

## Elena Hach - Presentation



### Defining the problem

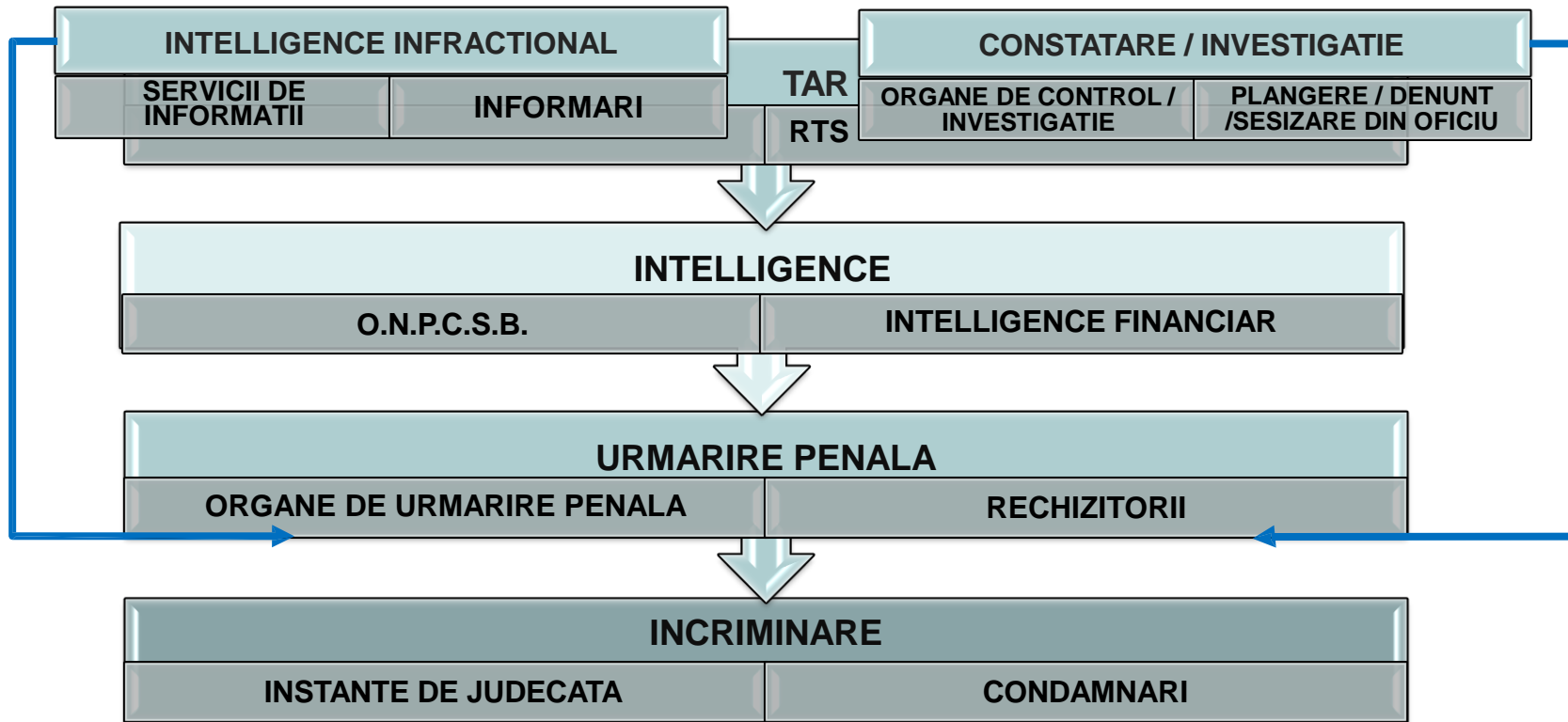
Is there a fighting sistem against sb/ft?

