-money laundering legislation, defines and frames money laundering and terrorism financing risk inside corporate dynamics. Principles that must inspire corporate actions on the construction of an adequate managing structure to contain risks are set out, considering the fact that there is no risk that this does not have an economical content. This is even truer in the presented case, given that the Italian legislation to counter money laundering is focused on the innovative and modern risk-based approach, which has to guide the organization and functioning of corporations. Possible configuration of corporate anti-money laundering supervisions is therefore analyzed, with the aim of underlining the present connection between anti-money laundering legislation and rules referring to the government and to the internal control system. The present study originates from the interpretation of the new Italian anti-money laundering law. In particular, the first consideration that derives is that the new law does not impose precise obligations in terms of corporate anti-money laundering structure, but a large area of autonomy is left to the will of each company.

Keywords: Compliance, Anti-Money Laundering, Corporate Governance, Business Regulation, Company Law

1. INTRODUCTION

Money laundering – one of the most serious problems afflicting the international financial community (Camdessus, 1998) – represents an activity of strategic importance in the strategies of economic and financial criminality, because it allows to transform, often through different transitions between companies, provisions of illicit origin in clean money, which can be legally reinvested. The action of contrast has its roots in the literature relating to the so-called “economics of crime”, which explain criminal behaviour on the assumption of rational choice (Becker, 1968; Eide, 2000): according to this perspective, the effect of money laundering shows that anti-money laundering policy deters potential criminals to commit the illegal act of laundering money.

The prevention system that, both at a national and an international level, was created leverages on the accountability of corporations, which, more or less knowingly, find themselves involved with criminality, during their normal course of business. In order to block and discourage possible money laundering techniques, anti-money laundering

obligations have been imposed on different parties, both private and public, which have been asked active collaboration and a cultural and organizing effort that can be of help for the Authorities that have the institutional task to fight crime. Given the international dimension of the phenomenon, the answer must be equally global and must take place in a coordinated and comprehensive manner (Goredema, 2003).

In the light of this preamble, the primary and secondary legislation, in the effort of articulating tasks and responsibilities of corporate bodies on the matter of anti-money laundering, tends to focus on functions more than on the definition of the bodies in charge of those. This is a deliberately broad and impartial approach because it has been decided to leave maximum organization freedom to companies, provided that those refer to the only one guideline of “risk-based approach” in the ideation and implementation of adequate measures in order to alleviate money laundering risk. Indeed, as has been observed (Dellarosa & Razzante, 2010), it is only an apparent “*laissez faire*”, given that self-organization must inform itself of the principle of the suitability of

the measures adopted with respect to the legislative purposes.

In general, risk analysis culture has to permeate the entire business operability, in order to bring to the conception of regulations based on the characteristics of carried out activities. The concept of proportionality, therefore, has a connotation of managing and organizing nature.

A careful analysis shows a certain "instability" both in the behavior of money launders, who are always interested in new ways of transferring profits from illegal activities in the financial system in ways that government authorities cannot detect (Lilley, 2003), both in the attitude of the companies (especially banks, Adams, & Mehran, 2003) that must constantly seek new tools to face the new money laundering practices. In the money-cleansing pathways, a crucial role is played by the new technologies and the dimensions of a globalized economy. On this point, it is noted that, in examining the factors that influence money laundering, author Nair (2007) has already examined the relationship between technology (information technology and communication infrastructure) and the efficiency of the legal framework and corporate governance.

Leveraging this theoretical relationship, the study aims to analyze an ideal corporate anti-money laundering structure, highlighting the close relationship between anti-money laundering legislation and internal control system. Thus, in the first part of the work, the concepts of "money laundering", "anti-money laundering" and "money laundering risk" are defined, essential for the process of corporate risk assessment which, if correctly implemented, frees the organization from the onset of operational or legal problems related to money laundering without incurring unnecessary costs (Dixit & Nalebuff, 1991).

The good governance of the company actively involved in the prevention of money laundering, summarized in the constant development of efficient corporate governance processes supported by sound internal control systems, is that proceeding according to a unified vision that enhances the functional links between governance and control systems (Salvioni, 2004).

