



Greetings Delegates!

It is a pleasure to welcome you all to the United Nations Office on Drugs and Crime (UNODC) at KnightMUN XII. My name is Heather Kalafarski and I have been selected to serve as one of your co-directors for the entirety of this conference. I am currently a third year undergraduate student at the University of Florida pursuing a degree in Health Science – Pre-Physical Therapy, as well as a minor in Spanish. I have been active in Model United Nations since my senior year of high school, and hold a passion with this organization that has only grown throughout the many trips and extraordinary people I have met along the way. I have competed and staffed in over a dozen college conferences, including last year's director of UNICEF at KnightMUN XI, and the current USG of Assemblies for GatorMUN XI.

My name is Kevin Bowie and I am honored to be one of the Co-Directors of the United Nations Office on Drugs and Crime. I am a 3rd year Political Science and Economics student at the University of Florida and Model UN has been an incredibly important part of my college career. Unlike all of you I first became involved with Model UN my freshman year of college and had the opportunity to compete and staff at conferences of all levels of competition including acting as the Assistant Director of the IAEA at KnightMUN last year. I am very excited about the topics we are going to tackle this year at KnightMUN and am looking forward to meeting all of you.

During your time in the UNODC committee we hope you look outside the box to create solutions to the three very diverse topics that have been selected. Innovativeness as well as awareness of your specific country's policies and views will be instrumental in enhancing the flow of debate and ideas. Delegate material can be found online in the KnightMUN XII website.

If there are any issues or questions regarding the committee, research, topics, or anything else, do not hesitate to contact us. We are excited to be part of the KnightMUN staff and to be your co-directors for KnightMUN XII. Good luck with all of your research.

Sincerely,

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The United Nations Office on Drugs and Crime

Committee History and Description

The United Nations Office on Drugs and Crime (UNODC) was created in 1997 as a union of the United Nations Drug Control Programme and the Centre for International Crime Prevention. It is an international organization that works towards the elimination of international crime, the illicit drug trade, and terrorism. The three fundamentals of UNODC are field-based cooperation, research, and legislative work at all levels of government. UNODC tirelessly works towards providing a safer place for all citizens of all regions of the world.¹

Topic I: Reducing the Trafficking of Fraudulent Medicine

Introduction

Currently, an international definition does not exist for the terms “fraudulent medicine” or “fraudulent essential medicine”. However, for the purpose of this committee the term “fraudulent medicine” will mean, “a product [that] is sold deceptively.”² This means any medical products or medicines that are sold to others with the knowledge that said medicines are not labeled correctly or do not contain what the buyer thinks they are buying. Among the more obvious reasons, there are many underlying dangers that revolve around taking incorrectly labeled medications.

More Developed Countries vs. Developing Countries

There is an astounding difference in fraudulent medicine prevalence between more developed countries (MDCs) and developing countries. In MDCs, the prevalence rate of fraudulent medicine is at approximately 1%. This small figure can be attributed to more advanced and efficient border security, as well as less corrupt governments and government officials, and overall pharmaceutical processing by various countries. In contrast, the rate of prevalence increases by ten times in some developing countries – reaching a 10% prevalence rate. This figure then triples again in some parts of Asia, Latin America, and Africa, where fraudulent medicine comprises approximately 30% of the pharmaceutical market³. The trend seems to exist: the less developed a country is considered, the more likely it is that said country has an increased prevalence of fraudulent medicine within its borders. More specifically, throughout the continent of Africa a multitude of problems continue to exist due to fraudulent

¹ <http://www.unodc.org/unodc/en/about-unodc/index.html?ref=menutop>

² http://www.unodc.org/documents/toc/Reports/TOCTAWestAfrica/West_Africa_TOC_FRAUD_MEDICINES.pdf

³ <http://www.unodc.org/toc/en/crimes/counterfeit-goods.html>

medicine; a closer look at this region helps to explain the traumatic impact tampered pharmaceuticals can have on a population⁴.



Creation and Circulation of Drugs

To further understand the reason that the Africa continent has one of the highest prevalence's of fraudulent medicine in the world, it is important to understand where these falsified drugs are manufactured. The two most involved countries in the conception of fraudulent medicine are India and China.² Not only are these countries growing on the international scale, but also their pharmaceutical industries are currently experiencing high growth rates, only leading to the production of more dangerous medicines.² The increased rate of production is only furthered due to the ease at which a person can falsify individual pills.² The UNODC recognizes that often times all it takes is accessibility to a laser printer in order to add falsified marking to medicines in order to make them appear safe. Additionally, many companies in South Asia make a ludicrous amount of by producing falsified drugs and sending them to developing countries. The transport of the drugs is facilitated through containerized shipments, rather than through the air.² Transportation via containers and free trade zones decreases the likelihood of closer inspection by border control and other entities.² Once in an African country's borders, detection is highly unlikely and distribution often undetectable.