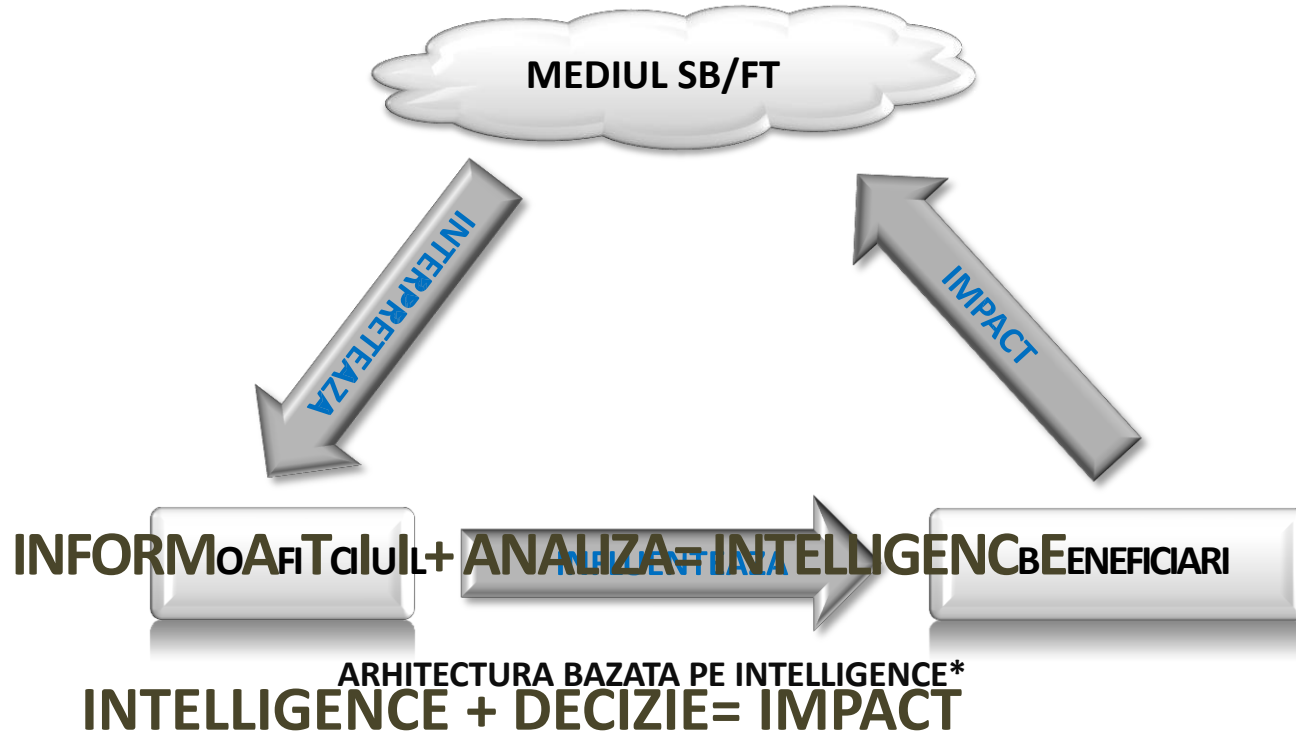
What data does *NOPCML* and how can it help me?

How can I get data from *NOPCML*?

Which are the limits of the analysis performed by *NOPCML*?

What *NOPCLM* can and can not do for me?







RTS



RTN



RTE



NUMERAR / FRONTIERA



- identifying specific targets for the investigation
- Tracking the flow of certain transactions or activities
- links between investigation targets and criminal assets
- Identifying the evolution/ patterns at the level of suspicious transactions



- identifying the entire criminal network and the volume of illicit activity
- identification and tracking of criminal products, terrorist funds or other assets that may be confiscated
- identify the means of proof that can be used in court proceedings

*NOPCLM*

*Source – [www.fatf-gafi.com](http://www.fatf-gafi.com)*



## DEFINING THE PROBLEM

Is there a fighting system against SB/FT?

What data does *NOPCML* collect and how can it help me?

How can I get data from *NOPCML*?

Which are the limits of the analysis performed by *NOPCML*?



What *NOPCLM* can and can not do for me?



