

THE CRIMINAL JUSTICE RESPONSE TO AND THE CURRENT SITUATION OF HIGH-PROFILE CORRUPTION IN PAKISTAN

*Faisal Majeed Khan **

I. INTRODUCTION

The prevailing Criminal Justice System of Pakistan has its origin in the colonial past of the British era. The British Government of India introduced the common law system in the subcontinent, which was duly adopted by the new dominions of India and Pakistan. After independence, various changes have been made from time to time in the system, including introduction of Islamic criminal laws and different reforms to make effective dispensation of justice.

The Criminal Justice System (CJS) is one of the most important ingredients of any society of the world. The CJS describes the offences, punishments, procedures and ways to punish those who break laws of the society. It is the CJS which creates deterrence in society. The modern world recognizes three main institutions of CJS, i.e. Police, Prosecution and Judiciary and the functions of these institutions are investigation, prosecution and adjudication respectively.¹

The purpose of the CJS is crime control and establishment of safe society. The CJS always varies from country to country as it depends upon the nature, climate and values of the societies. A good and reliable criminal justice system not only provides speedy remedy to crime victims but also safeguards and protects the legitimate rights of the accused. A system which deals with the crime and criminals on the bases of fairness, equality, justice and fair play for all to maintain peace and order in the society is a standard CJS.²

This paper particularly looks for criminal justice responses to corruption in Pakistan. Corruption poses a serious threat to the stability and security of societies and undermines the rule of law. It erodes the quality of public service, impedes investment and support from overseas, thus preventing sustainable development and economic growth. In our society, corruption is no longer a domestic problem. Corruption is also a major obstacle to fight against organized crime and terrorism.

The culture of corruption in Pakistan was promoted by the administration of the colonial era through the award of lands, titles and jobs to a specific group supporting colonial objectives as part of political bribery. Till the Second World War, corruption was prevalent in considerable measure among Revenue, Police, Excise and Public Works Department officials, particularly of the lower grades while the high ranks were comparatively free from this evil. With the passage of time, increase in corruption by public officials became noticeable.³ Corruption and accountability were the buzzwords of 2018 in Pakistan. Recently, various high-profile corruption cases were detected, investigated, prosecuted and adjudicated in Pakistan. Now, the corruption is not specific to government employees, as high profile political personalities have been found to be involved in corruption.

This paper specifically focuses on the criminal justice response to and the current situation of high-profile corruption cases in Pakistan. A case law study about high-profile corruption cases and the current situation of corruption in Pakistan will make this paper a unique one.

* The author is a District and Sessions Judge / Judge Anti-Corruption Court (a designation of judiciary and highest rank in his cadre at District level).

¹ Jibran Jamshed, "Criminal Justice System in Pakistan", (Pakistan, Bahawalpur, Islamia University of Bahawalpur), <http://www.lawsofpakistan.com/criminal-justice-system-pakistan/> (Last accessed on: 10.03.2018).

² Munir A. Mughal, "Law of Investigation into Cognizable Case", (2009).

³ M. A Zafar and Ch. Muhammad Ikram Zahid, *Manual of Anti-Corruption Laws*, (Pakistan, Lahore: Civil and Criminal Law Publications, Law Books Publishers and Sellers, 2010), 718-19.

II. BASIC FACTS

A. Definition of Corruption

The word “corruption” has its origin in a Latin verb “corrupts” meaning “to break”. Literally, it means ‘a broken object’. In simple words, corruption means ‘the misuse of entrusted⁴ power for private benefit’.⁵ Corruption is a form of behaviour which departs from ethics, morality, tradition, law and civic virtue. The term corruption has various definitions. Transparency International, the United Nations Manual on Anti-Corruption and multilateral financial institutions like the Asian Development Bank and World Bank define corruption as, ‘abuse of public office for private gains’.⁶ To understand the concept of corruption, it is necessary to throw light on different types of corruption.