In this regard, it is emphasized that the concept of internal control system has undergone a progressive evolution over the years, moving from an aspect simply linked to the audit to the affirmation of a key to understanding the phenomenon focused on the adoption of a special risk management policy (Cavadini & Lucietto, 2014), aimed at strengthening the most sensitive areas, through the introduction of appropriate organizational adjustments. Therefore, the central part of the paper is dedicated to organizational safeguards that it is desirable to implement to mitigate the money laundering risk, highlighting the need for a specific and independent anti-money laundering function, within the wider compliance area, according to the latest international standards.

In order to give substance to the theoretical considerations formulated, finally, it was decided to investigate the case of a bank company; in fact, to combat money-laundering activities, banks have been given a greater role by anti-money laundering laws than other types of companies (Dan, 2009).

2. RESEARCH APPROACH

This research work originates from some theoretical considerations based on a qualitative approach and, taking into account the most recent international best practices as well, gets to the examination of a case study (Alfa S.p.a.) to find empirical confirmation of the suggested theoretical model.

The decision to start from conceptualizations based on qualitative research prompts stems from the discussed macro-topic's features: corporate governance, where considerations of legal and economic nature are constantly intertwining.

This work, in fact, has a cross-disciplinary value, since it was born from the combination of considerations from technical, economic, managing and ethical-legal fields.

The central point in managing the risk of money laundering in the system of internal corporate checks is discussed according to the principles and methods proposed by that business doctrine, truly corporation-based (Onida, 1968; Bastia, 2002; Salvioni, 2004), which has always underlined the importance of a corporation analysis that could be incomplete if disregarding the observation and the explanation of management riskiness.

3. MONEY LAUNDERING AND ANTI-MONEY LAUNDERING RULES: LEGAL EVOLUTION

Measures to counteract the phenomenon of laundering of money of illicit origin and its terrorism funding have gained a predominant position in the fight against national and international organized crime, as shown by the enactment of European Directives and by the corresponding implementation measures taken by Italy.

The introduction of a specific legislation, aimed at counteracting those phenomena, is an answer to a number of necessities, not least to avoid the involvement of the financial and professional world in operations, which originate criminal activities or fueled by those.

Financial intermediaries, other parties pursuing a financial activity, professionals, auditors and other non-financial operators can be an instrument and a vehicle for circulation, substitution, transferring and redeployment of money, goods and other values coming from illicit activities, when on behalf of their clients they carry out operations concerning the conduct of professional and institutional activities.

The audience of recipients of anti-money laundering obligations has widened during the course of these last years in the national legislation, in the attempt to stem more and more the phenomenon of laundering of money of illicit origin and terrorism financing. In fact, with the Legislative Decree no. 56/2004 on the implementation of the Directive 2001/97/EC on the subject of prevention of usage of the financial system for money laundering, requirements on the matter of money laundering, already introduced by Law no. 197/1991 for banks and other financial intermediaries have been extended to some categories of professionals appearing in the Registers kept by their corresponding professional associations (lawyers, notaries, accountants, accounting experts, employment consultants, auditors). With Law no. 29

of January 25, 2006, on dispositions for Italy's fulfillment of obligations due to its membership in the EU, the fulfillment of anti-money laundering legislation has been extended to those who offer services provided by auditors, appraisers and consultants, or to those who pursue an activity which involves administration, accounting, taxes, including in the audience of recipients even those who are not appearing in any professional Register and companies carrying out this type of service.

The following Legislative Decree no. 231/2007, in the implementation of the EU Directive III, has concentrated on prevention of usage of the financing system aiming at money laundering of incomes from criminal and terrorism-funding activities, with its first impact on the management of corporations compelled to follow the regulations.

The Bank of Italy has enacted secondary implementation regulations by professional categories, by the Ministry of Economic Affairs and Finance and by the Ministry of Justice.

In order to make anti-money laundering regulations more effective on intermediaries, the Legislative Decree no. 141/2010, as well as extending anti-money laundering obligations to microfinancing operators, to the so-called "casse peota" (small non-profit associations which collect savings spontaneously given by its associates, in order to grant loans for social and solidarity purposes) and pawnbroker companies, has reformed the entire regulation of the financial sector, reshaping operational and disciplinary limits for financial intermediaries, of which under Title V of the Legislation Decree no. 385/1993 ("Testo Unico Bancario").