- *NOPCLM* can block a transaction, at my request
- can ask information regarding SB/FT from over 130 units of financial information
- Gives me all collected data and information



- 
- finds/ investigates SB/FT cases
  - Judicial expertise in SB/FT
  - holds the turnover of all accounts in Romania
  - owns the documents related to financial transactions
  - can monitor transactions on an account
  - Can get the turnover of an external account
  - Owns data about a person`s external accounts

# It is not that easy!



Cash





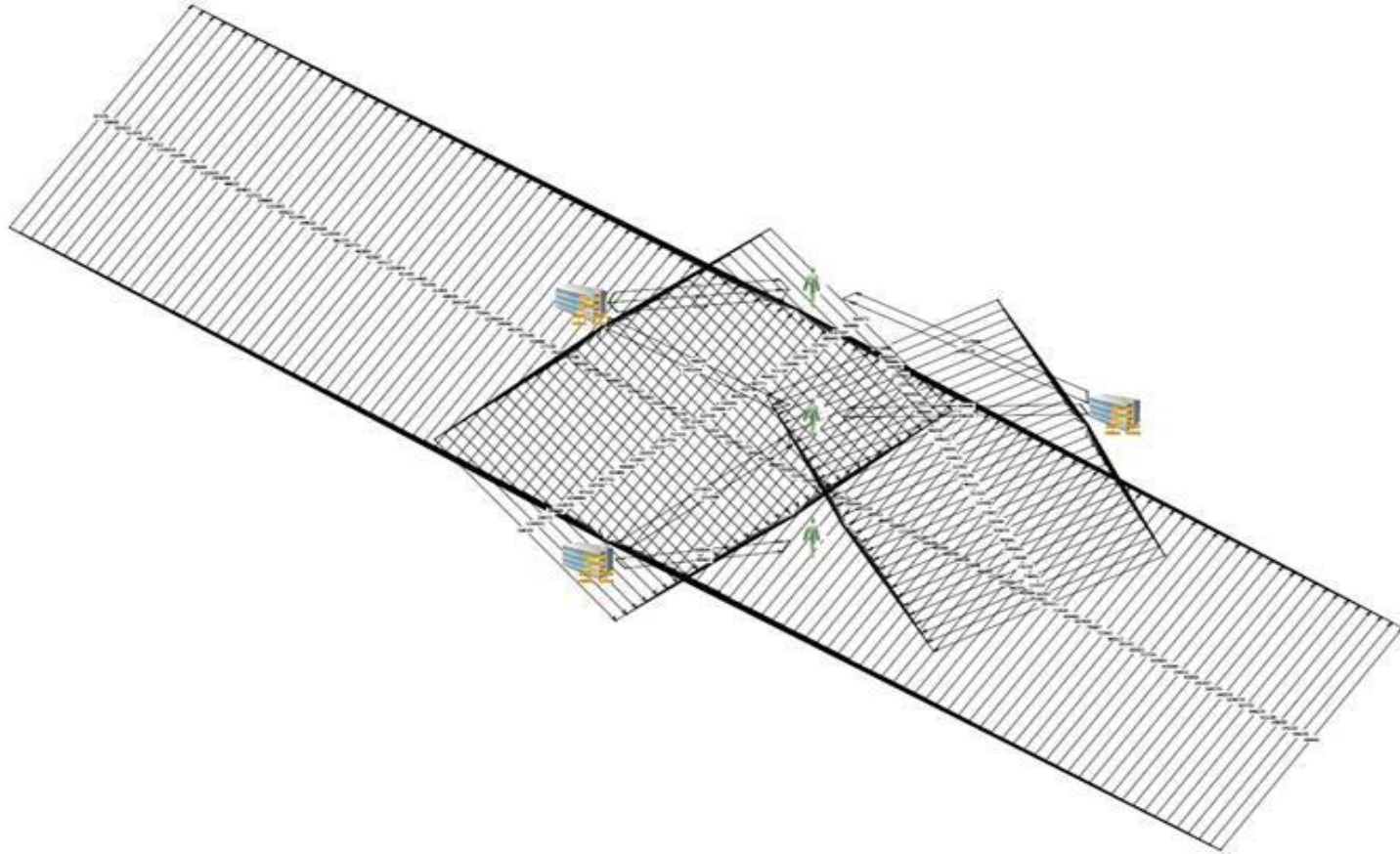
# CORRUPTION IN RTS

- ~ 7100 reports of suspect transactions
- 0,1% - related to acts of corruption
- Suspicions generated by public information
- associates / members of PEP family
- The exclusive use of the financial system
- Current account operations
- Stratification by account transfers
- The cash— does not appear in the placement phase