Africa's Challenge

According to the World Health Organization, approximately 100,000 deaths a year occur in Africa due to fraudulent medicine.² These deaths can be attributed to multiple complications

⁴ <http://www.un.org/africarenewal/magazine/may-2013/counterfeit-drugs-raise-africa's-temperature>



that arise in falsified medicines. Additionally, medications that are tampered with aids in increasing the amount of antibiotic resistant strains of various diseases that may arise; thus, only growing the threat of already-rampant viruses in Africa.²⁻⁴ The aforementioned problems are attributed to the fraudulent medicines that reach their destinations. So why can't these problems be stopped by increased border security on an individual country level? The problem is that many African countries do not have strong enough regulation efforts to stop the spread of these illegal, and highly dangerous medicines; additionally, most African countries have extremely open borders that allow easy access for a variety of trade types.^{2,3} Without a concerted effort by the region, individual country action is likely to be minimal at best. Effective legislation has yet to be passed to properly prosecute those creating and spreading fraudulent medicines.^{2,3} On top of this, trained personnel are severely lacking in the areas that need it most. Without properly trained officials, the task of ending the illegal pharmaceutical trade becomes somewhat impossible.^{2,4}

Detection Avenues and Consumer Power

According to the UNODC, the three most obvious signs of fraudulent medicine are: falsified packaging, no active ingredient,^{2,3} active ingredients other than the ones specified in the packaging.^{2,3} Simple, yet effective methods of testing exist to detect illegal and even harmful forms of deceptive medicines. It must be the job of the creating country and the job of the receiving country to ensure that medicines are safe and legally created. For example, recent reports have showed a strengthening of communication and information sharing between Chinese pharmaceutical companies and African governments.⁴ However, not all countries play by the rules, and often times shipments slip through the cracks unnoticed. However, some technologies have been introduced to Africa in order to detect bad shipments. A new innovation called TruScan helps border patrol agencies as well as government officials scan shipments to determine if they have a good chemical composition, meaning they detect if shipments are adequately labeled.⁴ Furthermore, now consumers are being given the power to make more-informed decisions when purchasing pharmaceuticals as well. Certain pharmaceutical companies have begun to include scratch off codes on their medicinal products⁵. Consumers can scratch off a label to discover a code and then send a free text message with the code to the pharmaceutical company; instantly, the company is able to verify if the drug that was purchased is real or not.^{4,5} Simple individual empowerment techniques like this allow citizens to protect themselves against the dangerous fraudulent medicine trade, rather than relying on governmental action that is not always consistent.

⁵ <http://www.economist.com/node/21564546>



Topic II: Strengthening Terrorism Prevention Efforts

Introduction

UNODC is the largest UN program in charge of battling terrorism efforts and strengthening prevention capabilities⁶. In 1937, terrorism prevention came to the forefront of international discussion when the League of Nations adopted the Convention for the Prevention and Punishment of Terrorism⁷. Since then, UN Member States have strengthened communication and coordination efforts in an attempt to stifle terrorist actions. The Global Project has become the focus of UNODC and many other terrorism-prevention programs.⁶⁻⁷ In particular, UNODC has chosen to target “Strengthening the Legal Regime against Terrorism” therefore contributing an enormous amount to counterterrorism efforts.⁷

The Global Project

The Global Projected was implemented in 2003, giving UNODC much control of the Terrorism Prevention Branch (TPB)⁸. The Global Project includes three defining goals under UNODC, which can be summarized as: strengthening legislation, specialization assistance, and training.⁸ The first goal, strengthening legislation, can be explained as efforts to incorporate and enforce international legislation at the national level.⁸ This means offering assistance to governments as to how legislation can be most-efficiently implemented on a country-by-country basis. Specialization assistance is important for the legislation process. Specialists concerned with investigation, prosecution, and court rulings must have specific knowledge in what to look for and how to treat terrorism trials.⁸ All government proceedings against terrorists must also fall under international law that has been ratified, as well as Security Council resolutions⁹. Lastly, goal three is utilized in order to increase international cooperation and to create a consistent manner to deal with international criminals and extradition.⁸⁻⁹ By training government officers, legislation processes become much easier to apply and country disputes of criminals minimized.