B. Types of Corruption

Following are different types of corruption:

- (i) **“Grand” and “Petty” corruption:** It is the corruption which pervades the highest levels of a national Government, leading to a broad erosion of confidence in good governance, the rule of law and economic stability.⁷
- (ii) **“Active” and “passive” corruption:** Active corruption usually refers to the offering or paying of the bribe, while “passive bribery” refers to the receiving of the bribe.
- (iii) **Bribery** is the bestowing of a benefit in order to unduly influence an action or decision.⁸
- (iv) **Embezzlement, theft and fraud.** In the context of corruption, embezzlement, theft and fraud all involve the taking or conversion of money, property or valuable items by an individual.
- (v) **Extortion** is also a type of corruption in which “victim” is created, namely the person who is coerced into cooperation.⁹
- (vi) **Abuse of discretion:** Sometimes, corruption can involve the abuse of discretion, vested in an individual, for personal gain.¹⁰
- (vii) **Favouritism, nepotism and clientelism:** Generally, favouritism, nepotism and clientelism involve abuses of discretion. Such abuses, however, are governed not by the self-interest of an official but the interests of someone linked to him through membership of a family, political party, tribe, religious or other group.¹¹

C. Major Causes of Corruption

The major causes of corruption, which are internationally recognized, are:

- (i) Lack of effective internal accountability mechanism;
- (ii) Discretionary powers and their misuse by the concerned;

⁴ <http://www.ustreasury.hu/nc500/lessons/glossary.htm>. (accessed on 17.07.2018).

⁵ Zahid Ashraf, *top 30 Essays*, (Pakistan-Lahore: Jahangir Books, 7th Edn.), 128.

⁶ United Nations, *United Nations Handbook on Practical Anti-Corruption Measures for Prosecutors and Investigators*, (Vienna, September 2004), 23.

⁷ United Nations, *United Nations Handbook on Practical Anti-Corruption Measures for Prosecutors and Investigators*, (Vienna, September 2004), 23.

⁸ Article 15 of the UN Convention on Corruption.

⁹ United Nations, *United Nations Handbook on Practical Anti-Corruption Measures for Prosecutors and Investigators*, (Vienna, September 2004), 27.

¹⁰ Article 19 of the UN Convention on Corruption.

¹¹ United Nations, *UN Guide for Anti-Corruption Policies*, (United Nations Office on Drugs and Crimes, November 2003), 28-32.

- (iii) Absence of and weakness of the watchdog agencies;
- (iv) Failure of elected government to develop proper ethical and business standards;
- (v) Lack of transparency in the government system;
- (vi) Lengthy and cumbersome procedures in the executive system;
- (vii) Power of influential people;
- (viii) Inadequate wages;¹²
- (ix) Low salary;
- (x) Lack of accountability and regulation;¹³

III. THE CURRENT SITUATION ON CORRUPTION IN PAKISTAN

A. Overview

Due to various external and internal factors, Pakistan is experiencing a very hard time that undermines good governance, rule of law and other development objectives. A significant and major part of these internal problems relate to corruption. Although, various anti-corruption frameworks have been introduced in Pakistan by the civilian as well as military regimes, these have been largely ineffective.¹⁴

B. Roots of Corruption in Pakistan

The roots of corruption in Pakistan date back to the colonial period when the British rewarded lands and titles to those who were their loyalists leading to nepotism and corruption.¹⁵ Two major crises played a fundamental role in the beginning of corruption:

- the spiral in the defence related purchases during and after the World War II; and
- allotment of evacuee property after the partition of Indian subcontinent.¹⁶

This was followed by industrial and trade licensing and patronage schemes like bonus vouchers and route permits in the 1950s and 1960s. The roots of corruption in Pakistan are linked to injustice, mistrust, suspicion, extremism and terrorist activities. It creates a sense of insecurity, poverty and misfortune of the vulnerable segments of the society. It also instils a sense of hopelessness and despondency and threatens the strength of good values which have now been established in the civilized countries of the world.

Corruption causes breach in the social order and emerges as a potential threat to the peace, stability and prosperity of human civilization. Corruption in government leads to serious reduction in the impact of development programmes and results in a perpetual increase in cost of maintenance of public assets.¹⁷

C. Corruption Perceptions Index of Pakistan

Pakistan's decline continues in the Corruption Perceptions Index (CPI), and now its Index Score is 2.3 against 2.4 in 2009. Out of 178 countries, its ranking as one of the most corrupt countries has slipped 7 ranks, from 42 in 2009 to 34 in 2010. In the last two years, there have been unprecedented cases of corruption

¹² Zahid Ashraf, *Top 30 Essays*, (Pakistan-Lahore: Jahangir Books, 7th Edn.), 131.

¹³ "Reasons of the Corruption", (November 24, 2009), <http://corruptioninpakistan.blogspot.com/2009/11/reasons-of-corruption.html> (accessed on 17.07.2018).