# SUSPICION INDICATORS

- Large cash withdrawals by PEP (2 & 3) as compared to bank expectations
- The use of interposed persons to hide the real beneficiary of the funds
- Repeated cashing in the account of the legal/authorized person with the justification *“loan restitution”*
- Justification of transfers with legal acts lacking an obvious economic goal
- External receipts on the individual account, followed by cash withdrawals
- Transfer from the legal person account to the individual account, followed by cash withdrawals

# MONEY LAUNDERING NETWORK



# USING THE ROMANIAN FINANCIAL SYSTEM

## INDICATORS:

- ✓ The use of generic justifications for transferring funds *"c/v services, c/v invoice, c/v goods"*);
- ✓ Transfers of funds between entities with incompatible objects of activity;
- ✓ The purchase of some services/goods with no economic content;
- ✓ Lack of other account transactions categories

The transfer of round sums(ex. 20.000 ron), or

- ✓ below the reporting limit (<15.000 euro); multiple receipts followed by cash withdrawals  
Daily cash withdrawals from ATMs located in
- ✓ geographical areas remote from the branch where the account or the entity's office / place of business is opened;
- ✓ Transactions that are not in line with the profile of people in relation to the account;  
Using accounts with no history for short periods of time
- ✓

## TECHNIQUES:

- Fictitious invoicing
- Fund transfers between bank accounts
- Repeated cash withdrawals

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## MECHANISMS:

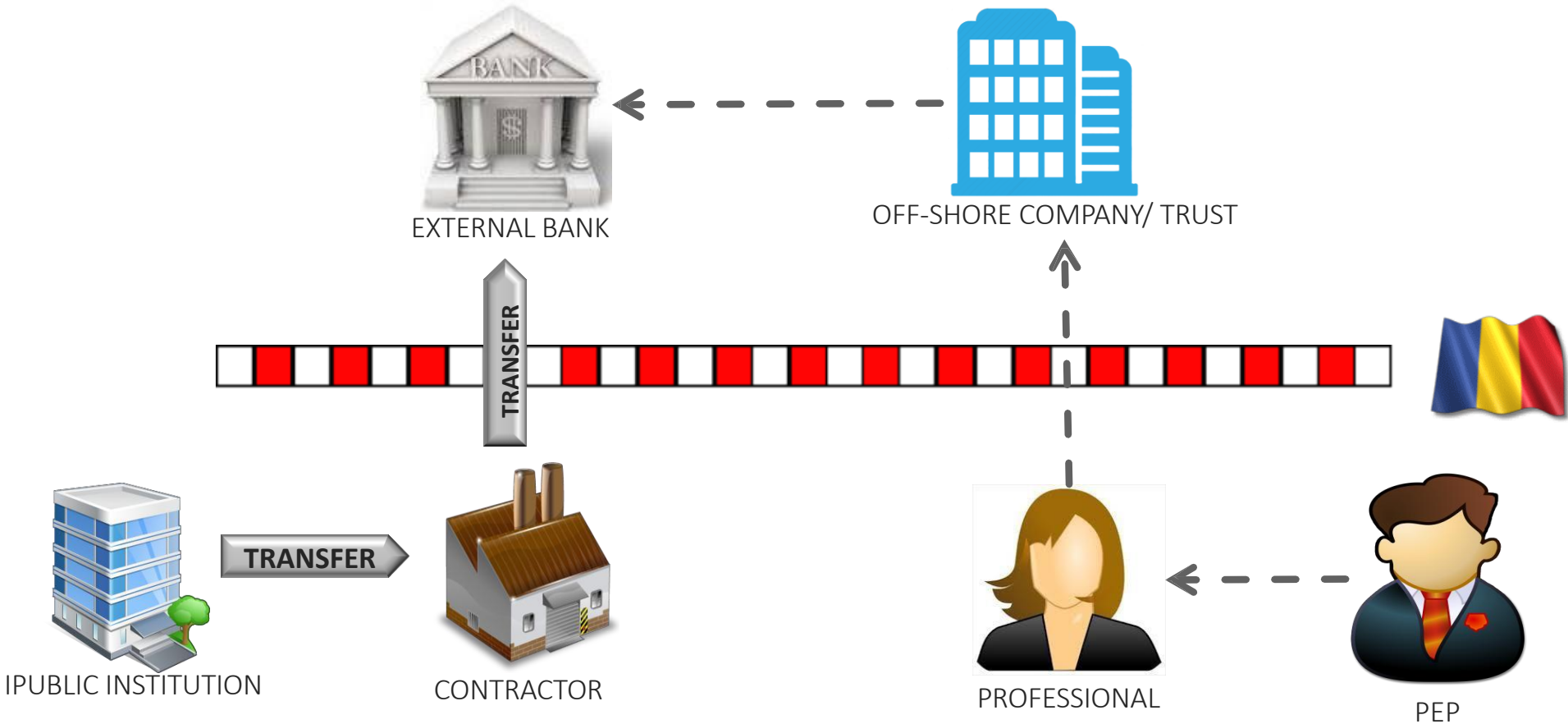
- Using the financial system
- Using the limited liability companies
- Using the interposed persons
- Using professionals