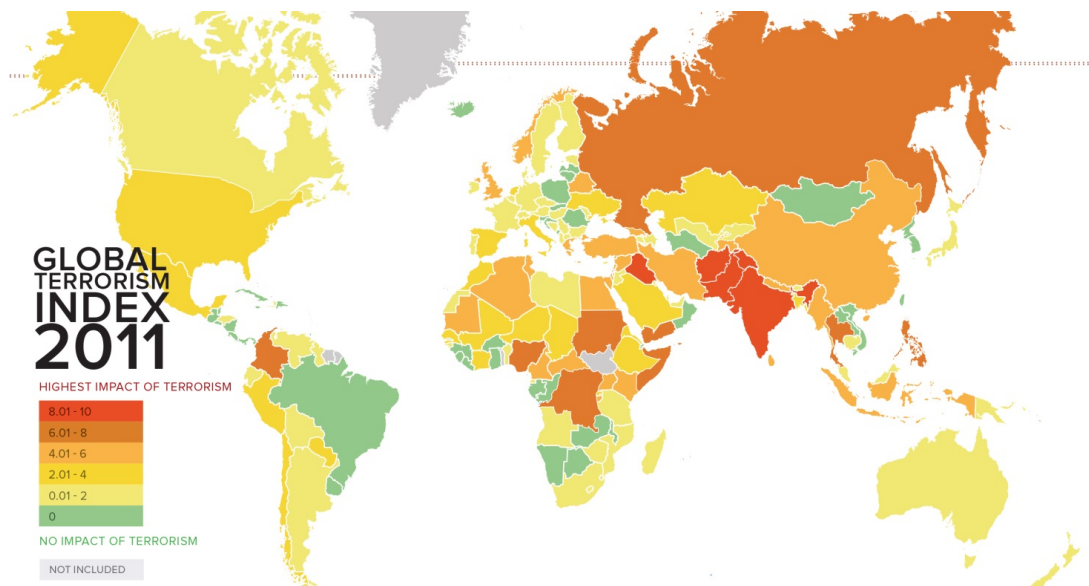
⁶ http://www.unodc.org/unodc/en/terrorism/UNODC_Role.html

⁷ <http://www.unodc.org/unodc/en/terrorism/index.html>

⁸ http://www.unodc.org/unodc/en/terrorism/UNODC_Role/Global_Project.html

⁹ http://www.unodc.org/pdf/crime/terrorism/R35_prodoc_revision.pdf

Counterterrorism Learning Platform



First

utilized in February 2011, the completely online UNODC Counterterrorism Learning Platform has shown enormous success in training criminal justice officials from all regions of the world about terrorism prevention efforts¹⁰. Approximately a year and a half after its launch, in November 2012, the Platform has trained over 815 individuals, spanning over 115 various countries¹¹. The statistics are positive and the comments about the program are encouraging¹². The Platform fosters international communication on the most up-to-date terrorism prevention procedures, as well as allowing networking from a variety of opinions.¹⁰⁻¹¹ Individuals in the program also participate in live events, which promote debate and the discussion of pertinent terrorism subjects with other Platform individuals and terrorism experts.^{10,12} The program continues to grow and incorporate new material.¹⁰ Training events allow criminal justice officials to maintain and know the most current terrorism prevention efforts and to improve individual skills.¹¹ The Platform is offered in all six official United Nations languages, making it assessable to a large audience.¹⁰⁻¹¹ The Counterterrorism Learning Platform includes three main activities: online training courses, virtual community of practitioners, and legal resources.¹² Online training courses include Global Norms against Terrorism at Work, and International Cooperation in Criminal Matters.¹² The virtual community of practitioners is for individuals that have already participated in the Platform and wish to

¹⁰ <http://www.unodc.org/unodc/en/terrorism/latest-news/unodc-online-platform-2012.html>

¹¹ <http://www.unodc.org/unodc/en/frontpage/2011/February/online-learning-platform-for-counter-terrorism-launched.html>

¹² http://www.unodc.org/documents/terrorism/CTLP/CTLP_Brochure_EN.pdf



continue maintaining and updating their knowledge base of terrorism prevention and the latest technologies.¹² The virtual community uses live events: to participate in active terrorism debates,^{10,12} discussion rooms: to discuss various terrorism topics in forums, and community members: a directory for quick-access to contact the individual of a person's choosing.¹² Lastly, a multitude of international legal resources are available for all participants of the Platform.¹² With the combined efforts of teachers, participants, and the Internet, spreading information of a variety of counterterrorism techniques has become extremely simplified and even an encouraged method of communication.