Finally, the latest Legislative Decree no. 90/2017, implementing the anti-money laundering Directive IV, has renewed the Legislative Decree no. 231/2007, which, in force since July 4, 2017, draws the attention on the necessity to promote a different culture inside corporations, mainly on risks and relations with the clientele, widespread at every level and adequate to guide business conduct and managing actions towards anti-money laundering transparency. In order to do so, it is necessary that companies are not only bystanders but rather protagonists in the change progress.

4. RISK OF MONEY LAUNDERING IN CORPORATE ACTIVITIES

The economic-financial theory has always acknowledged risk as an essential element in the lifespan of a corporation (Salvioni, 2004; Zanigni, 2004).

The risk of money laundering presents, however, peculiar features, which divide it from other risks, and, in particular, of other risks of non-conformity to legislation. First, a money laundering operation can be carried out not only with the conscious collaboration of the corporation but also without any knowledge of it, when as so the corporation does not perceive the illicit origin of money. A second aspect, which characterizes in particular the risk of money

laundering and terrorism financing, is tied to the fact that the potential unaware involvement of a company in operations originating from criminal activities does not only harm the corporate's life and its stakeholders but represents a contamination of the whole economic system (Pistritto, 2016).

Furthermore, it is a shared opinion that the risk of money laundering or terrorism financing is not a market issue; it is not something, which goes beyond corporate borders. It must be included in corporate management in order to compress it under an acceptable threshold.

With the enactment of Directive IV requirements on organization and controls have become even more stringent: corporations have to detect, evaluate and understand the risks of money laundering and terrorism financing to which they are exposed and adopt measures which are commensurate with those risks.

In particular, companies will have to define:

- risk management policies on the matter of money laundering;
- the framework of internal checks;
- operating procedures.

Policies, checks, and procedures include benchmarking practices for risk management, adequate checking of the clientele, reporting to relevant authorities of operations deemed as suspicious, document preservation, internal control and compliance management.

It is clear that comprehending the determinants of money laundering risk in corporate procedures and dynamics is necessary to finalize the framework in charge of mitigating this risk and represents an important starting point to accomplish "*the cultural transition from the logic of risk analysis on money laundering to that of managing the risk of money laundering*" (Pistritto, 2016). Directive IV has had, in fact, a significant impact both on governance issues, restricted to the competence of company bodies, and on business processes of competence of different corporate functions. Risk assessment, therefore, plays a central part since, based on a qualitative as well as quantitative approach, it makes it possible for the company to identify its risk exposure. The Bank of Italy as well has stated, regarding banking institutions, that: "*Self-assessment is the prerequisite for the implementation of adequate interventions in response to potential criticalities and for the adoption of convenient prevention and mitigation measures, also in the light of what has been planned in the more general reference framework for propensity to risk in banks*"¹.

5. ANTI-MONEY LAUNDERING MEASURES IN THE INTERNAL CONTROL SYSTEM

In order to effectively manage the risk of money laundering, it is fundamental that the corporation develops due organizational protections, the articulation of which - according to international best practices on corporate governance - has to be adjusted to the nature of carried out activity, to organizational dimensions and to the specific

¹ Banca d'Italia, Nuove Disposizioni di Vigilanza Prudenziale per le Banche, Circ. n. 263/2006, cit., Tit. V, Cap. 7, Sez. II, Par. 2.

features of the organization. According to Klírová (2001), corporate governance is seen as the key element to consolidate investor confidence and is a shared opinion (Maino & Maserà, 2005; Maino, 2009) that it is the crucial juncture of the relationship between finance, economy, society and the market.

Therefore, corporate governance is a crucial issue for the management of banks, which can be viewed from two dimensions. One is the transparency in the corporate function, thus protecting the investors' interest (a reference to agency problem), while the other is concerned with having a sound risk management system in place, special reference to banks (Jensen & Macklin, 1976).

The need to manage, in particular, money-laundering risk often affects an already existing management and supervision system that the company, in its own organizational freedom, has built over time.

According to a principle of proportionality, the corporation is not forced to establish procedures that are more complex than those already in motion, but the coherence of measures and protections is emphasized, with regard to the legal status, proportions, organizational articulation, features and carried out activities. On this point, it should be noted that in recent years there has been a strengthening of the weaker regulatory provisions, with particular regard to the inefficiencies recorded in internal controls (Bertini, 2004), largely adapting the best practices already implemented in the most important foreign experiences to the peculiarities of Italian Company Law (Brutti, 2007).