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## INSTRUMENTS:

- Cash
- Funds in the financial system

# The Use of the International Financial System



# THE USE OF THE INTERNATIONAL FINANCIAL SYSTEM

## INDICATORS:

- ✓ Cashing up your account followed by currency change and outsourcing;
- ✓ Concordance between crediting and debiting in the same day;
- ✓ Lack of other categories of account transactions;
- ✓ Externalizing funds with advance justification merchandise, pro-forma invoice, loan repayment, consultancy, assignment of social parties, assignment of receivables;
- ✓ Lack of supporting documents for transactions
- ✓ Use of documents attesting complex legal acts as a justification for money transfer

## **TECHNIQUES:**

- Fund transfers between bank accounts
  - Changing funds into foreign currency
  - Transfers of funds to external accounts
  - Transfers of funds between external accounts
- 

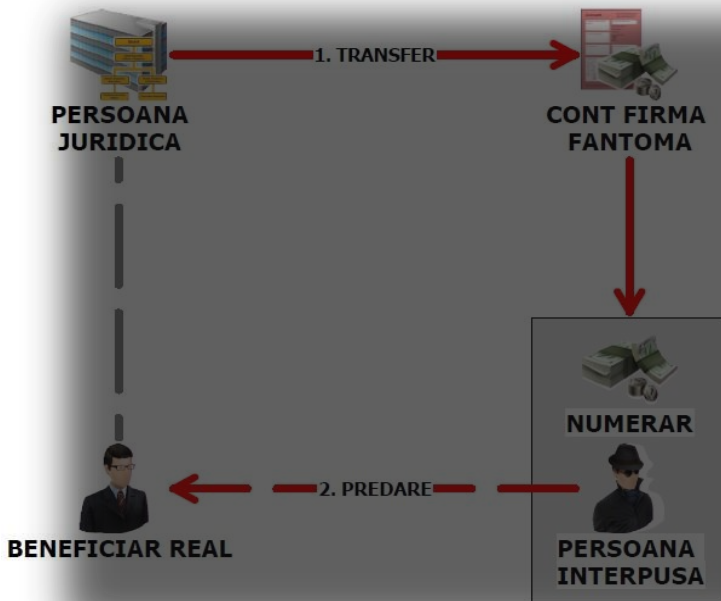
## **MECHNISMS:**

- Using the financial system exclusively
  - Using off-shore companies
  - Using professionals
- 