Efforts going Forward

This committee is tasked with improving the capacity of Member States to prevent terrorism and implement previous action by this committee. The introduction of new efforts to increase international standards, efforts, and cooperation on the issue of terrorism prevention is one of the key goals of this committee. Thus far UNODC has assisted 168 countries through national or regional activities, passed 618 ratifications of the international anti-terrorism instruments undertaken by assisted Member States, assisted 101 countries with new or revised counter-terrorism legislation in different stages of adoption, trained 17,236 criminal justice officials to implement the legal regimes against terrorism, and developed 27 technical assistance tools and publications. The top priorities for this committee are to improve upon this work and build upon previous action to further counter-terrorism efforts.

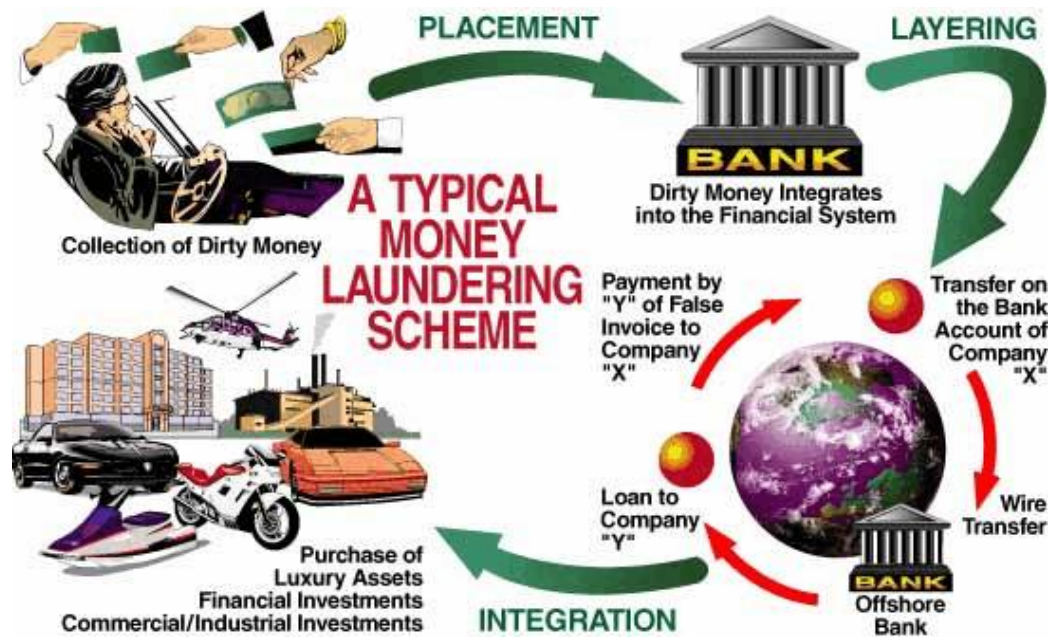
Topic III. Addressing and Improving Efforts to Reduce Money Laundering

Introduction

Money laundering is the process by which crime and drug networks are able to move around the proceeds of their criminal endeavors and make them appear legitimate. Efforts to stymie money laundering have played an enormous role in UNODC efforts to reduce drug crime, international organized crime, and terrorism. Despite this an estimated 2.7% of global GDP or \$1.6 trillion USD was laundered through financial systems in 2009¹³. Despite being considered “white collar” crime, money laundering occurs more frequently in developing countries where it

¹³ Estimating Illicit Financial Flows Resulting from Drug Trafficking and Other Transnational Organized Crimes. Rep. United Nations Office on Drugs and Crime, Oct. 2011. Web. <http://www.unodc.org/documents/data-and-analysis/Studies/Illicit_financial_flows_2011_web.pdf>.

is an especially difficult problem to deal with because it deprives countries of much needed revenue from taxes and custom duties¹⁴.



The process of money laundering can be classified as having three main steps; placement, layering, and integration. Placement is the act of putting the money to be laundered into the financial system typically through shell companies, dummy accounts, or physically smuggling cash from one place to another. The next step is to layer the money which is a process by which cash or financial deposits are filtered through various financial transactions to make the money appear to be the profits of licit ventures or “clean” money. The first two steps of this tend to be where efforts to reduce laundering focus their attention at because the final step, integration is basically the act of taking laundered money that has “cleansed” and putting that money into the licit economy and normal bank accountants¹⁵.