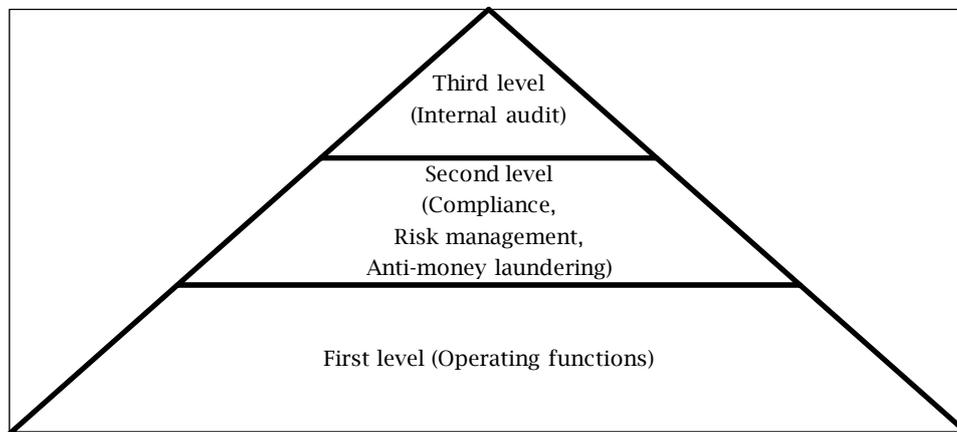
However, an essential minimum requirement is the introduction of an anti-money laundering

function, the specific gravity of which will depend on the profile of each corporation and on its activities, according to the abovementioned principle of proportionality. This is a second-level supervision function, which acts as a specialized protection for risks of non-conformity to anti-money laundering legislation.

The possibility of outsourcing this function is discussed upon, even though this does not relocate responsibility for an accurate risk management which is still on the corporation, recipient of anti-money laundering legislation. In the case of outsourcing, it is advisable that the corporation nominates an internal supervisor in charge of monitoring how the service is carried out by the outsourcer. The Bank of Italy, still, criticizes outsourcing of the anti-money laundering function for corporations having indicative dimensions and operational complexities.

In these cases, management of the risk of money laundering or terrorism funding is part of a wider and more structured scheme of management of business risks. The anti-money laundering function, in order to plan in conformity to legislation, has to cooperate with other functions inside the corporation (the compliance function, the internal audit function, the legal area, the risk management function, etc.). In particular, recipients of anti-money laundering obligations use a system of internal checks to detect and manage risks, including the risk of incurring into behaviors non-compliant to the obligations of anti-money laundering provisions, whose perimeter has been widening and integrating over the years in parallel with the evolution of the aforementioned legislation (Di Antonio, 2010). It remains, however, structured in three macro levels:

Figure 1. A corporate system of internal controls



With their full organizational self-governance and with the specific corporate culture of risk management, recipients of anti-money laundering legislation will look for the appropriate balance between proportionality and level of exposure to risk, in the structure of internal checks. The legislator's choice on this matter is deliberately neutral on governance options that the particular corporation can adopt.

Line controls, so-called first level controls (figure 1), are aimed at granting the correct performance of operational activities and are carried out by the operating structures themselves, which are, in fact, the first accountable subjects for the

process of managing money laundering risks: a good management of such risk starts from those people who work every day, on the front line, with sensitive data and facts in accordance of anti-money laundering legislation (Minto, 2012) and who have to ensure that the determined level of tolerance to risk is met.

The core of money laundering risk governance is, however, the second level of controls that, no matter the level of dovetailing, consists of separate functions from the "productive" ones (figure 1): these functions are responsible of the proper application of the anti-money laundering management, they contribute on the definition of risk management

policies and ensure that the operational limits assigned to other functions are met.

Instead, the role of the internal audit (third level of controls, represented in figure 1), which above all the banks usually attribute great emphasis (Paschas, 2006), is the constant verification of the level of adequacy of the organizational set-up of the corporation and its conformity to anti-money laundering legislation as well as supervision on the functioning of the whole internal control system.