## **INSTRUMENTS:**

- Funds in the financial system

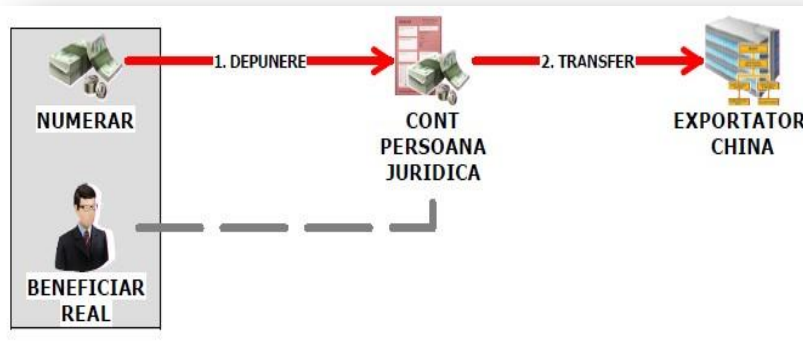
## 1. WITHDRAWAL OF ILLEGAL FUNDS FROM THE FINANCIAL SYSTEM



## INDICATORS

- ✓ Compatibility of crediting / debits
- ✓ 90% receipts are withdrawn in cash
- ✓ Disparity between objects of activity
- ✓ The use of round sums (ex. 20.000 ron),
- ✓ Generic justifications(ex. „c/v invoice”)
- ✓ There are no real activity payments
- ✓ Contrary profile to the volume / frequency of operations
- ✓ Operations in geographically unrelated locations
- ✓ The persons who carry out the operations are accompanied
- ✓ Using different branches during the same banking day
- ✓ Major variations in account trading volumes

## 2. OUTSOURCING SOME FUNDS OF UNCERTAIN ORIGIN

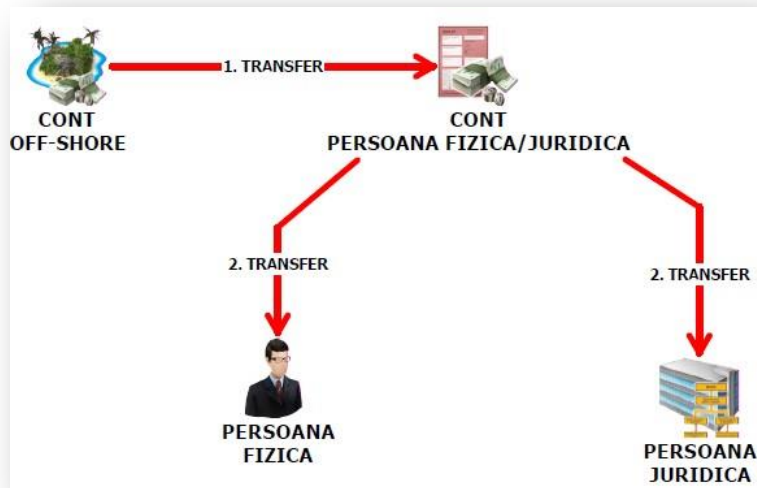


## INDICATORS

- ✓ Repeated cash deposits, followed by currency exchange
- ✓ Transferul sumelor rezultate in alta jurisdicție
- ✓ Operations carried out consecutively
- ✓ Lack of justificatory documents
- ✓ Clients with inappropriate tax behavior
- ✓ There are no specific payments for a real activity
- ✓ Profile inconsistent with the volume / frequency of operations
- ✓ Frequent jurisdictions: CHINA, HONG KONG, HUNGARY
- ✓ Transfers to jurisdictions with high terrorist risk



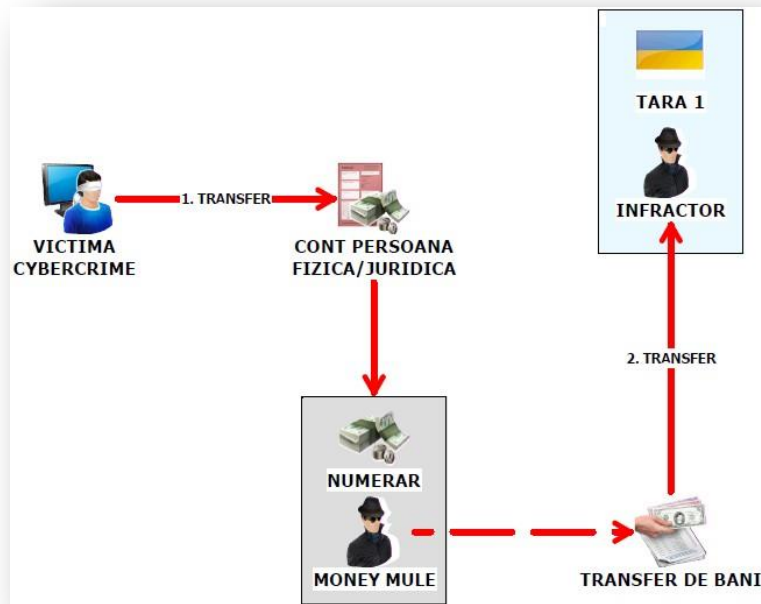
### 3. OFF-SHORE ENTITIES USED FOR THE TRANSFER OF SOME FUND WITH UNCERTAIN ORIGIN