¹⁴ Naveed Ahmed, "The Dark Side of Authority: A Critical Analysis of Anti-Corruption Frameworks in Pakistan", (Law, Social Justice & Global Development (An Electronic Law Journal), 1.

¹⁵ Malik Khuda Bakhsh Awan, *Anti-Corruption: Strategies in Pakistan*. (Lahore: Book Biz, 2004), 19.

¹⁶ UNDP, "National anti-corruption strategy - 2002". (May 17, 2010), 11, [http://www.undppc.org.fj/userfiles/file/Pakistan National Anti-Corruption Strategy.pdf](http://www.undppc.org.fj/userfiles/file/Pakistan%20National%20Anti-Corruption%20Strategy.pdf). (Last accessed on 17.07.2018).

¹⁷ Zahid Ashraf, *Top 30 Essays*, (Pakistan-Lahore: Jahangir Books, 7th Edn.), 129.

involving tens of billions of rupees in public sector organizations, which under the rule of law, should have been taken up by the National Accountability Bureau.¹⁸ The CPI 2012 reveals that corruption in Pakistan is increasing, while in Bangladesh it is decreasing, which was perceived as the most corrupt country in 2001, 2002 and 2003. In the year 2017, Pakistan's rank has been declared as 117 out of 180 countries of the world and its index score is 32.¹⁹

D. Major Causes of Corruption in Pakistan

The following are major causes of corruption in Pakistan:

- (i) Lack of accountability;
- (ii) Lack of transparency;
- (iii) Misuse of discretionary power;
- (iv) Monopoly of power;
- (v) Low salaries;
- (vi) Shortages-Demand and Supply;
- (vii) Power of influential people;
- (viii) Red tape.²⁰

E. Legal Framework in Pakistan

In Pakistan, various anti-corruption laws have been enforced by different regimes, but an effective execution was always a key problem for the authorities. For example, the Prevention of Corruption Act 1947 passed by the British government was reinforced by the Public Representatives (Disqualification) Act of 1949 and the Elected Bodies (Disqualification) Ordinance of 1959. These laws were meant to purge dishonesty from the public service. But they were abused and ultimately used to victimize political opponents.²¹

The legal structure to deal with corruption comprises the following legislation:

- (i) the Pakistan Penal Code, 1860 (PPC);
- (ii) the Prevention of Corruption Act, 1947;
- (iii) the Ehtesab Act, 1997
- (iv) the National Accountability Ordinance, 1999 (NAO);

F. Institutional Framework

The Federal Investigation Agency (FIA) was established to tackle corruption. It was later replaced by the Pakistan Special Police Establishment (PSPE) in 1975. The West Pakistan Anti-Corruption Establishment was set-up in 1961, which was subsequently split into provincial ACE's after the dissolution of One Unit in 1970. Under the legal framework of above-mentioned laws, the following anti-corruption agencies have been established in Pakistan:

¹⁸ Zahid Ashraf, *top 30 Essays*, (Pakistan-Lahore: Jahangir Books, 7th Edn.), 127.

¹⁹ "Corruption Perceptions Index (CPI)", https://www.transparency.org/news/feature/corruption_perceptions_index_2017?gclid=CjwKCAjwp7baBRBIEiwAPtjwxGmBKxhZ0KAKGL9dS_1oytqaDEaFpA6NnqhmgG6JHW6ADINHe2ryxoC-osQAvD_BwE (last accessed on 18.07.2018).

²⁰ "National Corruption Perception Survey TI Pakistan 2009". (NCPS 2009), <http://www.transparency.org.pk/documents/NCPS%202009/NCPS%202009%20Report.pdf>, (last accessed on 18.07.2018).

²¹ Jessica Schultz, *Anti-Corruption Policy Making in Practice: Pakistan: A Country Case Study*. (U4 Report 1: Anti-Corruption Resource Centre, 2007), 153.

- (i) Anti-Corruption Bureaus in 1970
- (ii) Federal Investigation Agency (FIA) in 1975
- (iii) National Accountability Bureau (NAB) in 2000

G. International Contribution to Corruption

The CJS against corruption in Pakistan is also supported by international law. Pakistan is signatory to the following international corruption control treaties:

- (i) United Nations Convention against Corruption (UNCAC);
- (ii) United Nations Convention against Transnational Organized Crime (UNTOC).