The supervisor on this function, with requirements of independence, authority, and professionalism, is nominated by the organ which has the management function in agreement with the supervisory organ, involving the control organ. It is important that this subject does not have direct responsibilities of operational areas (for example business areas or areas directly involved in relationships with the clientele); when it is justified by the small size of the corporation, the responsibility of this function can be conferred to one of the directors, if without any delegation of management.

The role of the corporation's anti-money laundering manager is central since he has the responsibility of complex functions, which must be carried out across the whole functioning of the corporation, qualifying as:

- verification of the functionality of procedures;
- verification of the functionality of structures;
- verification of the functionality of systems;
- support and consultancy on management choices.

The anti-money laundering manager is also required to produce a guidance document (a form of internal regulation) which establishes responsibilities, tasks and operational procedures in managing the risk of money laundering and funding of terrorism, to share with the management organ and to submit to the supervisory organ for approval.

6. THE COMPLIANCE FUNCTION AS THE RECIPIENT OF ANTI-MONEY LAUNDERING PROVISIONS

The placement of the anti-money laundering function must be coherent with the adopted organizational model. There are three possible solutions:

- a "decentralized" anti-money laundering function, not incorporated in other functions;
- an "externalized" function, more advised for the smaller corporations than for those of medium and bigger sizes;
- a "centralized" function, incorporated in the larger compliance function.

Anyway, allocation criteria for the responsibility of corporate functions involved in the management of money laundering risk have to be unequivocal, in order to avoid uncertainties, overlapping of tasks and omissions.

For this purpose, the prevision of a coordinating function, adequate to assure uniformity and coherence in procedures, is highly advised. Singular dialogue with the Authorities must always be granted as well on anti-money laundering inspections and checks. Consequently, different tasks of which the activity of the anti-money laundering function consists can be assigned to different organizational

structures, which are already present in the corporation, as long as the whole risk managing is traced back to a nominated manager with duties of coordination and supervision.

Surely the compliance function, where it is already present, is the most adequate to adopt the anti-money laundering function, while where the latter is not incorporated in the compliance area, tasks and responsibilities of the two functions are clearly identified and made known inside the corporation.

In this situation, information flows between the two functions of compliance and anti-money laundering are of fundamental importance, because of the continuity of their activities.

However, compliance must be effective, formally and substantially implemented; some authors (Parker & Nielsen, 2005) affirmed the risk of partial and merely symbolic compliance programs, mainly induced by the desire to minimize costs deriving from fines or restrictions by the Authorities. Instead, Shefrin (2008) theorized about the risks of an "illusion of control" that creates a false perception of security.

The compliance function is an independent function to safeguard from the risk of administrative or criminal sanctions, of financial or reputational losses that the corporation may suffer because of the violation of rules of law, internal rules, self-regulation standards and codes of conduct. Being structurally fit for money laundering risk management, it is even more because of the changed direction of new obligations on the matter of money laundering which have established the shift from a rule-based approach to a risk-based one.

Since the compliance function is the closest one (because of its competencies, methods, and approach) to the anti-money laundering one, the solution of adopting a single structure which consists of the two functions offers the prospect of creating strong synergies, giving a contribution to the creation of value for:

- the intermediary, because the precise knowledge of risks becomes fundamental to avoid sanctions and reputational damages;
- the clients, because an effective compliance activity represents a valorization factor for the relationship of trust with the corporation;
- the market, because it improves the credibility of the company.

7. CASE STUDY: Alfa S.p.a.

7.1 Anti-money laundering measures adopted by Alfa S.p.a.

In particular, it had been observed that the society based its money laundering risk mitigation on a computer system (called Seneca) which has demonstrated to be totally inefficient and inadequate at least from 2006 to 2011, making in this way the bank's anti-money laundering supervisions inconsistent.

The carried-out investigation made it possible to show how the interest in using the mentioned computer system was likely the personal one of the managing director since the company, which at the

time was in charge of creating for Alfa S.p.a. the computer system Seneca was traceable to a person who was a close relative of the director.

Moreover, the whole bank management had as a primary goal to increase the number of clients without properly worrying about sustaining the protections connected to the obligations on money laundering.