### INDICATORS:

- ✓ Transfers from open accounts to off-shore jurisdictions, followed by withdrawal of funds in cash
- ✓ The supporting documents are in contradiction with the financial behavior of those involved
- ✓ The use of generic explanations: „loan”, „loan reimbursement”, „contract loan”, etc
- ✓ Concordance between creditors / debtors, often on the same day
- ✓ Lack of supporting documents for transactions
- ✓ The declared source of funds does not correspond to the justification of cashing

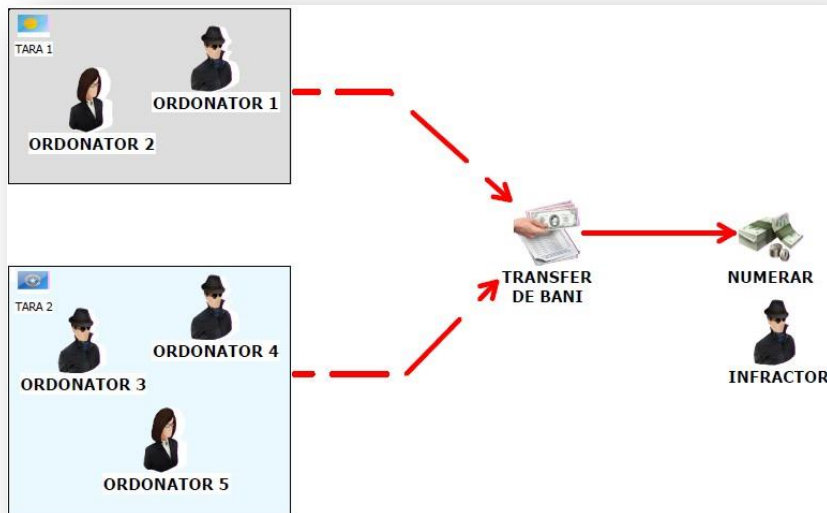
#### 4. LAUNDERING OF FUNDS ARISING FROM INTERNET FRAUDS



#### INDICATORS

- ✓ Recently opened accounts
- ✓ Receipts from external sources with the title '*invoice*', *payment*, *reimbursement*, followed by cash withdrawal
- ✓ Account activity does not match the client's profile
- ✓ Incasările in conturi sunt urmate de mesaje din partea băncilor ordonatoare pentru returnarea sumelor, motivul fiind "*frauda*", "*phishing*"
- ✓ Operațiunile de retragere in numerar au loc imediat (la interval de minute) după creditarea contului
- ✓ Uneori, sumele retrase in numerar (mai puțin un comision) sunt transferate prin intermediul operatorilor de servicii de transfer de bani către alte jurisdicții