IV. CASE STUDY

A. Corruption Cases in Pakistan

1. Basic Facts

From the above, it may be seen that Pakistan has legislated very good accountability laws, but their proper implementation has always been problematic. A few examples will serve to illustrate the ineffectiveness of the framework. In 2006, there was a rapid rise in the cost of sugar, which was deemed to have been manipulated by manufacturers. The National Accountability Bureau (NAB), immediately took initiative and announced to expose the actions of cartel and tax evasion, but afterwards the whole process subsided completely.²² In reality, most of the ruling and opposition party ministers are the owners of sugar mills and there is a common perception that they politically influenced the NAB. Pakistan is a major producer of sugar, but due to widespread corruption, people are forced to buy sugar at very high prices.

Pakistan Steel Mills is another corruption case which involved the incidence of corruption in the process of privatization. The government was going to sell it to Russian, Saudi and Pakistani investors at the cheapest rates. The decision of the government was challenged in the Supreme Court, which accepted the petition and cancelled the deal.

2. Money-Laundering Cases

Some prominent cases of money-laundering have been reported over the last decade, and those occurring in Pakistan are mentioned below.

(i) The case of the Khanani and Kalia Foreign Exchange Company

The Khanani and Kalia Company in Pakistan operated foreign currency exchanges and was involved in money-laundering.²³ Javed Khanani and Munaf Kalia were arrested and handed over to the Federal Investigation Agency (F.I.A). Both were found guilty of illegally transferring around \$10 billion out of Pakistan²⁴ and were charged according to the law by the F.I.A. upon the completion of investigations²⁵. U.S. authorities also charged both with involvement in money-laundering in the United States and offshore regions.

They were prosecuted by the investigation agency on charges of running an illegal foreign exchange and parallel banking network. Both were acquitted by the trial Court for failure of the FIA to prove its case. The FIA had challenged the acquittal of the money exchange company's directors Hanif S Kalia, Abdul Munaf Kalia, Javed Khanani, Atif Aziz Polani and others by a special court for banking offences on March 4, 2011.

²² Jessica Schultz, *Anti-Corruption Policy Making in Practice: Pakistan: A Country Case Study*. (U4 Report 1: Anti-Corruption Resource Centre, 2007), 152.

²³ Khurram Hussain, "Khanani pleads guilty to money laundering in U.S. Court", [www.dawn.com Nov. 7, 2016](http://www.dawn.com/news/1294812); <http://www.dawn.com/news/1294812> (accessed on 12th September, 2019).

²⁴ Faraz Khan, "Money Laundering Scam Worth \$10 billion", [www.DEFENCE.PK Nov. 10, 2008](http://defence.pk/threads/money-laundering-scam-worth-10bn.16074); <http://defence.pk/threads/money-laundering-scam-worth-10bn.16074> (accessed on 12th September, 2019).

²⁵ Zaib Hussain, "FIA Nominates Javed Khanani in Money Laundering Case", [The News International, Jan. 31, 2015](https://www.thenews.com.pk/print/21394-fia-nominates-javed-khanani-in-money-laundering-case); <https://www.thenews.com.pk/print/21394-fia-nominates-javed-khanani-in-money-laundering-case>, (accessed on 12th September, 2019).

The Sindh High Court dismissed the FIA appeal against the acquittal of the directors of the money exchange company Khanani & Kalia in a multi-billion-dollar money-laundering scam as the FIA failed to provide sufficient evidence to get an order for a retrial.²⁶

(ii) The cash smuggling case of Ayyan Ali

The Pakistani model Ayyan Ali was arrested at Islamabad Airport when U.S.\$506,000 were found in her bag, which she reported to be taking to Dubai.²⁷ This amount is far higher than the maximum cash limit allowed to be taken out of Pakistan, which was set at \$10,000 and \$60,000 a year.²⁸ The amount that Ali had was ten times higher than that. Legal action was taken against Ali, who was immediately sent to Adiala jail. Investigations were also held; however, Ali was granted bail and was released from jail after paying heavy fines of around 50.5 million (5.5 crore) Pakistani rupees for her violation of Pakistan's A.M.L. laws. As a punishment, her name was also added to the exit control list to prevent her from traveling again outside the country.²⁹

(iii) The Panama Leaks – Avenfield, Al Azizia and Flagship References

Allegedly, the Panama Papers were leaked from the records of Panama based-law firm Mossack Fonseca wherein members of the First family of Pakistan were Mian Muhammad Nawaz Sharif, Maryam Safdar, Capt. Rtd. Muhammad Safdar, Hussain Nawaz Sharif and Hassan Nawaz Sharif were alleged to have connections with offshore companies. The matter was taken up by the Honourable Supreme Court of Pakistan. During the proceedings before the Supreme Court, the accused persons introduced their stances and submitted letters along with other documents. To probe the matter, the Supreme Court constituted a Joint Investigation Team (JIT) to investigate the case and collect evidence.