By doing so, the bank substantially accepted the risk of possible illicit origin of deposited and/or withdrawn money from bank accounts, impeding the identification of such origin, also by failing to signal or by doing so late operations deemed as suspicious.

Following the managing director's resignation, the new director replaced the Seneca database with a new computer system, named Aristotele.

After the activation of the new system, however, 10.000 banking positions, which had not been adequately verified, registered in the old Seneca database, were not immediately rectified and this had the effect to replicate the same deficiencies in the new computer system.

The renewed bank management has then started the regularization of deficient banking positions, introducing the implementation of automation systems for the procedure of adequate verification of the clientele and the enforcement of procedures that blocked the operability of banking relations in case of lack of information and/or waiting for necessary documents for a proper verification.

Besides all that, Alfa S.p.a. had an organization model, which referred the checks to counter money laundering, making them ineffective because of the methods and of the results, to the Internal Audit.

From 2011 onwards, instead, it passed those verifications to the Anti-money laundering Office, placed in the Risk Control Area and supported, from 2013 onwards, by a Middle Office to carry out, in particular, the appropriate verification for the activation of banking relations.

This shows that Alfa S.p.a., in that time span (2006-2011), was not properly aligned to the new legislation on money laundering dictated by the Legislative Decree no. 231/2007, which entered into force fully on April 30, 2008, and introduced the adoption of a new administrative organization and new procedures and internal controls.

The replacement of the computer system Seneca with the new database Aristotele, on February 2011, marks ideally the beginning of a second time span,

characterized by greater awareness of activities of risk mitigation.

Since the minimum prerequisite of the Anti-money laundering function is missing, and therefore also the one for the Anti-money laundering Manager, in contrast to the constant directions from the Bank of Italy, the Alfa S.p.a. the company in fact operated through provisions and assignments for the Customer Care personnel to contact clients in order to obtain necessary information and documents for their customer lists' update and to request for the necessary documentation in order to carry out an adequate verification.

This is a clear violation of the principle of not assigning anti-money laundering functions to subjects working on the operating functions.

7.2 Criminal charges on deficiencies in anti-money laundering protections in Alfa S.p.a.

The aforementioned events have a precise criminal relevance for the following reasons.

First of all, the Legislative Decree no. 231/2007 has enhanced the Bank of Italy's role by assigning to it the task to verify that the anti-money laundering obligations introduced by primary and secondary legislation were met by the parties it supervised upon and that the relevant organizing and procedural frameworks were appropriate to avoid that the financial system is used for laundering of money of illicit origin and terrorism funding.

According to the Bank of Italy's own approach (Capolino & D'Ambrosio, 2009), the adoption of the task to counteract and prevent money laundering does not only answer to general needs of safeguarding the law but ads up to the aims of:

- Stability, efficiency, and competitiveness of the financial system as a whole;
- Healthy and careful management of operational and reputational risks for the supervised intermediaries;
- Compliance with legislative provisions on credit and finance.

Therefore, from an interpretation on the substance of the Art. 2638 of the Italian Civil Code on impeding supervisory functions², even the assessment of a formal violation can be an instrument for a future and more precise supervision activity.

² Hindering the activities of public supervisory authorities (article 2638 of the Civil Code): "Directors, general managers, financial reporting offices, statutory auditors and liquidators of companies or entities and the other parties subject by law to public supervisory authorities, or accountable to them, who in their disclosures to the said authorities required by law, with a view to hindering their supervisory functions, present false material facts, even though subject to assessment, about the financial position and results to the said supervisory authorities or, for the same purpose, conceal by other fraudulent means, all or part of facts that should be disclosed, relating to the same situation, shall receive a prison sentence of between 1 and 4 years. The penalty shall also apply when the

information relates to assets held or managed by the company on behalf of third parties.

The same penalty shall apply to the directors, general managers, financial reporting offices, statutory auditors and liquidators of companies or entities and the other parties' subject by law to public supervisory authorities, or accountable to them, who, in any way, also by omitting any disclosures which they are required to make to the said authorities, consciously hinder their functions.

The penalty shall be doubled in the case of companies whose stock is listed in regulated markets in Italy or other EU member States or with broad public share ownership, pursuant to article 116 of the consolidation act referred to in Legislative Decree 58/1998".