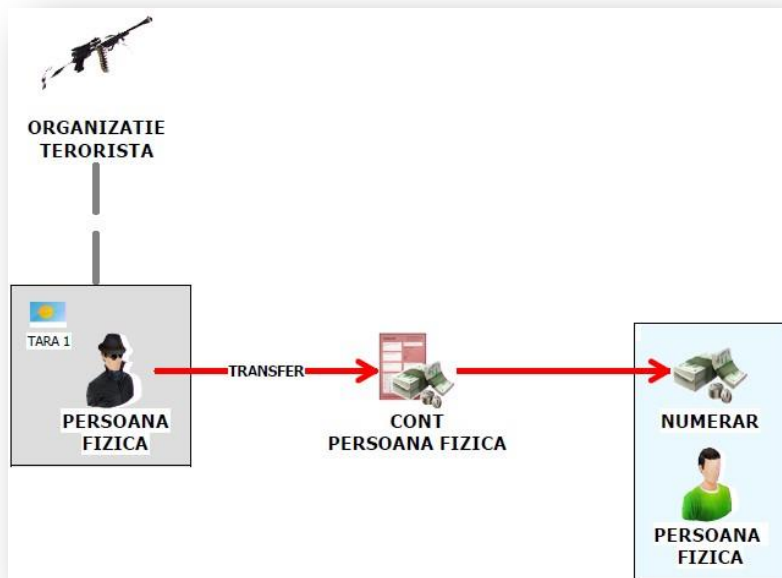
## 5. COLLECTION OF FUNDS OF UNKNOWN ORIGIN, UNDER COMMERCIAL NON-RESIDENTIAL ORDERS



### INDICATORI:

- ✓ Receipts through fast money transfer, through funds from non-resident individuals
- ✓ Nu exista o legătura evidenta intre ordonatori si beneficiari, de natura sa justifice operațiunile efectuate
- ✓ Tranzacțiile au loc adesea in aceeași zi si sunt folosite locații diferite ale furnizorilor de servicii de transfer rapid de bani pentru ridicarea fondurilor in numerar
- ✓ Pentru încasarea fondurilor si retragerea lor in numerar sunt folosite adesea documente de identitate diferite
- ✓ Beneficiarii sunt uneori insotiti la momentul efectuării tranzacțiilor de alte persoane care le indica datele de identificare pentru tranzacție

## 7. CASHING FROM PERSONS SUSPECTED OF HAVING RELATIONS WITH TERRORIST ENTITIES



### INDICATORS:

- ✓ Low value income from the officers apparently with no contact with the beneficiary
- ✓ Harmonized transfers from the jurisdictions at high risk in terms of terrorism
- ✓ The presence of information on the possible involvement of the bank officers in activities circumscribed to the terrorist phenomenon



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What do cases analyzed by the *NOPCLM* look like?

Conclusions



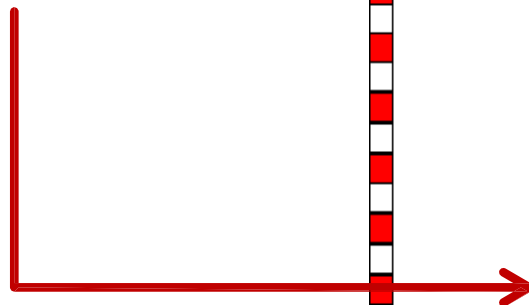
UE  
Provider

Goods invoicing



Intermediary

Goods invoicing



REAL BENEFICIARY

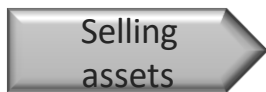




PEP



Public institution



SA



LTD



MULTINATIONAL



REAL BENEFICIARY



# CONCLUSIONS

## METHODS

- ✓ The use of legal entities and trusts

The use of professionals

- ✓ The use of domestic financial institutions
- ✓ The use of foreign/off-shore jurisdictions

- ✓ The use of empowered agents

- ✓ The use of cash

## VULNERABILITIES:

- The control over state apparatus
  - Controlling some financial
- institutions vulnerabilities in the cognitive procedures by reporting entities
- inefficient communication between the state and the financial institutions



## the players

financial  
institutions

intelligence services

prosecution offices

money laundering  
investigators

police

tax fraud  
investigation

clearing

investigation

prosecution

prevention

repression

## prosecution of terrorist financing - theses

Terrorism does not work without money – investigating/prosecuting terrorism offences must include terrorist financing offences.

Clarification of monetary flows can help us to sort out the structure of terrorist organisations.

Findings in money laundering matters are an important starting point for terrorist financing proceedings.

BUT: NO abundance of information out of money laundering clearing  
BUT selection and concentration on „big“ cases.

It is necessary to school money laundering investigators in terrorist financing matters and terrorist financing investigators in money laundering matters.

NO separation between prevention and repression  
BUT interaction and cooperation.