The JIT conducted investigation and submitted its investigation report before the Supreme Court. On submission of the JIT's report, the Supreme Court made its judgment dated 28.07.2018, declared the Mian Muhammad Nawaz Sharif disqualified to be a Member of Majlis e Shoora (Parliament) and directed the National Accountability Bureau (NAB) to file reference against the accused regarding Avenfield Properties, Azizia Steel Company, Hill Metal Establishment, etc.³⁰

In compliance with the above-said verdict of the Supreme Court, NAB filed different references against the Nawaz Sharif family and other accused. Trial in all references was started NAB Courts Islamabad. On July 6, 2018, judge Mohammad Bashir had convicted former premier Nawaz Sharif and his daughter Maryam Nawaz in the Avenfield Properties reference and sentenced them to 10- and 7-years imprisonment, respectively. In view of the role of this accused Maryam Nawaz, she was convicted and sentenced to rigorous imprisonment for seven years with a fine of two million pounds. Subsequently, she was arrested and transferred to Adiala jail. Later, in September 2018, she was released from jail after the Islamabad High Court suspended her prison sentence.

Whereas in the Al Azizia reference, the Judge Accountability Court, Arshad Malik sentenced Nawaz Sharif to 10 years' imprisonment with Rs. 1.5 billion fines. No case against Nawaz Sharif in Flagship reference has been proved.

Later on, when the appeals against both the above-mentioned judgments were pending before the High Court Islamabad, on 06.07.2019 a media briefing was held by Ms. Maryam Nawaz, Vice President of the Pakistan Muslim League (N) and a daughter of a former Prime Minister of Pakistan namely Mian Muhammad

²⁶ "Money-laundering scam: FIA appeal against Khanani & Kalia directors' acquittal dismissed", <https://www.thenews.com.pk/print/453272-money-laundering-scam-fia-appeal-against-khanani-kalia-directors-acquittal-dismissed> (accessed on 12.09.2019).

²⁷ Haseeb Bhatti, "Ayyan indicated in currency smuggling case", www.dawn.com Nov. 21, 2015; <http://www.dawn.com/news/1220779>, (accessed on 12th September, 2019).

²⁸ Mashhud, "Revised currency carrying limits: SBP seeks FBR's help for assistance" www.customnews.pk Sept. 10, 2015; <http://www.customnews.pk/2015/09/10/revised-currency-carrying-limits-sbp-seeks-fbrshelp-for-assistance> (accessed on 12th September, 2019).

²⁹ Jawad Shoaib, "Ayyan Ali's Name Remains on Exit Control List Despite SHC's Order", [www.geo.tv](http://www.geo.tv/latest/131719-Ayyan-Alis-remains-on-Exit-Control-List-despiteSHCs-order) Feb. 20, 2017; <https://www.geo.tv/latest/131719-Ayyan-Alis-remains-on-Exit-Control-List-despiteSHCs-order> (accessed on 12th September, 2019)

³⁰ Judgment of Supreme Court of Pakistan in C.M.A No.4978 of 2017, C.M.A No.2939 of 2017, CP No.29 of 2016, CP No.30 of 2016, CP No. 03 of 2017, dated 28.07.2017.

Nawaz Sharif who had been convicted and sentenced by Mr. Muhammad Arshad Malik, Judge, Accountability Court-II, Islamabad in connection with a Reference filed by the National Accountability Bureau and whose appeal is presently pending before the Islamabad High Court, Islamabad, and in that media briefing she, while flanked by some stalwarts of her political party, disclosed that the learned Judge mentioned above had contacted his old friend namely Nasir Butt, a worker of the political party of the former Prime Minister, and had asked for a meeting so as to express his remorse on having convicted Mian Muhammad Nawaz Sharif under pressure from "certain individuals".