In the modern age of the financial system being dominated by transactions taking place at an increasingly rapid, and often anonymous, pace over the internet the task of policing money laundering is a one that is increasingly complicated and difficult. The rapid changes require frequent update and revision to the international standards to put forth through the UNODC and other UN work and thus the task of updating and improving the international efforts to fight money laundering and the various criminal enterprises that it supports falls upon the shoulders of this body.

¹⁴ Delston, Ross S., and Stephan C. Walls. "Strengthening Our Security: A New International Standard on Trade-Based Money Laundering Is Needed Now." *Case Western Reserve Journal of International Law* 44.3 (2012): 737-46.

¹⁵ Reuter, Peter, and Edwin M. Truman. *Chasing Dirty Money: The Fight against Money Laundering*. Washington, DC: Institute for International Economics, 2004.



Past Efforts to Reduce Money Laundering

The first significant international action to prevent money laundering came in 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, which will be known as the 1988 Vienna Convention from this point on. The 1988 Vienna Convention took major steps to improve efforts by making drug related money laundering a extraditable offense under international standards (subject to preconditions), obligation all parties to make drug related money laundering a criminal offense, and condemned the use of “bank secrecy” as an excuse for not acting against drug related money laundering. The next year in 1989 the Financial Action Task Force (FATF) was formed as an inter-governmental body with the purpose of advancing policy-making to address drug related money laundering and bringing attention to needed reforms. They produced 40 recommendation in 1990 (later revised in 1996 and 2003) that cover steps they felt needed to be taken in Member States to prevent drug related money laundering and provide a framework for reforms Go into detail about past/current international work¹⁶.

The 2000 UN Convention against Transnational Organized Crime (Palermo Convention) extended previous international provisions and recommendations from drug related money laundering to include all forms of money laundering. The Palermo Convention also obligated Member States to establish financial intelligence units (FIUs) with the goal of collecting, analyzing, and spreading information about potential money laundering. Since 2000 a few other Conventions and Declarations have touched on the issue of money laundering without any serious change to the international standard or attempt to tackle evolving issues related to money laundering.

Current Issues

Tackling Trade Based Money Laundering (TBML) and virtual forms of money laundering are the top two priorities of any new attempts to reduce money laundering. TBML is the act of disguising illicit proceeds as legitimate trade to cleanse criminal profits through the weak points in international trade inspection and documentation schemes¹⁷. Common tactics include double-invoicing, payments made involving unrelated third parties, false reporting of valuation or classification, carousel transactions, and suspect packaging or shipping routes. Trade Transparency Units (TTUs) act like FIUs but between countries to compare trade data and use data mining to identify TBML and customs fraud. As it stands there are no overarching

¹⁶ Estimating Illicit Financial Flows Resulting from Drug Trafficking and Other Transnational Organized Crimes. Rep. United Nations Office on Drugs and Crime, Oct. 2011. Web. <http://www.unodc.org/documents/data-and-analysis/Studies/Illicit_financial_flows_2011_web.pdf>.

¹⁷ *Combating Trade Based Money Laundering*. Rep. US Immigration and Customs Enforcement (ICE), Winter 2011. Web. <<http://www.ice.gov/doclib/news/library/reports/cornerstone/cornerstone7-3.pdf>>.



international efforts, conventions, declarations, or recommendations from the FATF that deal with TBML or expanding the use of TTUs. The popularity of this tactic among Colombian drug cartels and Al-Qaeda make the need for comprehensive international action a top priority for reducing money laundering by criminal organizations¹⁸.

Another aspect of money laundering that has gone largely unaddressed by the international body is virtual money laundering through online gambling, multiplayer online role-playing games (like World of Warcraft and Runescape), and virtual currencies (such as bitcoins and e-gold). The main issue with these virtual forms of money laundering is the anonymity afforded by making transactions online under pseudo names or through direct peer-to-peer (P2P) connections. The main focus on regulations going forward needs to be on when money used in these systems and virtual currencies gets reintroducing into the normal money supply and financial system. Customer Due Diligence, the obligations of institutions to identify and understand their customers, and reporting of suspicious activity are two areas where significant progress can be made at the international level in setting standards and requirements for Member States to aim for¹⁹.

¹⁸ Delston, Ross S., and Stephan C. Walls. "Strengthening Our Security: A New International Standard on Trade-Based Money Laundering Is Needed Now." *Case Western Reserve Journal of International Law* 44.3 (2012): 737-46.

¹⁹ Strokes, Robert. "Anti-Money Laundering Regulation and Emerging Payment Technologies." *Banking & Financial Services Policy Report* 32.5 (May 2013)