On this, the Bank of Italy notes “repression of financial crime phenomena shows clear synergies with the activity of supervision if the impact of criminal conducts is considered in terms of healthy and careful management of operational and reputational risks for the supervised intermediaries”.

This is all relevant on the Alfa S.p.a. the case, because pursuant to Article 52 of the old Legislative Decree no. 231/2007 and to Article 46 of the new one, the control organs of the society have to refer to the Bank of Italy violations of the money laundering discipline and such a communication, because of the aforementioned reasons, has a particular relevance in the supervisory function on the generic banking activity on reputational risks management.

Substantially, according to the Bank of Italy’s orientation it is relevant, in any case, the lacking or incorrect transmission of information that, if not having any economic, capital or financial content or impact, is inherent to other aspects, such as the administrative organization and internal checks, the information from which are considered fundamental for the Bank of Italy’s supervisory activity.

Thus, in the case of Alfa S.p.a. , the lacking communication from the management of information on serious anomalies on the matter of adequate verification of the clientele, inefficiencies of computer systems Seneca and Aristotele and of late institution of an Anti-money laundering function, have been considered by the Authorities fundamental for the surveillance exercise of the Bank of Italy, because of the crime of obstacle to exercise of functions of supervision by public authorities, punished by Article 2638 (2) of the Italian Civil Code.

8. CONCLUSIONS

The present study goes from the consideration that the new Legislative Decree no.231/2007 does not only provide dry requirements of complying but also introduces organizational obligations for governance and control purposes, the content of which is only partially determined by the law.

This organizational autonomy corresponds to greater responsibilities since the evaluation of the proportionality level of adopted measures to address detected risks is deferred to single corporations and only after it is considered more or less adequate by the anti-money laundering Authorities.

This research has entered into the autonomy space that corporations are expected to fill with accurate self-regulation efforts.

It is fundamental that, for an effective governance of money laundering risk, the corporation provides adequate organizing protections focused on a specialized and independent anti-money laundering function. Alongside, its organizational and functional integration with the larger compliance function is advisable; this function notoriously has a central role in the internal control system and contributes to the strengthening of corporate supervisions placing itself as a complement of the already existing ones (risk management, internal audit, etc.). A model with this kind of structure would lead to privilege automaticity and objectiveness of the system more than discretion of the single person, since it would minimize the contribution of a single subject on preventing money laundering, a risk that would already be “objectively and mechanically avoided by the characteristics of the

corporate structure” (Mazzotta & D’Avirro, 2006). This would mean assigning to the structure the function of avoiding even the occurrence of risk of illicit behavior, according to “one’s own self-regulation mechanisms” (Bastia, 2003).

The analysis of the presented Alfa S.p.a. case study confirmed the delivered theoretical interpretations. It was shown that there was a bank operability characterized by:

- negligence of anti-money laundering regulations (because of a prominent dedication to satisfying the business interest of securing clients);
- slow and late risk mitigation activity and compliance with money laundering legislation;
- repeating inefficiencies of the adopted computer systems;
- involvement of production functions in the process of mitigation of risk.

Moreover, the organizational form, built late for money laundering risk, appeared totally off-balance, focusing on the third level of checks and suffering the lack of a specialized Function exclusively in charge of managing money laundering risk. These serious anomalies, apart from clashing with corporate governance theories and best practices, have also gained great relevance on criminal terms, damaging members of the bank’s management.

In conclusion, therefore, the study has shown the extreme advantage for companies that respect anti-money laundering policies because, in addition to having a reduction in cases of money laundering in the economy, it also protects its corporate image better, avoiding damages of legal and reputational type. So it is essential to rethink the internal organization to consolidate anti-money laundering safeguards and provide them with adaptability and flexibility to the changes imposed by the continuous regulatory evolution.

The link between the anti-money laundering legislation and the rules of the government and of the internal control system developed here is, however, likely to be examined with further future research.

In fact, the mechanisms that have been designed to govern the modern dynamics of money laundering have become so complex (thanks to the national and international tendency to excessive and emergent legislation) that they themselves become an additional source of organizational complexity. Therefore, in order to obtain more representative data, the future research on the topic could continue along the track of the search for a balance between the many organizational tools available to the top management so as not to generate conflict between the various subjects and functions responsible for money laundering risk management in companies.

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