Later on, a video of the alleged meeting was disclosed and, resultantly, an inquiry/investigation has been conducted against Judge Arshad Malik. The matter has been tackled in the Supreme Court, whereby the Hon'ble Supreme Court in its verdict 23.08.2019 has declared that the conduct of Judge Arshad Malik is sordid and disgusting which made the thousands of honest upright, fair and proper judges in the Country hang their heads in shame. Disciplinary proceedings have also been initiated against the said Judge in the Lahore High Court, Lahore.³¹ This was the drop-scene of the Al Azizia reference.

3. Zardari Corruption Case:

Among various corruption cases detected by the Investigation Agencies, the most high-profile case, as discussed everywhere in the society, is the "Zardari Corruption Case". Former chairman of the Pakistan Stock Exchange Hussain Lawai, widely believed to be a close aide of former president Asif Ali Zardari, was taken into custody by the Federal Investigation Agency (FIA) in a fake bank accounts case dating back to 2015. A day after Lawai's arrest, the Zardari Group's name emerged in connection with the case. Zardari and his sister Faryal Talpur were said to be involved in using the fake accounts for suspicious transactions and arrest warrants were issued against their names, both secured bail from a banking court.³²

(i) Detection of the accounts – Background of the Case

In 2015, the Federal Investigation Agency (FIA) had launched a probe into fake accounts and fictitious transactions conducted through 29 'benami' accounts in Summit Bank, Sindh Bank and United Bank Ltd. (UBL) on the basis of a tip-off. Initially, seven individuals, including Zardari and his sister Talpur, were said to be involved in using those accounts for suspicious transactions. The accounts were allegedly used to channel funds received through kickbacks.

(ii) Investigation: Suo Motu Notice and JIT

Later on, the apex Court took a *suo motu* notice on the delay in the FIA probe into the case. The Supreme Court also constituted a Joint Investigation Team (JIT) to probe into the matter. The JIT during the course of investigation uncovered 33 more suspicious accounts linked to the case, while nearly 170 individuals linked to the case were put on the no-fly list. According to a report submitted in the court, 210 companies were also found to have alleged links to the case. As many as 47 of these companies and 334 people were associated with the Omni Group, owned by a close aide of Zardari. At one stage, the Supreme Court had frozen all assets and accounts of the group.

(iii) Involvement, allegation and prosecution

The accountability watchdog and the FIA allege that an account titled M/s A One International was fake, and it received a sum of Rs. 4.4 billion out of which Rs. 30 million were paid to the Zardari Group at two different times.

The FIA had filed the case before a Banking Court in Karachi which had issued an arrest warrant for Zardari. Subsequently, Zardari had obtained protective/transitory bail from the Islamabad High Court on August 18, 2018. Later on, the case was shifted from the accountability in Karachi to an Accountability Court in Islamabad as the investigators accused the Pakistan People's Party (PPP) of influencing the case. During the course of the investigation, two accused in the case — Kiran Aman and Noreen Sultan — became approvers against Asif Ali Zardari and Faryal Talpur. Several close friends of Zardari had been arrested in the case, while Asif Ali Zardari and his sister Faryal Talpur were on an interim bail which was extended

³¹ Verdict of the Supreme Court of Pakistan, in Constitution Petitions No. 10, 11 and 12 of 2019, dated 23.08.2019, [www.supremecourt.gov.pk > user_files > File > Const.P_10_2019.pdf](http://www.supremecourt.gov.pk/user_files/File/Const.P_10_2019.pdf) (accessed on 12.09.2019).

³² Anwar Iqbal, "Khanani group launders billions of dollars: U.S. report", (www.dawn.com, Mar. 4, 2017), <https://www.dawn.com/news/1318333>, (accessed on 12th September 2019).

multiple times before being rejected. Both Zardari and Talpur are on bail in at least seven other cases of corruption and malpractice.

(iv) Trial in the NAB Court

On the recommendation of the JIT report, the case with the key subjects “Mega-Scam of Kickbacks, Misappropriations, Misuse of Authority and Criminal Breach of Trust by Public Office Holders / Government Officers” have been referred to the National Accountability Bureau (NAB) for further proceedings and trial. The JIT, formed on the Apex Court’s orders to probe into the alleged money-laundering case, presented its 128-page final report to the Court which included recommendations for filing 16 NAB references. The mega scam has been detected by the concerned agencies, investigated by the JIT and now pending for trial and adjudication.

(v) Root causes of mega money-laundering case

Basically, money-laundering is the method used for transferring money earned through clandestine means to or from a foreign land without paying the tax applicable on the transferred amount.³³ It can also be defined as converting illicit monetary assets into legitimate possessions. Money-laundering is recognized as a crime in domestic law worldwide.³⁴ It is also considered a thought crime. The root causes of the above-mentioned mega-money-laundering are: (a) tax evasion, (b) weak financial regulation, (c) bribery which includes (i) corruption, (ii) failure of banks in detecting money-laundering.

B. Effect of Money-Laundering (Corruption)

The mega-scam of the above-mentioned money-laundering case affects the nation’s economy, as well as giving rise to several social costs. On the one hand, it spoils the strength of the economy by causing a corrosive impact; on the other hand, it acts as a social evil. Some of the major impacts of money-laundering are discussed below.

1. Economic Impacts

Money-laundering reduces the control of government over economic policy. It also raises the risk of the potential failure of banks, businesses, and government to implement economic policies. Furthermore, due to globalization, the impacts reach international monetary systems and can adversely affect international currencies and economies, depending upon the volume of money-laundering.³⁵

2. Social Impacts

Money-laundering gives birth to a number of social costs and dilemmas.³⁶ It also affects the reputation of a country at the international level if it appears that the financial institutions of that country might be involved in money-laundering. Furthermore, it can expose or encourage the people of a country to smuggling, drug trafficking, etc. Money-laundering can also contribute to other crimes, as criminals, drug lords, smugglers, black-money owners, etc. have to hide their source of income; moreover, they have to employ money-laundering techniques to conceal their black-money under the cloak of legality or safety from law enforcement agencies. Hence, money-laundering gives a safe haven to criminals and terrorists to hide their illegally earned money and, therefore, motivates others to enter the criminal world as they might consider any of the methods of money-laundering to be a promoter and cover to their criminal activities. Thus, crime will spread in society, which has not only geographical but also international implications because the nature of the crime has become global in scope.

V. CONCLUSION & RECOMMENDATIONS

A. Conclusion

It can be concluded from above discussion that the existing legal and institutional framework of Pakistan

³³ John Madinger, *Money Laundering: A guide for Criminal Investigators* (CRC Press, 3rd edn. 2016), 1.

³⁴ Waseem Ahmed Qureshi, “An Overview of Money Laundering in Pakistan and Worldwide: Causes, Methods, and Socioeconomic Effects”, (University of Bologna Law Review, Vol.2:2, 2017), 3, <https://doi.org/10.6092/issn.2531-6133/7816>, (accessed on 12th September, 2019).

³⁵ John McDowell & Gary Novis, *The Consequences of Money Laundering and Financial Crime*, (ECON. PERSP., May 2001) 8.

³⁶ Donato Masciandaro, “Global Financial Crime: Terrorism, Money Laundering, And Off Shore Centres”, (63, 2004); John McDowell & Gary Novis, *The Consequences of Money Laundering and Financial Crime*, (ECON. PERSP., May 2001) 8.

is not much effective for providing criminal justice against corruption. In Pakistan, internal political factors have hindered anti-corruption. There are various facets of corruption including extensive economic and political corruption in Pakistan. The two categories such as petty and grand corruption are rampant in the country, and the people are forced to pay bribes in order to get access to basic necessities of life.

Pakistan has contributed a lot to exposing corruption. The most unsettling aspect of corruption in Pakistan is that it has not only institutionalized but also given some 'blanket immunity' to influential people in society. It breeds underdevelopment by denying basic facilities to the people and creating social injustice, disparity and disappointment.

The essential components of good governance are the rule of law, accountability, transparency and predictability. The rule of law means equal application of law, equal protection by law and equality before law. In the absence of the rule of law, institutions get weak and become hatcheries for corrupt practices. Pakistan can achieve these essential components in a true sense only after succeeding in the war against corruption.

B. Recommendations

The following recommendations are proposed for the improvement criminal justice against corruption:

- (i) Judgment of the Supreme Court against NRO to be implemented in letter and spirit;
- (ii) Accountability from the top, to be started³⁷;
- (iii) A national anti-corruption commission to be set up as an independent watchdog;
- (iv) Unnecessary discretionary laws to be abolished;
- (v) Involve people in diagnosing corrupt systems;
- (vi) Community participation especially of students to be ensured;
- (vii) Poverty alleviation and economic reforms.³⁸

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